

NOTICE

NOTICE is hereby given that the Forty-sixth Annual General Meeting of the Members of the Company will be held on Friday, October 8, 2010, at 3.30 p.m. at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhosle Marg, Mumbai 400 021 to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended June 30, 2010, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend for the financial year ended June 30, 2010.
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 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 of Directors may decide.
2. The register of members and the share transfer books of the Company will remain closed from **Saturday, September 25, 2010 to Friday, October 8, 2010** (both days inclusive), for the purpose of payment of dividend to those members whose names stand on the register of members as on October 8, 2010. The dividend in respect of dematerialized shares will be payable to the beneficial owners of the dematerialized shares as at the end of business hours on September 24, 2010 as per details furnished by the depositories for this purpose.
3. The dividend on equity shares as recommended by the Directors for the year ended June 30, 2010, will be paid on or around October 15, 2010 in accordance with the resolution to be passed by the members of the Company.
4. As per RBI notification, with effect from October 1, 2009 the remittance of money through ECS is replaced by National Electronic Clearing Services (NECS) and banks have been instructed to move to the NECS platform. This is in addition to the existing facility of ECS in other locations. NECS essentially operates on the new unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions.

By Order of the Board of Directors

Amit K. Vyas
Company Secretary

Mumbai
August 18, 2010

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 (ies) 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. Proxies submitted on behalf of limited companies, societies, partnership firms etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization. A proxy may not vote except on a poll.
5. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent (RTA), M/s. Link Intime Private Limited, only if the shares are held in physical form, immediately.

Private Limited, C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai - 400 078.
Tel – (022) 2596 3838, Fax – (022) 2594 6969,
e-mail – rnt.helpdesk@linkintime.co.in
pginvestors@linkintime.co.in

- (a) bank mandate with full particulars (as per details given in Sr. No. 7 below) for remittance of dividend directly into their bank accounts, if declared at the meeting;
- (b) changes, if any, in their address/name, bank details, NECS/ECS, mandates, nominations, power of attorney etc. at an early date;
- (c) apply for consolidation of folios, if shareholdings are under multiple folios;
- (d) quote ledger folio numbers in all their correspondence;
- (e) send their share certificates for consolidation;
- (f) request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.

Members holding shares in the dematerialized (electronic) form are requested to intimate the aforesaid changes directly to their Depository Participants, as applicable.

In terms of SEBI Circular dated April 27, 2007 furnishing of PAN has been made mandatory for all transactions in the securities market. The demat accounts for which PAN details have not been verified are “suspended for debit” until the same is verified with the DP. Further vide SEBI Circular dated July 29, 2010, such PAN non-compliant demat accounts shall also be “suspended for credit” in certain cases. Members holding shares in demat form and not so far verified their PAN details with their respective DPs are requested to do so at the earliest.

6. For providing better services to our Shareholders, the RTA has deputed a fulltime resource, who will provide all help to our Shareholders. Mr. Vikrant Kamble can be contacted directly on his dedicated telephone number (022) 2596 7999; email – rnt.helpdesk@linkintime.co.in
pginvestors@linkintime.co.in

7. To avoid the incidents of fraudulent encashment of the warrants, members are requested to intimate the RTA 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.

8. In the case of dematerialized shares, the Company is obliged to print bank details on the dividend warrants, as are furnished by National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) (“the depositories”) to the Company and the Company cannot entertain any request for deletion/change of bank details without confirmation from the depositories. In this regard, members are advised to contact their Depository Participant (DP) and furnish them the particulars of any change desired.

9. Non-resident Indian shareholders are requested to inform about the following to the Company or its RTA or the concerned DP, as the case may be:

- (a) The change in the residential status on return to India for permanent settlement;
- (b) The particulars of the NRE account with a bank in India, if not furnished earlier.

10. Members are requested to note that in case of transfer of shares held in physical form, submission of photocopy of PAN card of the transferee(s) alongwith the transfer deeds and share certificates at the time of lodgement of transfer of shares is now mandatory.

11. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting.

Members are requested to bring their copies of the Annual Report to the meeting. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.

12. Members' attention is particularly drawn to "Corporate Governance" section of the Annual Report in respect of unclaimed and unpaid dividends.
13. Members are requested to address all correspondences, including share transfer documents and dividend matters to the Company's RTA,
M/s. Link Intime Private Limited,
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai - 400 078.
Tel – (022) 2596 3838,
Fax – (022) 2594 6969,
e-mail – pginvestors@linkintime.co.in
rnt.helpdesk@linkintime.co.in

14. An archived webcast of the proceedings of the Annual General Meeting will be available at our website viz. <http://www.pghhcl.in> 48 hours after the annual general meeting.

By Order of the Board of Directors

Amit K. Vyas
Company Secretary

Mumbai
August 18, 2010

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

Details of Director seeking re-appointment at the forthcoming Annual General Meeting (in pursuance to clause 49IV(G) of the listing agreement)

Name of Director	Mr. R. A. Shah
Age	79 years
Date of appointment on the Board	July 20, 1964
Expertise in specific field	Solicitor
Names of other companies in which he holds directorships	<ul style="list-style-type: none"> (i) Clariant Chemicals (India) Limited (ii) Godfrey Phillips India Limited (iii) Pfizer Limited (iv) Colgate Palmolive India Limited (v) Abbott India Limited (vi) Asian Paints Limited (vii) ACC Limited (viii) The Bombay Dyeing & Mfg. Co. Limited (ix) BASF India Limited (x) Century Enka Limited (xi) Deepak Fertilizers & Petrochemicals Corporation Limited (xii) Lupin Limited (xiii) Piramal Healthcare Limited (xiv) Wockhardt Limited
Chairman/Member of the Committee(s) of the Board of Directors of the Company	Audit Committee – Chairman
Chairman/Member of the Committee(s) of Board of Directors of other companies in which he/she is a Director.	<ul style="list-style-type: none"> (i) Audit Committee Chairman – Colgate Palmolive India Limited (ii) Audit Committee Chairman – Pfizer Limited (iii) Audit Committee Chairman – Piramal Healthcare Limited (iv) Audit Committee Chairman – Clariant Chemicals (India) Limited (v) Audit Committee Member – Bombay Dyeing & Mfg. Co. Limited (vi) Audit Committee Member – Abbott India Limited (vii) Audit Committee Member – BASF India Limited (viii) Audit Committee Member – Century Enka Limited (ix) Audit Committee Member – Wockhardt Limited
Shareholding in the Company	5550 equity shares of ₹10/- each

Procter & Gamble Hygiene and Health Care Limited

Annual Report
2009-2010

A decorative graphic on the left side of the cover, consisting of numerous concentric, overlapping circles in various shades of blue, creating a ripple effect.

P&G

BOARD OF DIRECTORS

Mr. R. A. Shah
Chairman

Mr. S. Khosla
Managing Director

Mr. B. S. Mehta

Mr. D. Acharya

Ms. D. A. Henretta
(Alternate Mr. P. Agarwal)

Mr. A. Vyas
(Company Secretary)

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Dear Shareholders,

I am extremely pleased to present the details of your Company's annual performance for the financial year 2009-10.

The world economic crisis left a deep impact on global economy. Fortunately, it did not have much effect on the growth of the FMCG industry in India due to strong and steady demand for consumer products. The country ranked second in the Nielsen Global Consumer Confidence survey released on January 7, 2010 indicating strong fundamentals and faster recovery from the economic slowdown. The findings of the survey were substantiated by the performance of the FMCG sector which registered robust growth.

I take great pride to report that your Company delivered strong business results with the sales at ₹914 crores higher by 18% versus the sales of ₹773 crores in the last financial year. The Profit After Tax (PAT) at ₹180 crores was in the line with PAT of the last corresponding year, recording a strong 20% margin after tax. The Board of Directors of your Company has recommended a dividend of ₹22.50 per share for all

our shareholders this year (which is subject to approval of the shareholders of the Company at its ensuing Annual General Meeting). Your Company increased investments in marketing and supply chain such as setting up of new manufacturing lines, promotion and launch of new products like *Whisper Choice* Ultra. The unexpected levy of excise duty by the 2010 Union Budget has also impacted profit growth in last quarter of 2009/10 Fiscal.

Feminine Hygiene business registered 24% growth with all the variants of *Whisper* sanitary napkins showing healthy growth. *Whisper Choice* led the growth in the category with 40% increase in sales helping the Company grow volume and value share. Feminine Hygiene business, this year delivered the highest sales and share growth for P&G across the globe with *Whisper* increasing its market share and *Whisper* Ultra being the largest value share brand. Your Company made strategic decision to invest in educating the consumers and improve penetration to grow under developed category of sanitary napkins.

Your Company launched the *Whisper* school program to reach a total 2.4 million menstruating girls which was a 15% increase over the previous year. *Whisper* also took the innovative route to ensure that the top tier brand was sampled in the more urban schools and the more economical mid-tier *Whisper Choice* in the upcountry schools. *Whisper Choice* program was extended to 6 other states tapping 1.9 million consumers and created trial among 1.4 million consumers.

Healthcare business has also shown robust sales growth of 11% versus the previous year. I would like to reassure you all that *Vicks* will continue to innovate to ensure it stays the most trusted cough and cold care solution in India. The growth in the category was driven by a combination of product initiatives and investment behind proven equity building advertising.

P&G's commitment to 'purpose-inspired growth' in order to touch and improve the lives of more people has led to the extension of its signature Corporate Social Responsibility (CSR) program '*Shiksha*' to 6th year. I am happy to share that P&G India as a whole, has this year helped educate over 150,000 children across 602 communities with a donation of over ₹5 crores by building '*Shiksha Schools*' across the country offering quality education to children in need.

In the end, I wish to re-affirm our commitment to innovation which will continue to be at the heart of everything we do – be it in our products or in our communication with consumers. I would also like to attribute the growth over the past year to our employees who have demonstrated their ability to stay reality-based, embrace change and proactively influence the course of business.

I would like to thank our shareholders for their resolute trust in the Company and look forward to their continued support and participation in the growth of the Company.

A handwritten signature in dark ink, appearing to read 'R. A. Shah'.

R. A. Shah
Chairman

Mumbai
August 18, 2010

Procter & Gamble Hygiene and Health Care Limited

REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 46th Annual Report and Audited Accounts of the Company for the year ended June 30, 2010.

FINANCIAL RESULTS

(Figures in ₹ crores)

	2009/10	2008/09
Sales including Excise	914	773
Net Sales (less excise duty)	903	773
Profit before tax	234	232
Profit after tax	180	179
Proposed Dividend plus tax thereon	85	85
Transfer to General Reserve	18	18
Balance carried forward	278	201

BUSINESS ENVIRONMENT

The global economy is gradually emerging from the throes of the meltdown of 2008 and the fundamentals appear to be reasonably good. However, challenges do remain. As per published studies consumer sentiment is highest in India. India ranks second in the Nielsen Global Consumer Confidence survey released on January 7, 2010—an indication that recovery from the economic slowdown is faster in India with consumers willing to spend more. This recovery has helped your Company register yet another successful year.

BUSINESS PERFORMANCE

Your Company delivered strong business results in the year under review. The sales at ₹914 crores are higher by 18% versus the sales of ₹773 crores in the previous financial year. The Feminine Hygiene business continues to grow in higher double digits with all the variants of *Whisper* sanitary napkins showing a healthy growth. While *Whisper Choice* the variant in the popular segment is helping your Company grow volume shares, the growth of *Whisper Ultra* in the premium segment has helped add to value shares. Similarly, the Healthcare business has also shown sales growth of 11% behind increased sales of *Vicks VapoRub* and *Vicks Inhaler*. Overall, the Company continued to focus on driving persuasive and consumer-meaningful innovations backed by distribution expansion and remarkable advertising support thereby recording a valuable growth across all areas of business.

While the sales have grown by 18%, the Profit Before Tax (PBT) at ₹234 crores is up only by 1% vs. last year's PBT of ₹232 crores. This is primarily due to increased market investments and expenses in the last quarter of the year under review, such as increase in the advertising and promotion expenses in general, the launch of *Whisper Choice Ultra* in particular, the start-up expenses on new manufacturing lines and the unexpected levy of excise duty by the 2010 Union Budget.

During the year under review, the Company earned Profit after Tax (PAT) of ₹180 crores which is also marginally up as compared to last year's PAT of ₹179 crores.

Healthcare Business

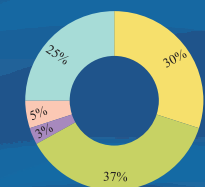
Healthcare business at ₹381 crores (vs. last year's ₹344 crores) posted a growth of 11% this year across *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500* and *Vicks Inhaler* thereby consolidating the market leadership in its respective categories. This growth was driven by a combination of product initiatives and increased investment behind proven equity building advertising.



Vicks VapoRub had a record year posting the highest ever market share. The growth in the brand was driven primarily through continued focus and augmented media spends on the successful 'blanket of warmth' advertising and on our ongoing strategy of upsizing consumers to drive consumption – viz. the timely promotions on jars which help in encouraging consumers to purchase larger packs.

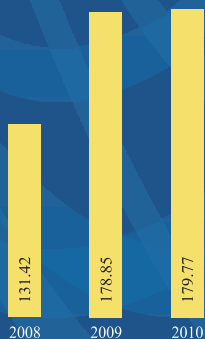
The *Vicks Cough Drops* business had an excellent year, with the brand growing at 15%. The growth was driven by launch of a *Jumbo drop*, to cater to the top unmet demand of the category. This was accompanied by new attractive packaging and a higher media reach behind remarkable advertising support. The growth was further supported by an initiative to drive awareness of flavors via relevant touch points such as radio and wall-painting, which led to a further increase in consumption.

Our modest shipments on *Vicks Action-500* during the year were driven by the overall slow down in the cold tablets category. During the second half of the financial year, your Company invested in superior advertising support for the product and saw the business respond immediately. We will however continue promoting the benefits of the product and expanding its distribution to ensure robust growth of *Vicks Action-500* in the year ahead.



■ Material
■ Depreciation
■ Profit
■ Other Operating Expenses
■ Payment to Employees

Profit After Tax
(₹ crores)



Vicks will continue to innovate to ensure it stays the most trusted cough and cold care amongst consumers in India.

Feminine Hygiene Business

Feminine Hygiene business recorded yet another year of high growth with sales at ₹532 crores (vs. last year's ₹428 crores) translating to a growth of 24%. Your Company has delivered the highest sales and share growth for P&G across the globe, with *Whisper* increasing its market share and *Whisper Ultra* being the largest value share brand in the market. This growth is driven, both by increase in distribution amongst non-users and consumption amongst users.

During the year under review, a number of initiatives were designed to win with the consumers' needs across segment.



The top-tier consumers were delighted by the “magical absorbency” promised by *Whisper Ultra*, and the launch of *Whisper Choice Ultra* in February 2010 with its “ultra” offerings fascinating the mid-tier consumers. *Whisper Choice Ultra* priced at ₹30 for 6 pads addresses the barrier that the mid-tier consumer faces and provides her a chance to experience “gel” technology protection – a unique superiority of the product now at a far more affordable cost than before.

Your Company continued its disproportionate focus on the *Point of Market Entry* consumer. The *Whisper* school program reached a total of 2.4 million menstruating girls across private and government schools, which is a 15% increase versus the previous year. At the same time, by constantly innovating to meet the consumers' needs, *Whisper* ensured that the top-tier brand *Whisper Ultra* was sampled in the more urban schools, and the more economical mid-tier *Whisper Choice* in the upcountry schools. Not only did the program reach out to more potential consumers, but it also increased its depth by reaching out to lower tier towns. With the launch of *Whisper Choice Ultra*, the school program will be leveraged to sample this winning proposition to all government school girls.

In addition to the robust and time-tested School Girls Program, your Company continued to expand its direct-to-home selling program across the country. The top-tier program reached 0.75 million consumers in their homes, which is a 147% increase as against the previous year. The *Whisper Choice* program, first initiated in Tamil Nadu, made it a most preferred brand of the consumers with the highest volume share in the state. This program was expanded to 6 other states, reaching 1.9 million consumers and creating trial among 1.4 million of these consumers.

DIVIDEND

The Directors are pleased to recommend a dividend of ₹22.50 for each equity share of ₹10/- each for the financial year ended June 30, 2010.

CORPORATE SOCIAL RESPONSIBILITY

Shiksha: पढ़ेगा इंडिया तो बढ़ेगा इंडिया

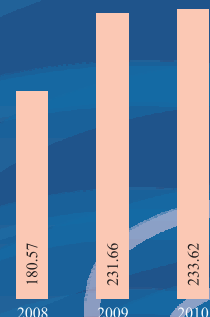
P&G's philosophy of ‘purpose-inspired growth’ is about continuing to touch and improve the lives of more people, more completely. Our purpose not only inspires us to make products people love, but also fuels our readiness to touch and improve lives in the times of need – which we do through our Corporate Social Responsibility (CSR) programs such as ‘*Shiksha*’.



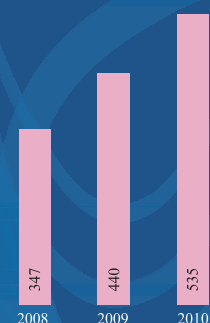
School children at ‘*Shiksha school*’, Mandideep

Shiksha, our signature CSR program has in its 6th year helped improve the lives of over 150,000 children across 602 communities with a donation of over ₹5 crores. This year, *Shiksha* moves onto a new vision of creating tangible, visibly long-lasting impact through the building of ‘*Shiksha schools*’ across the country that offer quality education to children in need. Over the last 6 years, P&G has already been helping bring to life over 100 schools via either building them (near our plants), supporting them through Non-Government Organizations (NGOs), working with Army Wives Welfare Association schools, or reactivating Government schools through our work with NGO partner CRY. This year we hope that the building of ‘*Shiksha schools*’ will lead to far more children being able to access quality education. After all, ‘पढ़ेगा इंडिया तो बढ़ेगा इंडिया’.

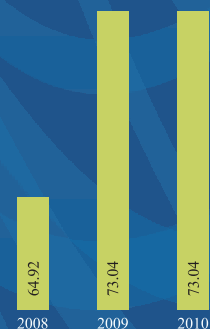
Profit Before Tax (₹ crores)



Networth (₹ crores)

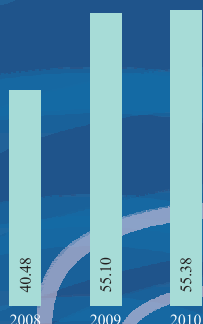


Outflow of Dividend (₹ crores)



Procter & Gamble Hygiene and Health Care Limited

E.P.S.
(₹)



DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual accounts for the financial year ended June 30, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors had prepared the accounts for the financial year ended June 30, 2010, on a "going concern" basis.

CORPORATE GOVERNANCE

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

MANAGEMENT & PERSONNEL

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

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

DIRECTORS

Mr. R. A. Shah, Director, retires by rotation and being eligible, offers himself for re-appointment.

The Directors recommend his re-appointment. Mr. Shah needs no introduction to the shareholders. Mr. Shah has been one of the founder Directors of your Company.

AUDITORS

The Auditors, M/s. Deloitte Haskins & Sells, Mumbai, Chartered Accountants (Registration No. 117366W) retire and offer themselves for re-appointment.

COST AUDITORS

Your Company has received the approval of the Central Government for re-appointment of M/s. Ashwin Solanki & Associates, Cost Accountants, to conduct the cost audit of drug formulations for the year ended June 30, 2011.

CONSERVATION OF ENERGY ETC. INFORMATION

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

TRADE RELATIONS

The Directors wish to thank the retailers, wholesalers, distributors, suppliers 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.

ACKNOWLEDGEMENT

We are grateful to The Procter & Gamble Company, USA and Procter & Gamble Asia Pte Limited, Singapore for their invaluable support in terms of access to the latest information/knowledge in the field of Research & Development for products, ingredients and technologies; timely inputs to exceptional marketing strategies; and the goodwill of its world-renowned trademarks and superior brands. We are proud to acknowledge this unstinted association that has vastly benefited the Company.

On behalf of the Board of Directors

R. A. Shah
Chairman

Mumbai
August 18, 2010

Employees
(Nos.)

