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A N N U A L   R E P O R T   2 0 0 0



Dear Shareholders,

I take great pleasure in introducing you to your 'New' Company, Gillette India Limited, the erstwhile Indian Shaving Products Limited. The New Year saw the changeover to a Rs. 500 crore giant that encompasses Gillette's flagship businesses the world over - personal grooming and portable power. It is fitting, therefore, that Gillette has demonstrated its commitment by associating itself even more deeply with your Company through its name. The renaming also reflects the core proposition of the Company, which is to develop the world class Gillette brands in India.

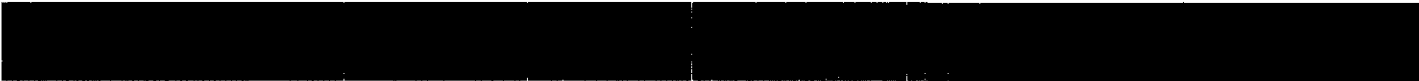
We saw a changeover from 17 years of being just a personal grooming business to one that would address a larger set of businesses, larger markets and larger audiences. The amalgamation of Duracell India and Wilkinson Sword India with Gillette's flagship Company, Indian Shaving Products Limited, was conceived to consolidate Gillette's grooming and battery business in India. The integration of Duracell Alkaline battery business at the premium end and the Wilkinson & Geep brands catering to mid segment of the market, offer considerable prospect for long term growth of the Company. The new Company, Gillette India Limited, today has a stronger financial and operational structure and is capable of larger resource mobilisation and financial consolidation necessary to withstand competition. The new name also truly reflects the business of the Company and gives it the identity of being more than just a blades and razors Company. Apart from the merger of the batteries business, the Gillette identity encompasses the grooming identity of products being marketed by the Company including personal care and household products.

The year past has been challenging. The results placed before you show that while we have increased profitability, it has been a tough year on all fronts. The first year of the new millennium was devoted to introduction of state-of-the-art superior performing products. The Company rolled out the revolutionary three blade Mach3 supported by some very visible promotional activities. Your Company also launched Pacific Light, the largest selling range from the Gillette Series male grooming portfolio and followed it up with the launch of Arctic Ice, the latest line from Gillette Series. Making personal shaving products a trendy affair, your Company launched the Gillette Fashion Razor for Women, which proved to be an out and out bestseller.

The Mach3 launch in India has been rated among the best worldwide and has actually expanded the premium end of the market. The premium double edge and disposable segment also showed improved sales growth. Shaving preparations, under the Gillette Series Line, have continued a healthy growth in sales volumes. During the year, we invested heavily in brand building with high expenditure in Advertising and Sales promotion.

The year past also marked the successful completion of the manufacturing expansion project. The Company embarked on a programme for upgrading blade manufacturing processes at the Bhiwadi factory. The project envisaged process improvements in the areas of sharpening, blade washing and treatment for which new hardening furnace and some packaging equipment were added to optimise capacity and improve further the quality of our products.

As we stand ready to march ahead into the new millennium, we have the confidence of a market which has consistently welcomed our products, a large and loyal customer base, the full range of Gillette world class brands, the name and commitment of Gillette to all our endeavours.



However, it would be prudent to point out that we are working in an economic environment that has slowed down after promising a revival in the early part of the last year. An economic slowdown invariably implies that the Company has to drive the market harder while controlling internal spends, consolidating businesses and reducing costs wherever possible. Your Company is committed to an aggressive profile in the market while doing its utmost to ensure that operational costs are kept under control.

I am also pleased to share with you the new principles of Corporate Governance, which have been embraced by your Company. I believe that these new norms will enable the Company to provide superior value to its customers, its shareholders and its associates, thereby realising its commitment to being a good corporate citizen. We stay committed, like Gillette worldwide, to products that will be safe to make and use and your Company has pledged itself to conserve natural resources and continue to invest in a better environment.

Your Company has been very active in the area of human capital management in an environment where Companies have to compete for attracting and retaining talent at all levels. Through a combination of training and team building programmes, your Company has retained the best of talent in the industry and benefitted from their enthusiastic loyalty.

Finally, being aware and alive to the growing business and infrastructure requirements, your Company has moved to state-of-the-art Global Business Park at Gurgaon, south of Delhi. This investment was essential to provide a workspace and environment which could accommodate the growing needs of the Company.

No review of the year can be complete without a special mention of the employees of your Company who have worked especially hard to launch products and create markets and segments which did not exist before. Your Company has been proactive in the areas of Human Capital Management and through a variety of HR initiatives, has retained one of the most talented and motivated teams in the industry. Your Company has also demonstrated its support for the employees and their families in their hours of need. The employees of the Company and their personal dedication continue to be the key strength of the Company in achieving its excellent performance.

I would also like to thank our valued shareholders for their continued confidence and ever-increasing support.

Best wishes,

S. K. PODDAR  
Chairman

BOARD OF DIRECTORS

Mr. S. K. Poddar  
Chairman

Mr. Zubair Ahmed  
Managing Director

Mr. G. S. Gill

Mr. Peter Mee

Mr. Akshay Poddar

Mr. M. K. Kumar

Mr. Abhey YograJ

Mr. P. N. Dang

Mr. V. N. Mathur  
(Alternate to Mr. Peter Mee)

Mr. S. N. Talwar  
(Alternate to Mr. G. S. Gill)

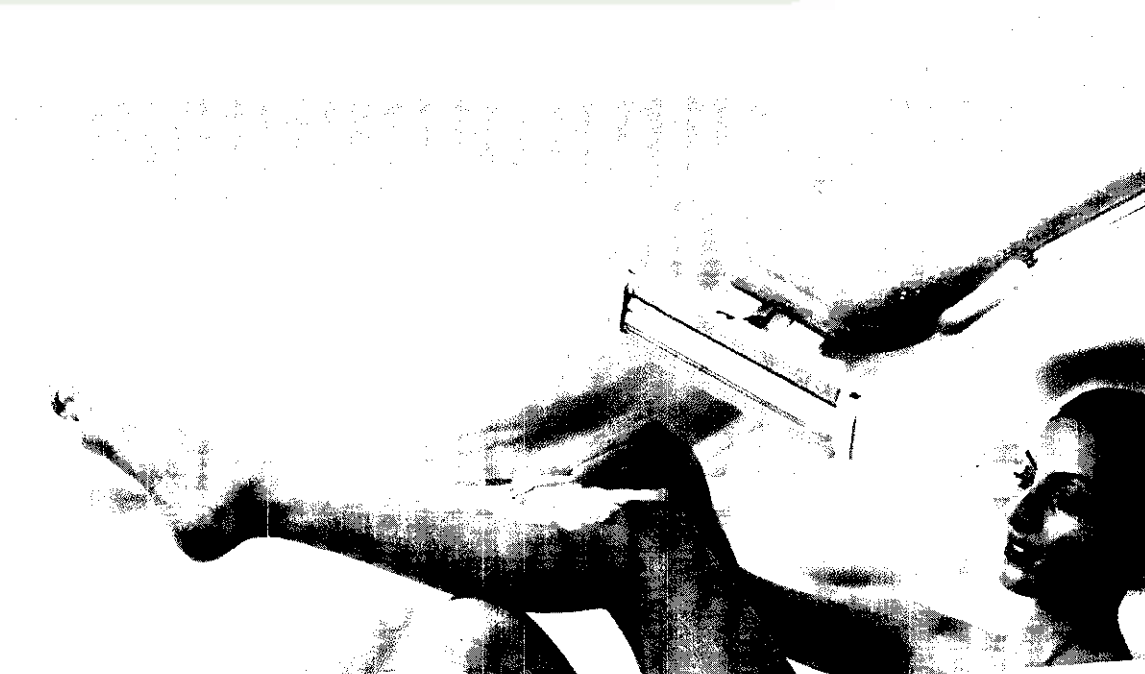
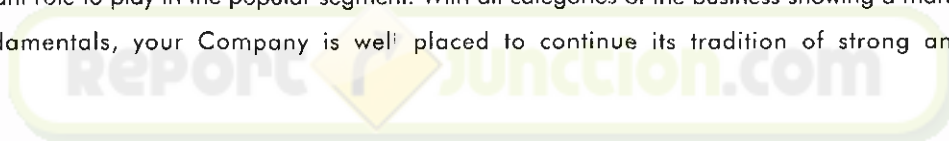
A GILLETTE-PODDAR JOINT VENTURE

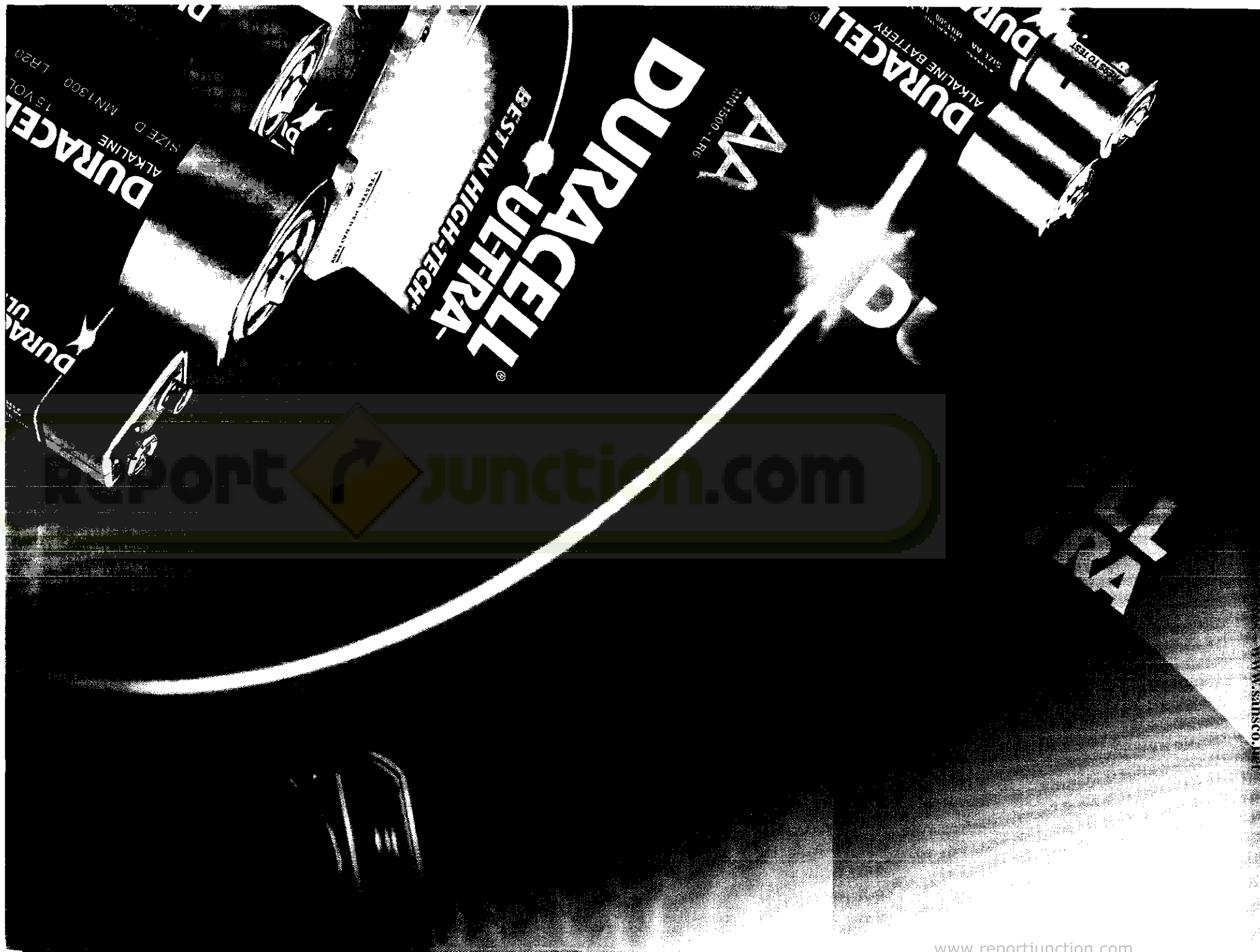




The dawn of the new millennium witnessed the birth of a strong new Company. Gillette India Ltd. has been born through the amalgamation of Duracell India Ltd. & Wilkinson Sword India Ltd. with Gillette's flagship Company, Indian Shaving Products Ltd. Growth has been spurred by the success of Gillette Mach3 the revolutionary new triple blade shaving system. The Toiletries business has grown by over 40% in the year. The launch of the Pacific Light and Arctic Ice fragrances have contributed significantly to the growth of the Gillette Series brand of male toiletries, and with the Gillette Series Shave Gel Concentrate, the Company now reaches out to a large number of shave cream users. Gillette Presto Readyshaver continued its successful run, with volumes growing strongly over the year.

With the launch of the Gillette for Women Sensor Excel Fashion Razor, the Female Grooming business also saw strong growth. And finally, the Company's portfolio in Double Edge blades was significantly enhanced by the addition of the Wilkinson Sword brand, which has a dominant role to play in the popular segment. With all categories of the business showing a marked improvement in the business fundamentals, your Company is well placed to continue its tradition of strong and steady growth.





DURACELL  
ALKALINE BATTERY  
SIZE AA MN1300 LR20  
1.5 VOLT  
DURACELL

DURACELL  
ALKALINE BATTERY  
SIZE D MN1300 LR20  
1.5 VOLT  
DURACELL

DURACELL  
ALKALINE BATTERY  
SIZE AA MN1300 LR20  
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The addition of the Duracell and Geep brands gives the Company the opportunity to expand in the Battery & Flashlight market, where the market potential is three times that of Blades & Razors, with a total market size of over Rs. 1700 crores.

Duracell is the clear leader in the alkaline market, with a market share of 48%. As the Indian market for high drain devices such as cameras, walkmans and pagers grows at a rapid pace, the alkaline segment is poised to grow even faster, and Duracell with its full range of AA, AAA, C, D, 9 Volt alkaline batteries and speciality batteries will be well placed to capitalise on this growth.

The Geep range of Batteries & Flashlights is a strong player in the rural and semi-urban market and gives the Company additional distribution muscle to be able to grow the Duracell brand.

The coming years will see strong growth in this large new category, as new products and technologies are introduced to the Indian market to strengthen our market shares in this exciting new market.





"At our state-of-the-art Bhiwadi plant, we employ the latest technology and equipment to optimise the use of plant and resources, and hence reducing costs".

**Sanjay Gupta**  
Manager Maintenance



"We believe in providing products only of higher quality and 100% performance. We use only the latest technology and equipment to make world class products to satisfy customer needs".

**Ajay Rana**  
Engineering Manager



World class people make world class products and thus create world class brands. It is our people who have made Gillette India Ltd., a powerhouse of powerful brands. The focus on people is something that has held Gillette in good stead throughout its history. Gillette India Ltd. has in a very short span of time consolidated a team of diverse and highly qualified people, ready to take on the challenges of the new millennium. People who want to achieve exceptional value with the optimum use of resources. These are the people who have made the Bhiwadi plant a model of international quality modern manufacturing. Here superior quality products are manufactured while the highest production standards are maintained.

It is our world class people who run the ultra modern Duracell plant at Manesar. This plant not only produces batteries for the Indian market, but also exports batteries to highly quality conscious markets such as USA, Belgium and South Africa.

To further increase efficiency and productivity, the Company is making a major investment to enhance its IT infrastructure, including implementation of the latest SAP technology. This will revolutionise the way we do business, generating greater efficiency and making each employee more productive and thereby generating greater value for our consumers and our shareholders.

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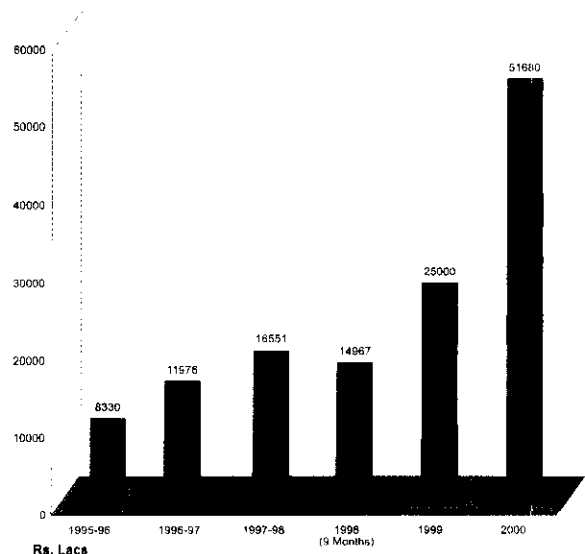
"In the digital age, information is useless if it's not delivered on time. With the introduction of SAP, we have successfully overcome this problem. With instant information, we now attain perfect harmony with production, marketing and sales level".

**Rajneesh Kumar**  
Manager, IT

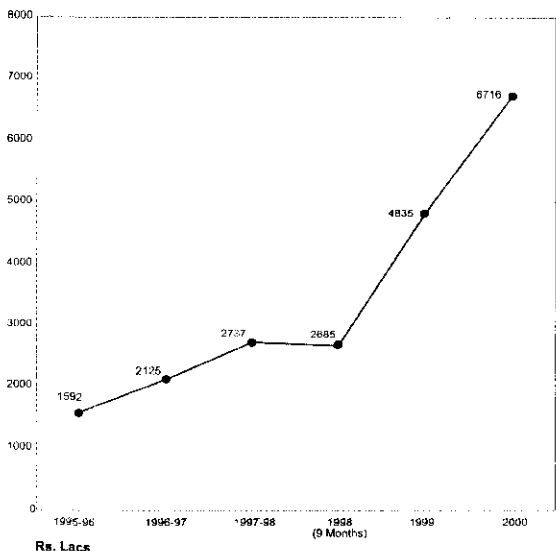


Financial Highlights

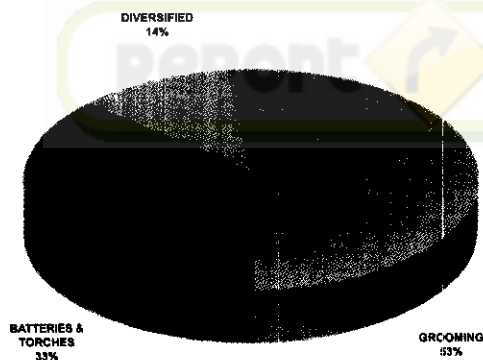
SALES



PROFIT BEFORE INTEREST, DEPRECIATION & TAX



SEGMENT-WISE CONTRIBUTION TO SALES



BOOK VALUE

