

A N N U A L R E P O R T 1 9 9 9



INDIAN SHAVING PRODUCTS LIMITED

Board Of Directors

Mr. S.K. Poddar

Chairman

Mr. Zubair Ahmed

Managing Director

Mr. G.S. Gill

Mr. A. J. Redpath

Mr. Gunnar Doeble

Mr. Akshay Poddar

Mr. M. K. Kumar

Mr. Abhey Yograj

Mr. P. N. Dang

Mr. V. N. Mathur

(Alternate to Mr. A. J. Redpath)

Mr. S. N. Talwar

(Alternate to Mr. G. S. Gill)

Company Secretary

Mr. Rajiv Mathur

Auditors

Bharat S. Raut & Co.

Corporate Office

34, Okhla Industrial Estate,
New Delhi - 110 020.

Registered Office

SPA-65A,
Bhiwadi Industrial Area,
Bhiwadi (Dist. Alwar),
Rajasthan - 301 019.

**Registrar & Share
Transfer Agent**

MAS Services Pvt. Ltd.
AB-4, Safdarjung Enclave,
New Delhi - 110 029.
Ph.: 6104142, 6104326

Bankers

Standard Chartered Bank
Citibank N.A.
Bank of America
State Bank of Bikaner & Jaipur



Dear Shareholders,

I am happy to report that your Company closed its 14th year of operation with a befitting salute to Gillette's first century and an auspicious beginning for the new millennium. For your Company, the momentous occasion of the new millennium has been marked by the launch of Gillette's international state-of-the-art flagship product, Gillette MACH3, which was launched in various markets in the first quarter of the new year. Gillette MACH3's phenomenal success across the world is a testimony to the product's superiority and a vindication of Gillette's commitment to "The Best A Man can Get".

The principal driver in 1999 has been Gillette's philosophy of maintaining technological leadership in the shaving blade industry. Your Company has over the years continuously introduced high performance products for discerning Indian consumers, constantly innovated on market offerings and product packaging, expanded distribution channels and made meaningful value additions to enhance consumer satisfaction.

The Gillette Series range, launched at the end of 1998, made its full impact felt in 1999 and its performance has been a major boost with these products emerging as significant drivers of growth. The other top performers for the Company have been disposable razors which have grown significantly over the year.

The Company also introduced, during the year, the immensely successful Cool Wave and Wild Rain range of personal grooming products under the Gillette Series line. The sales and distribution of diversified business - Oral B and Braun personal care and household products continued to improve significantly and has helped the Company to achieve higher profitability.

Your Company has nearly completed upgradation of its blade manufacturing process at its Bhiwadi facility to feature Gillette's latest process technology. Process improvements and new equipment are being added to further optimize the use of planned capacity and resources while reducing costs. The project will be completed by mid - 2000.

After considering various options, the Board of Directors of your Company have decided to proceed with a scheme to merge Wilkinson Sword India Ltd. and Duracell (India) Pvt. Ltd. with your Company. The Board seeks your support and is confident that this merger will be the way for sustained growth and profitability for your Company resulting in enhanced shareholder value.

Continued thrust towards liberalisation and improvement in the overall economic scenario in India has found its reflection in the results of your Company as well. The Company has also drawn up strategies on every front, from upgradation of production facilities and introduction of cutting edge products to restructuring of businesses by consolidation of grooming and batteries businesses, to take advantage of the economic recovery.

No review of the year can be complete without a special mention of the employees of your Company who have worked hard to launch products and create markets and segments which did not exist before, be it personal shaving or household products segment. These employees and their personal dedication continues to be the key strength of your Company's performance. We look forward to their ever-increasing contribution in the coming year.

I thank our valued shareholders for their continued confidence and support.

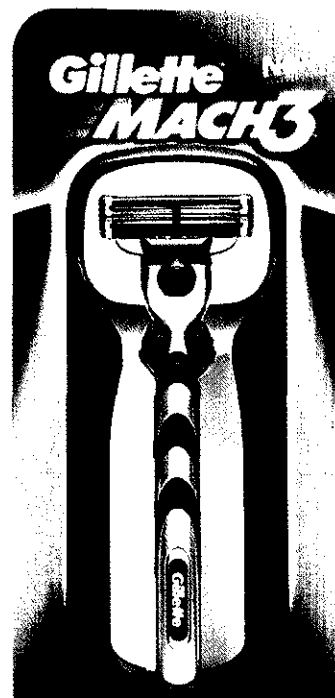
Best wishes

K. PODDAR

Chairman

ISP constantly strives to introduce state-of-the-art products in the Indian market. Hence, it spares no efforts to upgrade its technology. After the success of technologically advanced products like Gillette SensorExcel and Gillette Presto International, it is not surprising that the latest product is a breakthrough in shaving systems. This sensational entrant in its stable of world class products is Gillette Mach3. Matched by none, this revolutionary triple-blade system is unquestionably the epitome of technology. The never before three specially positioned blades give the closest shave ever, in fewer strokes with lesser irritation. Patented DLC™ Comfort Edges and Pivot Design allow an extraordinarily comfortable shave while gliding effortlessly along the skin surface. Responsive Springs and Soft Flexible Microfins offer superior skin protection. And the advanced Indicator Lubrastrip™ provides added convenience. This path-breaking shaving system lives up to the name 'The Best a Man Can Get'.

Thanks to the tradition of leading technological changes, Gillette Mach3 has truly broken the performance barrier again!



RESPONSIVE SPRINGS

INDICATOR LUBRASTRIP™.

3 SPECIALLY POSITIONED BLADES

NEW PIVOT DESIGN

RUBBERIZED GRIP

PATENTED DLC™ COMFORT EDGES

SOFT FLEXIBLE MICROFINS

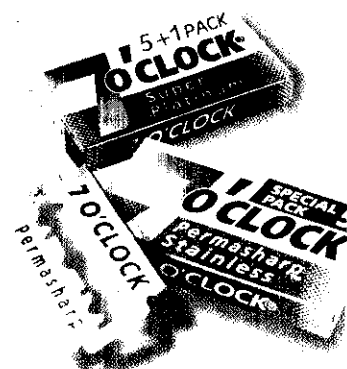
SINGLE POINT DOCKING

The prime objective at ISP, from inception, has been to continuously upgrade the Indian consumer to quality products. This is evident from its comprehensive range under the brand names of Gillette and 7O'Clock. These brands which include conventional double-edge blades, readysavers, shaving systems and toiletries cover a whole host of personal grooming needs of men and women.

In 1996, Gillette SensorExcel ushered in a world-class shaving experience, and now has a user base of more than a million. The Gillette Series with Cool Wave and Wild Rain shaving gel, foam, aftershave and deodorant under its umbrella, offer the consumer premium personal care products. Gillette Presto International readysavers and Gillette shaving foam have redefined convenience. 7O'Clock has been one of the most popular brands for years. And the Gillette SensorExcel for Women has revolutionized the female grooming experience.

In December 1999, the launch of Gillette Mach3, the world's most revolutionary shaving system, was a befitting way to begin the new millennium.

Combining outstanding product quality, innovative packaging and strong distribution channels, these brands of ISP have constantly set new standards by breaking every performance barrier.





ISP understands that its most precious resource is its people. The major area of thrust is therefore on attracting a diverse team of motivated and talented individuals and providing them an environment that fosters accomplishment, ownership, creativity and mutual respect. We believe that such a quality-oriented and team-spirited work force can form a world-class consumer and trade focussed organisation. Since the company is continuously expanding, Systems and Processes also need constant reinventing to improve creativity and productivity. The need is to always align individual goals with the working of the organisation as one unit.

Hence in 1999, ISP introduced a new Strategic Framework process. The essence of this framework is to align all functions, all areas, all people in one direction. It consists of three stages. Firstly, based on the Company mission, our goals and the key result areas are identified. This is achieved through an intensive process of discussion and idea generation across all levels and functions of the organisation. Secondly, definitive and measurable objectives are laid out against each of the key areas. And finally, the framework is communicated across the company and each employee is encouraged to align his or her objectives with the objectives of the organisation as a whole.

The Strategic Framework is a scientific process that encourages teamwork, innovation and focus. It is a major tool adopted by ISP to enhance the strength and effectiveness of its people. A tool to develop a work force that is adept in breaking performance barriers time and again.

"The Indian consumer trusts the name ISP. Our job is to ensure that trust is well earned. The new framework defines the quality standards expected of the company. My objective is to maintain a quality level that matches these expectations."

Anirban Gupta, Senior Manager, Quality Assurance



"The Strategic Framework motivates me to continuously improve Distribution and Display. To build stronger relations with trade partners. To push sales to higher levels. All to make Gillette products the best that the consumer can get."

Sanjeev Khanna, Divisional Sales Manager (North)

"Using the Strategic Framework, I am able to optimise the utilisation of company assets and resources, so that the company becomes an effective and cost-efficient business organisation."

Ritu Arora, Financial Analyst



Financial Highlights

BREAKING

THE PERFORMANCE BARRIER

