Dear Shareholders,

The period of 18 months from January 1, 2006 to June 30, 2007 was an excellent one for your Company. This marked the beginning of the successful integration with Procter & Gamble leading to best in class processes and access to the dynamic global organizational structure of P&G's business units, market development organization and global business services.

Thanks to our strong portfolio of products, brand strength and improved leadership in our core categories, our market shares continue to grow and we remain the undisputed leader in Men's Shaving and Alkaline Batteries categories. The growth in our business is a result of sustained focus on franchise building and our continued strategy of upgrading Indian consumers to superior performing products. We continue to focus on our two tier systems strategy of leading the premium end consumers to *Mach3* and capturing new young users through highly innovative marketing strategies. Your Company is also investing significantly in new advertising and 360 degree marketing program. This has helped in growing *Vector Plus* by converting double edge users to superior and safer twin blades.

Our Oral Care business under the Oral-B brand has shown remarkable growth and is currently the fastest growing brand in Oral Care in the country with presence across premium, mid and mass market segments. Oral-B has gained the No. 2 leadership position in the Indian toothbrush market with 25% sales growth through launch of Oral-B *Vision* and *kids* in the premium segment and Oral-B *Fresh Clean* and *Shiny Clean* in other segments.

The company is committed to introduce newer, safer and healthier products for the Indian consumers. The launch of the new range of toiletries is yet another reflection of our commitment to offer latest products in India.

The period under review sets an all time record for the company. The Gross Profit at Rs.216 crores for the 18 month period is the highest ever achieved by your Company. The profit from the sale of our office premises in Gurgaon resulted in a gain of Rs.42 crores. The Profit after Tax stands at Rs.142 crores.

In view of the improved profitability, the Company declared an interim dividend of 100% and has now proposed a final dividend of 75% making a total of 175% dividend for the 18 month period which is the highest ever paid by the Company.

It is a matter of great satisfaction that the Indian economy continues to be one of the fastest growing economies in the world. A growing middle class, rising per capita income and favourable demographics make India one of the most attractive growth markets in the world. The wealth created in the hands of the consumers is getting translated into constant upgradation to better life styles and related products. This, when coupled with the increasing focus by men on their personal grooming along with growth in organized retailing, provides a solid base for the future.

I remain optimistic on the future of your Company through accelerated growth programmes in all our product categories. We continue to aim high to consolidate our position as one of the fastest growing and most profitable FMCG companies in India.

Consequent to the P&G acquisition, Mr. Shantanu Khosla has been appointed as the new Managing Director of the company. I wish Shantanu and his Management Team all the very best in their new responsibility.

I would also like to thank all our employees and valued shareholders for their resolute trust in the company, and for support to our endeavours to continue enhancing shareholder value.

Mumbai
August 24, 2007

S. K. Poddar
Chairman

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors have pleasure in presenting their Twenty-third Annual Report together with the Audited Accounts for the 18-months' period ended June 30, 2007.

FINANCIAL RESULTS

(Figures in Rs. Crores)

	For the Extended Financial Period ended June 30, 2007	For the Financial Year Ended December 31, 2005
Income (Sales & Other Income)	**716.50**	470.95
Profit before Depreciation & Exceptional Income	**195.81**	124.95
Depreciation	**(22.30)**	(15.57)
Exceptional Income	**42.46**	-
Profit before Tax	**215.97**	109.38
Provision for Tax	**(73.61)**	(40.66)
Profit after Tax	**142.36**	68.72
Profit brought forward from previous year	**62.93**	38.24
Balance available for appropriation, which the Directors have appropriated as under:	**205.29**	106.96
a. General Reserve	**14.50**	6.87
b. Interim Dividend Paid & Tax thereon	**37.16**	-
c. Proposed Dividend	**24.44**	32.59
d. Tax on proposed Dividend	**4.15**	4.57
Balance carried to Balance Sheet	**125.04**	62.93

DIVIDEND

The Board of Directors of the Company had earlier approved payment of an interim dividend @ Rs. 10 per equity share of Rs.10 each, amounting to Rs.32.59 crores, which has since been paid to the members of the Company.

Keeping in view the extended financial year of 18 months and enhanced profitability of the Company, your Directors are now pleased to recommend, subject to the approval of the members, a final dividend of Rs.7.50 per equity share amounting to Rs.24.44 crores, for the financial period ended June 30, 2007.

OPERATIONS

Your Company continued to register a good growth during the period ended June 30, 2007. The total sales at Rs.683 crores were up by 8% when compared to sales of Rs.630 crores of the last corresponding period.

Profit Before Tax (PBT) at Rs.174 crores was up by 22% when compared to PBT of Rs.143 crores of the last corresponding period. Similarly, Profit After Tax (PAT) at Rs.142 crores has shown a healthy growth of 44% versus the PAT of Rs.99 crores for the last corresponding period. PAT for this period includes profit from sale of the immovable property at Gurgaon. This strong financial performance and significant increase in Company's net profits have been driven by continued business growth and sustained demonstration of cost synergies, post restructure. Your Company continues to retain value leadership in three of the four categories it operates in.

PERSONAL GROOMING

Blades and Razors business grew 6% during the period, behind stronger initiatives and holistic marketing. Your Company continued its endeavor of upgrading the Indian consumer to superior performing higher value products which is reflected in the strong double digit growth in the premium shaving systems segment. *Mach3* achieved a market value share of 7.3% as a result of effective new advertising and a 360 degree marketing program comprising mall demonstrations, FM radio tie-ups, internet and SMS marketing. A unique *Mach3* Challenge program invited consumers to try the product and give their feedback. A resounding 99% of the men who took this challenge agreed that it was the most comfortable shave they ever had.

Gillette's brand association with cricket was strengthened with signing up of Irfan Pathan for a new advertising campaign for *Vector Plus*. During this period, the Company continued on its strategy of converting double edge users to superior twin blade systems and also ran a program with the school boys of class 11 and 12 to further strengthen the brand equity. The brand was also supported with a new direct marketing channel and the claim of "No Tension". *Vector Plus* was re-priced and tested in the state of Andhra Pradesh which gave encouraging results.

During the period, *Gillette Presto* was re-priced at Rs.14 which helped the brand sustain itself against increased activity from competition. This was supported by the launch of *Gillette Presto Plus* at Rs.16 for the more discerning consumers.

Double edge business achieved an outstanding growth of over 20%, driven by *Wilkinson Sword* consumer and barber packs. *Wilkinson Sword* consumer pack responded positively to the price re-alignment from Rs.11 to Rs.10 backed by 14% growth in distribution. *Wilkinson Sword* Saloon pack continued to grow at double digits supported by franchise building activities with barbers.

Personal Care also recorded over 20% growth, with both Tube Gel and Aerosol segments showcasing encouraging growth. This can also be attributed to the "Perfect Shave" program which highlighted the regimen usage of Shave Gel and After Shave along with the razor. A new advertising campaign and in-store merchandising with the Blade category supported this initiative.

ORAL CARE

The period was a landmark one for your Company's Oral Care business, with the *Oral-B* brand achieving the number 2 leadership position in the Toothbrush market. The business registered a very encouraging growth of 25% behind new launches of *Oral-B Vision and Kid* in the premium segment and *Oral-B Fresh Clean and Shiny Clean* in the mid-tier segment. Market share growth was also supported by 45% increase in the distribution. During the period, the Oral Care business was supported by several commercial innovations which included leveraging the equity of renowned dentists.

Oral-B also regained its leadership position in the superior premium Toothbrush segment.

PORTABLE POWER

Batteries' sales are a derived demand from devices that work on batteries. This demand is growing with increasing purchasing power and device penetration in India. By having an indepth understanding of the consumer needs and analysing device trends, your Company foresees a very good business opportunity to upgrade consumers from ordinary zinc batteries to *Duracell* Alkaline batteries. Purchase of *Duracell* is a great value proposition for consumers as it lasts up to 10 times longer at approximately three times the price. To tap this large market potential, your Company has in place a holistic marketing campaign including TV advertising. This has resulted in Duracell brand recording a 12% growth.

MANUFACTURING FACILITY

Your Company had embarked upon a project of setting up a new manufacturing facility in Baddi (Himachal Pradesh) for manufacturing, assembling and packaging operations of blades and razors to meet enhanced production requirements in a tax benefits zone set up by the Government. Your Directors take pleasure in reporting successful completion of the project and commencement of production in March 2007, well within the budgeted project cost and time schedule.

SOCIAL RESPONSIBILITY

Your Company participated in an innovative cause related marketing program called *Shiksha* (education) – a P&G initiated and led national consumer program in partnership with leading child rights organization – CRY. *Shiksha* seeks to support the education of the underprivileged children in India, covers 15 projects across 9 states in India and has so far made a big diffference to the lives of over 67,000 children in the last three years.

CORPORATE GOVERNANCE

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

CHANGE IN FINANCIAL YEAR AND EXTENSION OF TIME TO HOLD ANNUAL GENERAL MEETING.

The Company has received requisite approval from the Ministry of Corporate Affairs and accordingly adopted the extended accounting year from January 2006 to June 2007 and shall be following the July – June accounting year henceforth to be in line with the accounting year of Procter & Gamble world-wide. The Company has also received approval from the Ministry of Corporate Affairs for extension of time to hold its annual general meeting by three months upto October 28, 2007.

SCHEME OF ARRANGEMENT

As informed in the last annual report, your Company filed a Scheme of Arrangement pursuant to the provisions of Section 391 of the Companies Act, 1956, for purpose of financial restructuring and reconstruction of the Company. In terms of this Scheme of Arrangement, one-time expenses incurred/to be incurred towards restructuring of the Company's organizational structure, distribution systems and facilities etc. were to be set off against the Amalgamation Reserve forming part of the Capital Reserves of the Company and credited to "Reconstruction Reserve Account."

Based on the court order dated May 19, 2006, an extra-ordinary general meeting of the shareholders of the Company was held on June 22, 2006, and the Scheme of Arrangement was duly approved. Further, the Hon'ble High Court of Rajasthan at Jaipur has approved the said Scheme of Arrangement vide its order dated August 22, 2006.

Pursuant to the Scheme, your Company has successfully integrated its substantial business operations and processes with that of Procter & Gamble companies in India. This challenging task was achieved with minimal business disruption during the restructure. Your company has now in place a better distribution system, best in class processes and access to the highly successful organization structure of Procter & Gamble's Global Business Units, Market Development Organizations and Global Business Services.

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:

(i) that in the preparation of the annual accounts for the financial period 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 period and of the profit or loss of the Company for the period 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 had prepared the accounts for the financial period ended June 30, 2007, on a "going concern" basis.

DIRECTORS

Mr. Shantanu Khosla, Vice-President Procter & Gamble, ASEAN, Australia, India (AAI) was appointed as the Managing Director of the Company for a period of five years with effect from January 29, 2007.

Mr. Subhash Bansal was re-appointed as Whole-time Director of the Company for a period of five years with effect from May 1, 2007.

Mr. Gurcharan Das, was appointed as an Additional Director on January 29, 2007 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. B. S. Mehta and Ms. Deborah Henretta retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Appropriate resolutions for the re-appointment/ appointment of the aforesaid Directors are being moved at the ensuing annual general meeting, for which the Board recommends your approval.

Mr. Zubair Ahmed resigned as Managing Director of the Company with effect from November 30, 2006 and Mr. R. A. Shah resigned as Director of the Company with effect from January 29, 2007. Your Directors place on record their sincere appreciation for the invaluable contribution made by Mr. Zubair Ahmed and Mr. R. A. Shah during their tenure on the Board of Directors of the Company.

AUDITORS

The Auditors, M/s. Deloitte Haskins & Sells, Mumbai, retire at the ensuing annual general meeting and offer themselves for re-appointment.

COST AUDITORS

The Company has re-appointed M/s. R. J. Goel & Company as the Cost Auditors for "Shaving Systems" manufactured at Bhiwadi plant for the year ending June 30, 2008, subject to the approval of the Central Government.

CONSERVATION OF ENERGY & FOREIGN EXCHANGE

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, are attached as Annexure to this Report.

HUMAN RESOURCE DEVELOPMENT

Your Company has continued to focus on building employee capability and commitment, critical for sustaining business growth and profitability. Competence enhancement initiatives to lead and manage change, develop teams and to coach individuals have led to higher levels of employee productivity. The culture of innovation has been strengthened by building innovation skills and processes to facilitate development and successful implementation of new ideas.

Proactive communication programs, employees' engagement activities and high quality HR service support has resulted in a high level of employee morale and commitment to your Company.

Your Directors wish to place on record their appreciation for the strong contribution made by employees who have through their consistent and highly motivated performance enabled your Company to achieve these results.

The information as per section 217(2A) of the Companies Act, 1956 ('the 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.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the services rendered by its suppliers, distributors, wholesalers, retailers, clearing and forwarding agents and all other business associates and acknowledge their efficiency and continued support in producing such healthy growth in the Company's business.

For and on behalf of the Board

Mumbai
August 24, 2007

S. K. Poddar
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The company has an efficient energy conservation task force, which is actively involved in continuous monitoring of energy usage and its conservation.

1. Measures taken this year were –

   (a) As mentioned in prior year's annual report, energy audit was carried out by CII and energy conservation projects suggested by them are in progress.

   (b) Optimizing the power consumption in Air Handling Units (AHUs) by installing AC variable drives.

   (c) Optimal utilization of air dryers in compressed air generation area.

   (d) Replacing compressed air with blower air in sewage treatment plant to avoid line leakage losses.

2. Additional investments / proposals –

   (a) Improving energy consumption on sharpening vacuum exhaust system.

   (b) Optimizing plant lighting voltage to save energy.

   (c) Improving power factor in the identified MCC's and reduce I^2R (energy) losses.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B.

Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Efforts and initiatives in relation to exports.

   The Company's products continue to be accepted in overseas markets. Efforts are on to further increase exports of personal grooming products to other countries.

2. The particulars of Foreign Exchange earned and utilized during the period are given in Schedule 18B8(j) and (h) to the Accounts, respectively.

For and on behalf of the Board

Mumbai
August 24, 2007

S. K. Poddar
Chairman

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE PHILOSOPHY

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 stakeholders 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 a highly experienced and diverse Board of Directors, with members who understand their role in providing strong 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 statutes affecting your company. Our rigorous business process controls include an 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 and senior management. 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 its conduct: what we say, what we do, the products we make, the services we provide, and the way we act and treat others. As a conscientious corporate citizen, we want to do what is right. For your Company, and P&G's global operations, this is the only way to do business.

2. BOARD OF DIRECTORS

(a) Composition of the Board:

The Board of Directors of the company comprises an optimum combination of Executive and Non-Executive Directors headed by a Non-Executive Chairman. One third of the Board members are independent directors. The independent directors do not have any pecuniary relationships or transactions either with the company or with the promoters/management that may affect their judgment in any manner. The directors are experienced and eminent professionals in business, law, finance, public enterprise and corporate management. The Board meets at least once in a quarter to review, amongst other business, the quarterly performance of the company and financial results. Directors attending the meeting actively participate in the deliberations at these meetings.

(b) Number of Board Meetings:

During the financial period 2006-07, seven (7) Board meetings were held on January 15, 2006, February 23, 2006, April 29, 2006, July 21, 2006, October 26, 2006, January 29, 2007 and April 30, 2007 respectively. The annual general meeting for financial year ended December 31, 2005 was held on April 29, 2006.

(c) Directors' attendance record and directorships held:

The attendance of directors at the Board meetings and at the last annual general meeting held on April 29, 2006 were as under:

Name of Director	Board Meetings		Annual General Meeting
	Held during their tenure	Attended	
S.K. Poddar	7	7	Attended
Shantanu Khosla	7	6	Attended
Subhash Bansal	7	2	Attended
B.S. Mehta	7	7	Attended
C.R. Dua	7	7	Attended
Gurcharan Das*(1)	2	1	N.A.
Akshay Poddar	7	5	Attended
Ms. Deborah Henretta	7	NIL	Not Attended
M.K. Kumar	7	NIL	Not Attended
Ashok Chhabra	7	7	Attended
Zubair Ahmed*(2)	5	4	Attended
R.A. Shah*(3)	6	6	Attended

(1) Appointed as an Additional Director w.e.f. January 29, 2007.

(2) Resigned as Managing Director w.e.f. November 30, 2006.

(3) Resigned as Director w.e.f January 29, 2007.

The composition and other details of the Board of Directors as on June 30, 2007 are given below:

Name of the Director	Category	Designation	Other Directorships#		Membership of other Board Committees##	
			Member	Chairman	Member	Chairman
S. K. Poddar	NED	Chairman	12	7	5	3
Shantanu Khosla*(1)	ED	Managing Director	2	None	None	None
Subhash Bansal*(2)	ED	Whole-time Director	None	None	None	None
B. S. Mehta	ID		14	None	9	5
C. R. Dua	ID		6	None	2	None
Gurcharan Das*(3)	ID		5	None	None	None
Akshay Poddar	NED		6	None	4	1
Ms. Deborah Henretta	NED		1	None	None	None
M. K. Kumar	NED	Alternate to Mr. Akshay Poddar	1	None	2	2
Ashok Chhabra	NED	Alternate to Ms. Deborah Henretta	None	None	None	None

NED – Non Executive Director

ED – Executive Director

ID – Independent Director

(1) Appointed as a Managing Director w.e.f. January 29, 2007, subject to the approval of the shareholders at the ensuing annual general meeting.

(2) Re-appointed as Whole-time Director w.e.f. May 1, 2007, subject to the approval of the shareholders at the ensuing annual general meeting.

(3) Appointed as an Additional Director w.e.f. January 29, 2007.

\# Excludes directorships of private limited companies, foreign companies and alternate directorships and companies under section 25 of the Companies Act, 1956.

\## Excludes memberships in private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956.

(d) Material significant related party transactions:

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-14 of Schedule 18 to the Accounts in the Annual Report.

(e) Directors Remuneration:

At the last annual general meeting of the shareholders of the company held on 29th April, 2006, it was resolved to pay commission to the Non-Executive Chairman, Mr. S.K. Poddar. Now it is proposed to pay to the independent directors, commission upto 1% per annum of the net profits of the company in the aggregate for a period of five years commencing from January 1, 2007.

The remuneration of executive directors comprises salary, house rent allowance, perquisites, contribution to provident and other funds, gratuity and leave travel allowance and other perquisites and benefits as per the policy of the Company. The details of remuneration/sitting fees paid/provided to the executive/non executive directors during the financial period 2006-07 is as under:

Amount in Rs.

Name of Director	Relationship with other Directors	Salary including Bonus + PF contribution	Perquisites	Sitting Fees	Commission	Total
S. K. Poddar	Father of Akshay Poddar	Nil	Nil	150,000	9,000,000	9,150,000
Shantanu Khosla*(1)	Nil	Nil	Nil	Nil	Nil	Nil
Subhash Bansal*(2)	Nil	13,555,824	870,239	Nil	Nil	14,426,063
C. R. Dua	Nil	Nil	Nil	175,000	500,000	675,000
B. S. Mehta	Nil	Nil	Nil	185,000	500,000	685,000
Gurcharan Das*(3)	Nil	Nil	Nil	15,000	422,222	437,222
Akshay Poddar	Son of S.K. Poddar	Nil	Nil	215,000	Nil	215,000
Ms. Deborah Henretta	Nil	Nil	Nil	Nil	Nil	Nil
M. K. Kumar	Nil	Nil	Nil	Nil	Nil	Nil
Ashok Chhabra	Nil	Nil	Nil	Nil	Nil	Nil
Zubair Ahmed*(4)	Nil	19,620,578	941,596	Nil	Nil	20,562,174
R. A. Shah*(5)	Nil	Nil	Nil	100,000	Nil	100,000

(1) Appointed as a Managing Director w.e.f. January 29, 2007. The remuneration charged to the accounts in respect of the Managing Director subsequent to the date of appointment i.e. January 29, 2007, amounting to Rs.9.20 lakhs is subject to the approval of the members at the ensuing annual general meeting. Refer Note B6 and B7 of Schedule 18 to the Accounts in the annual report.

(2) Re-appointed as a Whole-time Director w.e.f. May 1, 2007. The remuneration charged to the accounts in respect of the Whole-time Director subsequent to the date of appointment i.e. May 1, 2007, amounting to Rs.15.06 lakhs is subject to the approval of the members at the ensuing annual general meeting. Refer Note B6 and B7 of Schedule 18 to the Accounts in the annual report.

(3) Appointed as an additional Director w.e.f. January 29, 2007.

(4) Resigned as Managing Director w.e.f. November 30, 2006.

(5) Resigned as Director w.e.f. January 29, 2007.

The term of the Managing Director (MD) and Whole-time Director (WTD) is for a period of five years from the date of their respective appointment. No fee/compensation is payable to the directors on severance of their directorship with the company.

The Company has not issued stock options to any of its Directors. 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 options of the parent company under its Employee Stock Option Plan. Details as regards the same are disclosed vide note no. B-15 and B-16 of Schedule 18 to the Accounts in the Annual Report.

Number of Shares held by Non-Executive Directors

Mr. S. K. Poddar	–	2,25,480
Mr. Akshay Poddar	–	76,923

(f) Committees of the Board:

(i) *Audit Committee*

The Board of Directors at its meeting held on February 23, 2006, reconstituted the Audit Committee. Pursuant to the reconstitution, the Audit Committee comprises of Mr. C.R. Dua (Chairman), Mr. S.K. Poddar and Mr. B.S. Mehta. During the financial period 2006-07, six audit committee meetings were held on the following dates, including before finalization of annual accounts and adoption of quarterly financial results by the Board:

February 23, 2006	April 29, 2006	July 21, 2006
October 26, 2006	January 29, 2007	April 30, 2007

The attendance of each member of the Committee is given below:

Name	Designation	Category	Profession	Committee Meetings	
				Held during their tenure	Attended
R.A. Shah*(1)	Chairman	Independent Director	Solicitor	1	1
S.K. Poddar	Member	Non-Executive Director	Industrialist	6	6
B.S. Mehta	Member	Independent Director	Chartered Accountant	6	6
C.R. Dua	Chairman	Independent Director	Advocate	5	5

*(1) Resigned as director w.e.f January 29, 2007.

All the three members have extensive financial and accounting knowledge and background. The terms of reference of the Audit Committee are in line with revised clause 49 II (C) and (D) of the stock exchange listing agreement and section 292A of the Companies Act, 1956. The Audit Committee *inter alia*, provides reassurance to the Board on the existence of an effective internal control environment. The quorum for the Committee is two members.

The terms of reference of Audit Committee is as per the Audit Charter which amongst other things includes the following:

(a) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

(b) Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;

(c) Reviewing with the management the financial statements before submission to the Board, focusing primarily on:

- Any change 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 regulations and legal requirements concerning financial statements.
- Related party transactions.

(d) Reviewing with the management, external and internal auditors, the adequacy of internal control system and the company's statement on the same prior to endorsement by the Board;

(e) Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;

(f) Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;

(g) Discussion with the external auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;

(h) Reviewing the company's financial and risk management policies;

(i) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(j) Considering such other matters as may be required by the Board;

(k) Reviewing any other areas which may be specified as role of the Audit Committee under the listing agreement, Companies Act and other statutes, as amended from time to time.,

The minutes of the Committee are placed before the Board. The Company Secretary is the Secretary of the Committee.

(ii) *Remuneration Committee*

The Remuneration Committee comprises of the following Non-Executive Directors namely Mr. Akshay Poddar, Mr. C.R. Dua and Mr. B.S. Mehta. The Remuneration Committee met on January 15, 2006 and January 23, 2006 and these meetings were attended by all the members of the Committee.

The Chairman is elected from amongst the members of the Committee. The scope of the Remuneration Committee includes finalising the remuneration packages for Executive Director(s) of the Company.

(iii) *Share Transfer and Shareholders' / Investors' Grievance Committee*

The Board of Directors at their meeting held on August 24, 2007, reconstituted the Share Transfer and Shareholders'/ Investors' Grievance Committee. Pursuant to the reconstitution, the Shareholders' Committee comprises of Mr. Akshay Poddar, Mr. Subhash Bansal and Mr. Shantanu Khosla.

Mr. Akshay Poddar is the Chairman of the Committee. The various issues addressed in connection with shareholders and investors services and complaints are:

Share Transfers

(a) Approve and register transfer and transmission of shares, wherever applicable.

Sub-division / consolidation / rematerialisation of share certificates.

Issue of duplicate share certificates in lieu of lost share certificates.

Affix common seal on share certificates and maintain safe custody of the common seal.

(b) Shareholders / Investors complaints pertaining to:

(i) Non receipt of shares after transfer.

(ii) Non receipt of annual report.

(iii) Non receipt of dividend.

(iv) Other matters related to or arising out of shareholders/investors services.

The minutes of the Committee are placed before the Board. The present quorum for this Committee is two members. The Committee meets regularly to effect share transfers and for other related matters as referred in point (a) and (b) above. The Company Secretary is the Compliance Officer. He regularly addresses shareholder's complaints, oversees share transfer process and liaises with the regulatory authorities.

During the financial period, 15 meetings of the Committee were held. The attendance of each member of the Committee is given below:

Name	Committee Meetings	
	Held during their tenure	Attended
Akshay Poddar	15	15
Subhash Bansal	15	2
Shantanu Khosla*(1)	None	N.A.
Zubair Ahmed*(2)	14	13

*(1) Appointed as a member of the Committee w.e.f. August 24, 2007.

*(2) Resigned as a Managing Director w.e.f. November 30, 2006.

3. MANAGEMENT

Management Discussion and Analysis

While the Indian Blades and Razors market continues to be dominated by the double edge blade segment, factors such as increased purchasing power of the Indian consumers, a high level of interest in personal grooming amongst Indian men and a strong focus by your company to create awareness of technologically advanced products have resulted in very encouraging signs of growth in the triple blade and twin blade systems.

Mach3 achieved market value share of 7.3% as a result of effective new advertising and 360 degree marketing program comprising mall demonstrations, FM radio tie-ups, internet and SMS marketing. A unique *Mach3* Challenge program invited consumers to try the product and give their feedback. A resounding 99% of the men who took this challenge agreed that it was the most comfortable shave they ever had. This claim helped convince new consumers.

Vector Plus continued on its strategy of converting double edge users to superior twin blade systems. During the period, the company ran a program with the school boys of Class 11 and 12 to further strengthen the brand equity. Disposables segment witnessed intense competition. Re-pricing of *Gillette Presto* and *Presto Plus* helped the brands sustain increased competition activity.

Double edge business achieved an outstanding growth driven by *Wilkinson Sword.* Wilkinson consumer pack responded positively to a price re-alignment and showed outstanding growth in distribution. *Wilkinson Sword* Saloon pack continued to grow at double digits supported by franchise building activities with barbers.

In the shaving preparations market, your company continued to strengthen its position, re-launching Gillette Shaving Gel for tough beards and also encouraged consumers to use the Gillette Regiment and Perfect Shave Program which includes the usage of Gillette shaving gel, Gillette blades and razors and Gillette after Shave Lotion. A new advertising campaign and in-store merchandising with the Blade category supported the plans.

Manual toothbrushes continue to dominate the Oral Care market in India. As per news reports, the number of people visiting dentists is increasing everyday and today there is greater awareness of the importance of oral hygiene. This year, your company made very strong progress in the Oral Care segment. We developed communication which marketed *Oral-B* as the brand which is used by dentists. We also strengthened our presence in the mid-tier segment via launch of *Oral-B Fresh Care* and *Oral-B Shiny Clean*. We also increased the distribution of *Oral-B* as a result of the synergies with the P&G distribution system. As a result, *Oral-B* became the market leader in the premium toothbrush segment and the No. 2 player in the overall Oral Care category.

India is the third largest battery market in the world after the US and China. The size of the Indian batteries market is over 2 billion cells, which is dominated by local low priced battery manufacturers. The Alkaline Batteries Segment is not yet matured and thus represents a huge opportunity to upgrade consumers from zinc to better performing alkaline batteries, as the usage of high drain devices like digital cameras grows.

Outlook and Opportunities

The Government's continued focus on liberalization, trade friendly policies and improvement in infrastructure have resulted in a steady inflow of global investments into the Indian market. This, in turn, has translated into immense employment opportunities and a sustained economic boom. The disposable income has gone up and as a result people working in old manufacturing sector as well as new emerging sectors such as BPOs, IT, ITES, retail etc. are open to invest in their grooming needs. Organized retailing continues to make progress in India and we expect it to continue to strengthen in years to come, which in turn will benefit your company.

Cable television has penetrated in to the smallest of Indian towns and has taken with it awareness of latest lifestyle trends and brands, which have become an aspiration for many consumers. This increased awareness coupled with the increase in disposable incomes has translated in a desire to upgrade lifestyles through owning and using better quality brands.

As awareness on Oral Hygiene continues to grow, the higher disposable income will lead to many more conversions of consumers from manual to the power-brushing category. Mobility is on the increase, as are products which support that lifestyle. As the popularity of digital cameras, portable music players, portable gaming consoles grows, there will be greater demand for alkaline batteries that last longer, which is a forte of your company.

Threats Risks & Concerns

One of the hurdles faced by your company is that the market is largely price driven as consumers do not perceive the benefits in paying incremental price for a quality product. Your company has taken this as a challenge and has attempted to upgrade its consumers to higher value products through various campaigns which have been successful.

Some other barriers include low frequency of shaving, low attention to oral hygience habits, low priced but unhygienic barbers and emergence of rechargeable batteries. The attempt to change lifestyles and spending pattern will be gradual, but your company has achieved significant success in its endeavours in this direction and will continue to address and overcome these issues.

Internal Control Systems

Internal control systems have been a core focus for your company. Internal audits and process checks are carried out regularly in important areas and are supplemented with checks by outside agencies.

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.

4. SHAREHOLDERS

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

During the year, Mr. B.S. Mehta and Ms. Deborah Henretta, Directors, retire by rotation and being eligible, offer themselves for re-appointment. Mr. Gurcharan Das was appointed as Additional Director of the Company with effect from January 29, 2007. Mr. Shantanu Khosla was appointed as Managing Director of the Company with effect from January 29, 2007 and Mr. Subhash Bansal was re-appointed as Whole-time Director with effect from May 1, 2007.

Brief resumes of the Directors are given hereunder:

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

Mr. Mehta is a Director of Atul Limited, Bharat Bijlee Limited, Century Enka Limited, CEAT Limited, Clariant Chemicals (India) Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited, J.B. Chemicals & Pharmaceuticals Limited, Pidilite Industries Limited, Procter and Gamble Hygiene and Health Care 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 on the Board as a Chairman or Member of the following Audit/Remuneration Committees: Housing Development Finance Corporation Limited, Atul Limited, Century Enka Limited, Procter and Gamble Hygiene and Health Care Limited, IL&FS Investment Managers Limited, J.B. Chemicals & Pharmaceuticals Limited, Sudarshan Chemical Industries Limited, Sasken Communication Technologies Limited and Pidilite Industries Limited.

Ms. Deborah Henretta, holds a Master's degree in Advertising Research and has held senior positions in Procter & Gamble since her joining Procter & Gamble in 1985. Most notable of these are holding position of Vice-President, Global Babycare and President, Babycare. Presently, Ms. Henretta is the Group President of Asia Region.

She is a Director in Procter & Gamble Hygiene and Health Care Limited.

Mr. Gurcharan Das, is a graduate from Harvard University and a management consultant. He advises a number of companies on global corporate strategy. Mr. Gurcharan Das is also a well-known author and a regular columnist. His international bestseller "INDIA UNBOUND" has won him several accolades.

Mr. Das is a Director of Ranbaxy Laboratories Limited, Crest Animation Studio Limited, Fortis Healthcare Limited, Berger Paints Limited and IDBI Capital Market Services Limited.

Mr. Shantanu Khosla, is a B.Tech. (Mechanical Engg.) with a post graduation in Business Management. He has been with P&G since 1983 and till recently was leading the AAI Health Care Global Business Unit and Special Global Projects. He has over the period, gained valuable experience of overseeing P&G's international businesses in UK, Malaysia and Japan.

Mr. Khosla is the Managing Director of Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Limited.

Mr. Khosla is the Member of the Shareholders' Grievance Committee of Procter & Gamble Hygiene and Health Care Limited and of this company.

Mr. Subhash Bansal, a B.Tech. and a Diploma holder in Business Management has over 30 years of experience in the Industry. He is associated with the company since 1990 and till recently was based in the Czech Republic as Manufacturing Director.

He is not a Director in any other company.

Mr. Bansal is a Member of the Shareholders' Grievance Committee of this company.

(b) Communication to shareholders:

(a) The quarterly results of the company were announced within a month of completion of the quarter. Audited annual results were announced within two months of the end of financial period. Such results are published in the following newspapers:

Business Standard and Adhikar, Jaipur

(b) Half yearly reports are not sent to each household of the shareholders at present.

(c) The Company presently does not have any website. However, the quarterly financial results and shareholding pattern are simultaneously posted on Electronic Data Information Filing and Retrieval (EDIFAR) website namely www.sebiedifar.nic.in.

(c) Disclosures:

(i) ***Materially significant related party transactions***

There are no material transactions during the period that have a potential conflict with the interests of the company.

(ii) ***Compliance by the Company***

The Company has complied with all applicable requirements prescribed by the regulatory and statutory authorities including Stock Exchanges and SEBI during the preceding three financial years on all matters related to capital markets and no penalties / strictures in this respect have been imposed on the company.

(iii) ***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.

Calls made to the Alertline are reported to the company's 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.

(iv) ***Risk Management***

The Company's risk management procedures ensure that the management controls risk through means of a properly defined framework.

(v) ***Compliance with mandatory and adoption of non mandatory requirements***

The Company has complied with all mandatory requirements and with the following non-mandatory requirements of Clause 49 of the listing agreement.

Compliance of non-mandatory requirements

(a) The Company has provided the Chairman with an office at its corporate office at Mumbai.

(b) The Company has constituted a Remuneration Committee.

(c) The Company follows a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual".

(d) General Meetings of shareholders

AGM	Date	Time	No. of special resolutions passed
22nd	29.04.2006	3.30 P.M.	1
21st	27.04.2005	10.00 A.M.	Nil
20th	29.04.2004	10.00 A.M.	1

All the above annual general meetings were held at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, (Distt. Alwar), Rajasthan - 301 019

No special resolution was put through postal ballot in the financial period 2006-07. One extra-ordinary general meeting was held on June 22, 2006 to consider and approve the scheme of arrangement pursuant to Section 391(1) of the Companies Act, 1956.

(e) Code of conduct

(i) ***Code of conduct for Directors and Senior Management***

The Company has adopted a Code of Conduct for directors and senior management. The code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct and it is applicable to all directors and senior management of the company. The Board members and senior management personnel have affirmed their compliance with the code of conduct and a CEO certificate to that effect is annexed to this corporate governance report.

(ii) ***Code of conduct for prevention of insider trading***

The company has a Code of Conduct for prevention of insider trading in the shares and securities of the Company pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992. The code of conduct for prevention of insider trading, *inter alia*, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the company.

5. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting

The annual general meeting will be held on Thursday, October 25, 2007 at 11.00 a.m. at the Company's Registered Office at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, (Distt. Alwar) Rajasthan - 301 019.

(ii) Financial Calendar

Financial Year	:	July to June
Accounts Finalisation	:	July – August
Annual General Meeting	:	October
Quarterly Results	:	Normally before the end of following month, except 4th quarter when quarterly results are published within 3 months.

(iii) Book Closure Date

October 13, 2007 to October 25, 2007 (both days inclusive).

(iv) Dividend Payment Details

Interim Dividend : Paid on February 27, 2007

Final Dividend, if declared : Will be paid on or about November 2, 2007.

(v) Listing of equity shares on Stock Exchanges

The Company's shares are listed on Bombay Stock Exchange Limited 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 Limited – Code : 507815

National Stock Exchange of India Ltd. : GILLETTE*

* The NSE stock code of the Company was "INDSHAVING" upto March 31, 2006.

(vii) Stock Price Data

Monthly high and low quotation of shares traded on BSE and NSE during the financial period 2006-07.*

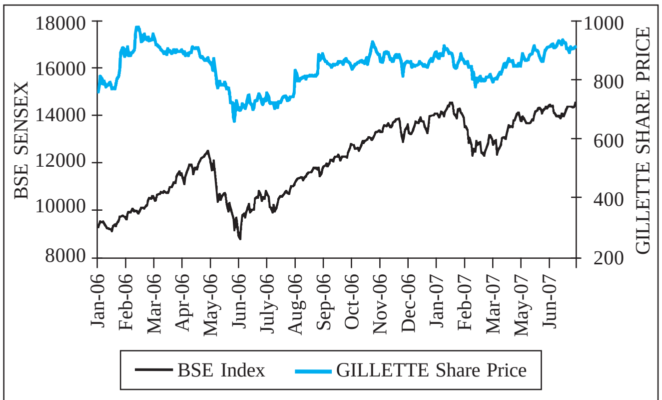
Month	BSE		NSE	
	High	Low	High	Low
January 2006	939.00	730.00	937.00	686.00
February 2006	1,020.00	880.00	1021.00	881.50
March 2006	1,041.00	885.00	1099.00	881.20
April 2006	935.00	865.00	980.00	816.00
May 2006	919.90	700.00	909.90	742.00
June 2006	814.00	625.00	794.80	650.00
July 2006	779.90	707.00	779.90	701.00
August 2006	889.90	735.10	910.00	738.40
September 2006	960.00	815.00	945.00	810.00
October 2006	900.00	830.05	898.00	840.00
November 2006	1,000.00	841.10	990.00	855.00
December 2006	1,020.00	770.10	950.00	810.00
January 2007	976.00	845.10	975.15	830.00
February 2007	940.00	831.05	987.60	832.00
March 2007	992.40	762.00	890.00	775.00
April 2007	888.00	772.00	905.00	795.00
May 2007	949.90	854.95	940.00	818.40
June 2007	953.95	897.00	955.00	880.00

* source: www.bseindia.com and www.nse-india.com

Note: High and low are in rupees per traded share.

(viii) Performance in comparison to the BSE Sensex

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the period 2006-07:



Year: January 2006 - June 2007.

(Source: www.bseindia.com)

(ix) Registrar and Share Transfer Agents

MAS Services Private Limited
AB - 4, Safdarjung Enclave,
New Delhi - 110 029
Ph: 011-26104142, 26104326
Fax: 011-26181081
E - Mail : info@masserv.com
Contact person: Mr. Narender Rastogi

(x) Share Transfer system and Shareholders complaints

The company's share transfers are handled by MAS Services Pvt Ltd., Registrar and Transfer Agents (RTA). The shares received in physical mode by the Company/ RTA are transferred expeditiously provided the documents are complete and shares under transfer are not under dispute. Confirmation in respect of the request for dematerialization of shares is sent to the respective depositories – National Securities Depository Limited/ Central Depository Services (India) Ltd. within 15 days.

During the financial period 2006-07, the company had received only 9 shareholder complaints from SEBI and Stock Exchanges, which was resolved expeditiously. The time taken to resolve shareholder complaints is 1 to 10 days. As on June 30, 2007, only those cases which are constrained by dispute or legal proceedings are pending.

There is 1 share transfer pending for 50 shares as on June 30, 2007.

(xi) Distribution of shareholding by size class as on June 30, 2007

No. of Shares held	No. of Shareholders Total	% of Share-holders	No. of Shares Total	% to Share Capital
1 – 500	13544	95.18	1122182	3.44
501 – 1000	361	2.54	272201	0.83
1001 – 2000	153	1.08	222951	0.69
2001 – 3000	54	0.38	133611	0.41
3001 – 4000	22	0.15	75511	0.23
4001 – 5000	20	0.14	94079	0.29
5001 – 10000	30	0.21	216795	0.67
10001 and above	46	0.32	30447887	93.44
Total	14230	100.00	32585217	100.00

Distribution of shareholding by ownership as on June 30, 2007

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	28911849	88.73
Resident Individuals	2364683	7.26
Mutual Funds & UTI	418500	1.28
Financial Institutions / Banks	8245	0.02
Foreign Institutional Investors	80371	0.25
Private Corporate Bodies	653238	2.00
NRIs	148331	0.46
Directors and their Relatives	–	0.00
TOTAL	**32585217**	**100.00**

(xii) Dematerialisation of shares and liquidity

The shares of the company are compulsory traded in the dematerialized form only. The company had an agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to provide trading facilities to the shareholders/ investors in the dematerialized form.

As on 30th June 2007 a total of **27,658,981** shares constituting **84.88%** of the share capital of the company stand dematerialized and 11,353 shareholders are holding shares in the dematerialized form.

(xiii) Outstanding GDRs/ADRs, warrants or any convertible instruments, conversion date and likely impact on equity

The company has not made any GDR/ADRs/ warrants or any convertible instruments till date.

(xiv) Plant Locations

India Bhiwadi Manufacturing Centre
SPA – 65A, Bhiwadi Industrial Area,
Bhiwadi – 301019 (Distt. Alwar), Rajasthan

India Baddi Packing Centre
Plot No. 4, Industrial Area,
Village Katha, Bhatoli Kalan,
Baddi 173205, Dist. Solan, H.P.

(xv) Address for Correspondence

Gillette India Limited
P&G Plaza,
Cardinal Gracias Road
Chakala
Andheri (East)
Mumbai 400 099
Ph : 022-28266000; Fax 022-66939696

Gillette India Limited
SPA – 65A,
Bhiwadi Industrial Area, Bhiwadi
(Distt. Alwar), Rajasthan - 301019

Compliance Officer:
Mr. Deepak Acharya
Company Secretary
Ph : 022-28266000 Fax : 022-66939696
E-mail : acharya.d@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 Directors and the senior management team have complied and have undertaken to continue to comply with the Business Conduct Manual for the financial period ended June 30, 2007.

For **GILLETTE INDIA LIMITED**

S. Khosla
Managing Director

Mumbai,
August 24, 2007

Auditors' Certificate on compliance of conditions of Corporate Governance under clause 49 of the listing agreement

To,
The Members
Gillette India Limited

We have examined the compliance of conditions of Corporate Governance by Gillette India Limited for the period from January 1, 2006 to June 30, 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

N.P. Sarda
Partner
Membership No. 9544

Mumbai
August 25, 2007

AUDITORS' REPORT TO THE MEMBERS OF GILLETTE INDIA LIMITED

1. We have audited the attached balance sheet of Gillette India Limited ("the Company"), as at June 30, 2007, and also the profit and loss account and the cash flow statement for the period from January 01, 2006 to June 30, 2007 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Attention is invited to Note B2 of the Schedule 18 annexed to and forming part of the financial statements regarding charging off of Business Restructuring expenses to Capital Reserve. Pursuant to the approval given by the High Court of Rajasthan dated August 22, 2006 and December 04, 2006 to the Scheme of Arrangement filed by the Company under Section 391 of the Companies Act, 1956, in respect of charging off of "business restructuring expenses – gross of tax" to the capital reserve; the Company has been permitted to transfer an amount of upto Rs. 8500.00 lakhs from the Capital Reserve to a "Reconstruction Reserve Account". The total expenses charged off to Reconstruction Reserve Account for the period from January 01, 2006 to June 30, 2007 amounted to Rs. 6522.74 lakhs. Had the restructuring expenses not been adjusted to Capital Reserve under the order of the High Court of Rajasthan and debited to the Profit and Loss Account as per the generally accepted accounting principles, the net profit after tax (inclusive of the effect of deferred tax) would have been lower and the Capital Reserve been higher for the period from January 01, 2006 to June 30, 2007 by Rs. 5538.72 lakhs.

5. Attention is invited to Note B7 of Schedule 18 annexed to and forming part of the financial statements, regarding the reappointment and remuneration paid to a director subsequent to the date of reappointment, i.e. May 1, 2007, amounting to Rs. 15.26 lakhs; and the appointment and remuneration charged to the accounts in respect of the Managing Director subsequent to the date of appointment i.e. January 29, 2007, amounting to Rs. 9.20 lakhs, both of which are subject to the approval of the Members at the ensuing Annual General Meeting of the members of the Company.

6. Further to our comments in the Annexure referred to above, we report that:

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (v) On the basis of written representations received from directors as on June 30, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the balance sheet, of the state of affairs of the Company as at June 30, 2007;

      (b) in the case of the profit and loss account, of the profit for the period from January 01, 2006 to June 30, 2007; and

      (c) in the case of the cash flow statement, of the cash flows for the period from January 01, 2006 to June 30, 2007.

For DELOITTE HASKINS & SELLS
Chartered Accountants

N. P. Sarda
Partner
Membership No. 9544

Mumbai,
August 25, 2007

Annexure referred to in paragraph 3 of the Auditors' Report on the Accounts of Gillette India Limited

In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities during the period are such that clauses vi, xii, xiii, xiv, xvi, xviii, xix and xx of Para 4 of the said Order are not applicable to the Company.

1. In respect of its fixed assets:

   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

   b. Some of the fixed assets were physically verified during the period by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.

   c. In our opinion, the Company has disposed off a substantial part of its buildings, furniture, fittings and office equipment and motor vehicles during the period. However such disposal has, in our opinion, not affected the going concern status of the Company.

2. In respect of its inventories:

   a. As explained to us, inventories were physically verified by the management at reasonable intervals during the period.

   b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on verification between physical stocks and book records.

3. In our opinion and according to the information and explanations given to us, the Company has not granted or taken any loan secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control systems.

5. In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

   a. The particulars of contracts or arrangements referred to in Section 301 that needed to be entered into the register, maintained under the said section have been so entered.

   b. Where each of such transactions (excluding loans reported under paragraph 3 above) is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time, except that reasonableness could not be ascertained where comparable quotations are not available having regard to the specialized nature of some of the transactions of the Company.

6. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

7. We have broadly reviewed the books of account and records maintained by the Company in respect of manufacture of shaving systems, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

8. In respect of statutory dues:

   a. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the period; except in the following cases:

   Statement of Arrears of undisputed Statutory Dues Outstanding for more than six months:

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Tax deducted at source	4.49	April to November 2006	Various dates from April to November 2006	August 1, 2007
Finance Act, 1994	Service Tax	10.32	June 2006	July 2006	August 2, 2007

b. According to the information and explanations given to us, the details of disputed income tax, excise duty, sales tax and custom duty dues which have not been deposited as on June 30, 2007 on account of dispute are given below:

Sr. No.	Name of the Statute	Amount under dispute not yet deposited (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
1	Excise duty	52.04	Before 1999, 2002-2003, 2003-2004, 2004-2005, 2005-2006	Appellate Authorities
		2138.78	Before 1999, 2001-2002, 2002-2003, 2003-2004, 2004-2005	Tribunal
		8.92	1991	High Court
		5.19	2001-2002	Supreme Court
	Sub-total	2204.94		
2	Sales Tax	760.05	1996-1997, 1998-1999 to 2005-2006	Appellate Authorities
		10.28	1997-1998, 2003-2004, 2004-2005	Tribunal
	Sub-total	770.33		
3	Custom Duty	26.53	1996	CESTAT
	Sub-total	26.53		
4	Service Tax	49.55	2000-2001, 2001-2002, 2004, 2005-2006	Appellate Authorities
	Sub-total	49.55		
	Grand total	**3051.35**		

There were no disputed dues in respect of Income Tax,, Wealth Tax and Cess during the period.

9. The Company does not have any accumulated losses as at the end of the financial period. The Company has not incurred cash losses during the financial period covered by our audit and the immediately preceding financial year.

10. During the period, the Company has not taken any loans from financial institutions or banks or debenture holders and hence the question of default in repayment of dues does not arise.

11. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.

12. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the funds raised on short term basis have, *prima facie*, not been used during the period for long term investment.

13. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

For DELOITTE HASKINS & SELLS
Chartered Accountants

N. P. Sarda
Partner
Membership No. 9544

Mumbai,
August 25, 2007

Balance Sheet as at June 30, 2007

	Schedule No.	As at June 30, 2007 Rs.	Rs.	As at December 31, 2005 Rs.	Rs.
Sources of Funds					
Shareholders' funds					
Capital	1	32 58 52 170		32 58 52 170	
Reserves and Surplus	2	3 27 00 77 025		3 15 62 43 857	
			3 59 59 29 195		3 48 20 96 027
Deferred Tax Liability – Net	3		7 20 55 809		11 69 12 811
TOTAL			3 66 79 85 004		3 59 90 08 838
Application of Funds					
Fixed Assets	4a				
Gross Block		2 52 63 42 280		2 67 27 88 763	
Less : Depreciation/Amortization		1 50 17 21 893		1 39 01 41 877	
Net Block		1 02 46 20 387		1 28 26 46 886	
Capital work-in-progress (including advances on capital account)		58 92 180		3 71 09 512	
			1 03 05 12 567		1 31 97 56 398
Fixed Assets held for disposal	4b		4 03 78 042		4 40 58 760
Current Assets, Loans and Advances					
Inventories	5	82 67 50 464		49 87 17 984	
Sundry Debtors	6	63 95 09 699		34 35 40 752	
Cash and Bank Balances	7	1 72 79 59 946		2 29 65 89 274	
Other Current Assets	8	79 10 421		1 91 58 830	
Loans and Advances	9	91 31 73 155		23 53 84 802	
		4 11 53 03 685		3 39 33 91 642	
Less : Current Liabilities and Provisions					
Current Liabilities	10	1 04 25 70 392		67 05 88 801	
Provisions	11	47 56 38 898		48 76 09 161	
		1 51 82 09 290		1 15 81 97 962	
Net Current Assets			2 59 70 94 395		2 23 51 93 680
TOTAL			3 66 79 85 004		3 59 90 08 838
Significant Accounting Policies and Notes to Accounts	18				

As per our report of even date attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

N. P. Sarda
Partner

Mumbai, August 25, 2007

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

B. S. Mehta
Director

D. Acharya
Company Secretary

V. S. Bhat
Finance Manager

Mumbai, August 24, 2007

Profit and Loss Account for the period from January 1, 2006 to June 30, 2007

	Schedule No.	For the period from January 1, 2006 to June 30, 2007 Rs.	For the year ended December 31, 2005 Rs.
Income			
Sales - Gross		7 24 79 45 959	4 89 00 36 343
Less : Excise duty (Refer Note B18 of Schedule 18)		41 75 19 277	35 97 50 364
Net Sales		6 83 04 26 682	4 53 02 85 979
Other Income	12	33 45 89 587	17 92 54 429
		7 16 50 16 269	4 70 95 40 408
Expenditure			
Raw and packaging materials consumed		2 03 85 52 682	1 23 05 32 160
Purchase of finished goods		91 68 66 957	39 89 71 518
Decrease/(Increase) in finished goods and work-in-process	13	(41 28 92 863)	99 12 946
Payments to and provisions for employees	14	50 32 56 172	42 87 23 514
Operating and other expenses	15	2 16 10 69 858	1 39 19 66 773
Interest	16	31 376	—
Depreciation/Amortization		22 29 83 385	15 56 66 264
		5 42 98 67 567	3 61 57 73 175
Profit Before Taxation and Exceptional items		1 73 51 48 702	1 09 37 67 233
Exceptional items – Profit on sale of fixed assets (property)	17	42 45 80 534	—
Profit Before Taxation and after Exceptional items		2 15 97 29 236	1 09 37 67 233
Provision for taxation :			
Income Tax			
Current Tax		74 87 47 000	41 21 20 575
Deferred Tax (credit)/expenses		(4 48 57 000)	(2 38 82 535)
Fringe Benefit Tax		3 22 00 000	1 80 00 000
Wealth Tax		56 000	3 43 720
Profit After Taxation		1 42 35 83 236	68 71 85 473
Balance brought forward from previous year		62 93 10 283	38 23 96 293
Amount available for appropriation		2 05 28 93 519	1 06 95 81 766
Appropriations:			
Proposed dividend		24 43 89 128	32 58 52 170
Interim dividend paid		32 58 52 170	—
Corporate tax on dividend (including interim dividend)		8 72 34 702	4 57 00 767
Transfer to General Reserve		14 50 00 000	6 87 18 547
		80 24 76 000	44 02 71 484
Balance carried forward		1 25 04 17 519	62 93 10 283
Basic and diluted earnings per share:			
–after exceptional items (Rs.) (Refer Note B10 of Schedule 18)		43.69	21.09
–before exceptional items (Rs.) (Refer Note B10 of Schedule 18)		35.09	21.09
Number of equity shares outstanding during the year of Rs. 10/- each		3 25 85 217	3 25 85 217
Significant Accounting Policies and Notes to Accounts	18		

As per our report of even date attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

N. P. Sarda
Partner

Mumbai, August 25, 2007

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

B. S. Mehta
Director

D. Acharya
Company Secretary

V. S. Bhat
Finance Manager

Mumbai, August 24, 2007

Cash Flow Statement for the period from January 1, 2006 to June 30, 2007

	For the period from January 1, 2006 to June 30, 2007		For the year ended December 31, 2005	
	Rs.	Rs.	Rs.	Rs.
A. Cash Flow from Operating Activities				
Profit Before Taxation and after Exceptional items		2 15 97 29 236		1 09 37 67 233
Adjustments for:				
Depreciation/Amortisation	22 29 83 385		15 56 66 264	
Bad Debts written off	55 72 341		—	
Provision for doubtful debts and advances	2 06 92 664		28 35 508	
Provision for Employee Benefits	6 52 32 524		—	
Write- back of liabilities no longer required	(6 59 90 445)		(88 87 730)	
Interest expense	31 376		—	
Interest income	(17 43 87 898)		(11 56 64 798)	
Unrealised Foreign Exchange (Gain)/Loss	(32 20 803)		—	
Advances written off	18 38 388		2 56 214	
Inventories written off	2 18 28 520		1 87 96 637	
Profit on sale of fixed assets (net)	(41 96 97 408)		(2 89 562)	
		(32 51 17 356)		5 27 12 533
Operating profit before working capital changes		1 83 46 11 880		1 14 64 79 766
Adjustments for :				
Trade and other receivables	(54 79 80 857)		(3 84 96 777)	
Inventories	(34 98 61 000)		(4 28 36 976)	
Trade and other payables	43 89 69 306		1 06 26 689	
		(45 88 72 551)		(7 07 07 064)
Cash generated from operations		1 37 57 39 329		1 07 57 72 702
Direct taxes paid (net)		(76 84 56 926)		(30 97 18 794)
Business Restructuring expenses (Refer note B2 of Schedule 18)		(65 22 74 068)		—
Net Cash generated from/(used in) Operating Activities		(4 49 91 665)		76 60 53 908
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(26 70 49 612)		(19 41 47 247)	
Sale of fixed assets	75 66 88 185		1 19 41 274	
Interest received	18 56 36 320		11 17 37 471	
Inter Corporate Deposits placed (net)	(48 00 00 000)		—	
Net Cash generated from/(used in) Investing Activities		19 52 74 893		(7 04 68 502)
C. Cash Flow from Financing Activities				
Dividend paid	(65 17 04 340)		(27 69 74 345)	
Corporate Tax on Dividend paid	(9 14 01 537)		(3 61 97 085)	
Interest paid	(31 376)		—	
Net Cash used in Financing Activities		(74 31 37 253)		(31 31 71 430)
Net Increase/(Decrease) in Cash and Cash Equivalents		(59 28 54 025)		38 24 13 976
Cash and Cash Equivalents (Refer Note below) :				
Opening Balance	2 32 15 89 274		1 93 91 75 298	
Closing Balance	1 72 87 35 249		2 32 15 89 274	
Net Increase/(Decrease) in Cash and Cash Equivalents		(59 28 54 025)		38 24 13 976

Notes :

Cash and Cash Equivalents as on	June 30, 2007	December 31, 2005
Cash and Bank Balances (Refer Schedule 7)	1 72 79 59 946	2 29 65 89 274
(Inter-Corporate) Deposit – Unsecured (Refer Schedule 9)	—	2 50 00 000
Effect of exchange rate change – loss	7 75 303	—
Cash and Cash equivalents as restated	1 72 87 35 249	2 32 15 89 274

As per our report of even date attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

N. P. Sarda
Partner

Mumbai, August 25, 2007

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

B. S. Mehta
Director

D. Acharya
Company Secretary

V. S. Bhat
Finance Manager

Mumbai, August 24, 2007

Schedules forming part of the accounts

	As at June 30, 2007 Rs.	As at June 30, 2007 Rs.	As at December 31, 2005 Rs.	As at December 31, 2005 Rs.
(1) Capital				
Authorised				
3 30 00 000 (Previous year: 3 30 00 000) equity shares of Rs. 10 each		33 00 00 000		33 00 00 000
Issued and subscribed				
3 25 85 217 (Previous year: 3 25 85 217) equity shares of Rs. 10 each fully paid-up		32 58 52 170		32 58 52 170
Of the above shares				
(a) 1 97 18 532 equity shares (previous year: 1 97 18 532 equity shares) have been allotted as fully paid up to the shareholders of erstwhile Wilkinson Sword India Limited and erstwhile Duracell (India) Limited				
(b) 2 47 31 080 equity shares (Previous year: 2 47 31 080 equity shares) are held by the ultimate holding company, The Procter & Gamble Company, USA and its subsidiaries, of which 1 33 66 742 (Previous year: Nil) equity shares are held by Procter & Gamble India Holdings B.V., Netherlands and Nil (Previous year: 1 33 66 742) equity shares held by The Gillette Company, USA.				
(2) Reserves and Surplus				
Capital Reserve				
– Forfeited shares – As per last Balance Sheet	43 000		43 000	
– Capital grant from The Gillette Company, USA – As per last Balance Sheet	84 35 00 000		84 35 00 000	
– Reserve arising on amalgamation of erstwhile Wilkinson Sword India Limited and erstwhile Duracell (India) Limited				
As per last Balance Sheet	1 10 66 19 679		1 10 66 19 679	
Less: Transfer to Reconstruction Reserve pursuant to order of the High Court of Rajasthan (Refer Note B2 of Schedule 18)	(85 00 00 000)		—	
	25 66 19 679		1 10 66 19 679	
		1 10 01 62 679		1 95 01 62 679
Reconstruction Reserve (Refer Note B2 of Schedule 18)				
As per last Balance Sheet	—		—	
Transfer from Capital Reserve	85 00 00 000		—	
Utilised for Business Restructuring Expenses	(65 22 74 068)		—	
		19 77 25 932		—
Share Premium				
As per last Balance Sheet		32 90 16 500		32 90 16 500
General Reserve				
As per last Balance Sheet	24 77 54 395		17 90 35 848	
Transfer from Profit and Loss Account	14 50 00 000		6 87 18 547	
		39 27 54 395		24 77 54 395
Profit and Loss Account				
Surplus as per Profit and Loss Account		1 25 04 17 519		62 93 10 283
		3 27 00 77 025		3 15 62 43 857

Schedules forming part of the accounts

	As at June 30, 2007 Rs.	As at December 31, 2005 Rs.
(3) Deferred Tax Liability – Net		
Deferred tax assets		
Voluntary retirement scheme	36 50 059	1 96 07 461
Provision for doubtful debts and advances	2 58 94 470	1 86 77 916
Other timing differences	5 06 88 062	3 30 29 347
	8 02 32 591	7 13 14 724
Deferred tax liability		
Depreciation	(15 22 88 400)	(18 82 27 535)
	(15 22 88 400)	(18 82 27 535)
Net deferred tax liability	(7 20 55 809)	(11 69 12 811)

(4a) Fixed Assets

Particulars	Gross Block at Cost				Depreciation/Amortization				Net Block	
	As at January 1, 2006 Rs.	Additions/ Transfers during the period Rs.	Deletions/ Transfers during the period Rs.	As at June 30, 2007 Rs.	As at January 1, 2006 Rs	For the period Rs.	On Deletions/ Transfers Rs.	As at June 30, 2007 Rs.	As at June 30, 2007 Rs.	As at December 31, 2005 Rs.
Land – Freehold	7 26 567	—	—	7 26 567	—	—	—	—	7 26 567	7 26 567
Land – Leasehold #	7 97 81 655	1 64 36 005	—	9 62 17 660	86 90 518	16 33 147	—	1 03 23 665	8 58 93 995	7 10 91 137
Buildings #	50 94 45 446	10 10 02 912	30 98 71 822	30 05 76 536	7 34 50 293	1 52 91 985	3 18 65 122	5 68 77 156	24 36 99 380	43 59 95 153
Plant and Machinery	1 81 10 83 579	15 95 28 034	91 10 108	1 96 15 01 505	1 13 93 67 359	16 30 44 439	78 96 538	1 29 45 15 260	66 69 86 245	67 17 16 220
Furniture, Fittings and Office Equipment	23 43 64 805	2 00 49 475	9 61 42 466	15 82 71 814	16 08 86 037	3 56 74 176	5 96 08 286	13 69 51 927	2 13 19 887	7 34 78 768
Motor vehicles	3 73 86 711	12 50 518	2 95 89 031	90 48 198	77 47 670	36 58 920	83 52 705	30 53 885	59 94 313	2 96 39 041
	2 67 27 88 763	**29 82 66 944**	**44 47 13 427**	**2 52 63 42 280**	**1 39 01 41 877**	**21 93 02 667**	**10 77 22 651**	**1 50 17 21 893**	**1 02 46 20 387**	
Previous Year	2 58 23 45 217	15 97 05 188	6 92 61 642	2 67 27 88 763	1 29 35 48 806	15 42 03 002	5 76 09 931	1 39 01 41 877		1 28 26 46 886
Capital work in progress (including advances on capital account)									58 92 180	3 71 09 512
									1 03 05 12 567	1 31 97 56 398

(4b) Fixed Assets held for disposal

Particulars	Gross Block at Cost				Depreciation				Net Block	
	As at January 1, 2006 Rs.	Additions/ Transfers during the period Rs.	Deletions/ Transfers during the period Rs.	As at June 30, 2007 Rs.	As at January 1, 2006 Rs	For the period Rs.	On Deletions/ Transfers Rs.	As at June 30, 2007 Rs.	As at June 30, 2007 Rs.	As at December 31, 2005 Rs.
Land – Freehold	84 16 678	—	—	84 16 678	—	—	—	—	84 16 678	84 16 678
Buildings	4 48 18 444	—	—	4 48 18 444	91 76 362	36 80 718	—	1 28 57 080	3 19 61 364	3 56 42 082
	5 32 35 122	**—**	**—**	**5 32 35 122**	**91 76 362**	**36 80 718**	**—**	**1 28 57 080**	**4 03 78 042**	
Previous Year	5 32 35 122	—	—	5 32 35 122	77 13 100	14 63 262	—	91 76 362		4 40 58 760
									4 03 78 042	4 40 58 760

Includes leasehold land amounting to Rs. 35 21 802 (Previous year- Rs.35 21 802) and building amounting to Rs. 25 00 000 (Previous year – Rs. 25 00 000) pending registration in the name of the Company. Further, this building has been capitalised on the basis of provisional figures provided by the concerned state authorities. Adjustments, if any, will be made when the final demand is raised by the concerned state authorities. The final figure is not expected to be materially different from the capitalised value of the fixed asset.

The Company has revised the useful life of certain plant and machinery. In view of such revision in the useful life, additional depreciation amounting to Rs. Nil (Previous year Rs. 40 50 167) has been charged to Profit and Loss Account.

Schedules forming part of the accounts

	As at June 30, 2007 Rs.	Rs.	As at December 31, 2005 Rs.	Rs.
(5) Inventories (At lower of cost and net realisable value)				
Raw materials (including Goods-in-transit Rs. 4 03 489 (Previous year Rs. 48 13 030))		11 88 48 230		21 65 44 683
Packaging materials		1 49 56 134		—
Stores and spare parts		2 22 66 636		2 43 86 700
Work-in-process		2 14 48 942		1 00 15 752
Finished goods		64 92 30 522		24 77 70 849
		82 67 50 464		49 87 17 984
(6) Sundry Debtors – Unsecured				
Debts outstanding for a period exceeding six months				
– Considered good	68 42 671		4 80 47 465	
– Considered doubtful	7 61 82 612		5 49 05 668	
		8 30 25 283		10 29 53 133
Other debts				
– Considered good	63 26 67 028		29 54 93 287	
– Considered doubtful	—		5 84 280	
		63 26 67 028		29 60 77 567
		71 56 92 311		39 90 30 700
Less: Provision for doubtful debts		7 61 82 612		5 54 89 948
Total		63 95 09 699		34 35 40 752
(Refer Note B12 of Schedule 18 – Dues from Companies under the same management)				
(7) Cash and Bank Balances				
Cash on hand		1 26 004		4 17 431
Bank Balances with scheduled banks on :				
Current accounts		1 21 33 942		25 54 43 568
Deposit accounts*		1 71 57 00 000		2 04 07 28 275
		1 72 79 59 946		2 29 65 89 274
* includes Rs Nil (Previous year : Rs. 1 99 038) placed as security against guarantees provided by banks.				
(8) Other Current Assets				
Interest accrued on Loan to fellow subsidiary		10 82 192		—
Interest accrued on inter-corporate deposits		28 40 550		—
Interest accrued on bank deposits		39 87 679		1 91 58 830
		79 10 421		1 91 58 830
(9) Loans and Advances – Unsecured, considered good				
Loans and Advances recoverable in cash or in kind or for value to be received*		20 03 13 685		15 69 22 040
Loan to Fellow Subsidiary*		15 80 00 000		—
Inter-corporate deposits		48 00 00 000		2 50 00 000
Other deposits		7 10 15 937		2 65 32 497
Balance with customs and excise		38 43 533		2 69 30 265
		91 31 73 155		23 53 84 802

* Includes
Housing loans to the directors Rs. 44 71 073 (Previous year : Rs. 1 11 21 353)
Maximum balance outstanding during the period Rs. 1 11 21 353 (Previous year : Rs.1 17 02 863)
(Refer Note B13 of Schedule 18 – Dues from Companies under the same management)

Schedules forming part of the accounts

	As at June 30, 2007 Rs.	As at December 31, 2005 Rs.
(10) Current Liabilities		
Sundry creditors		
– Small Scale Industrial Undertakings (Refer Note B9 of Schedule 18)	14 94 356	3 66 369
– Others	83 20 39 907	59 52 40 086
Investor Education Protection Fund		
– Unclaimed dividends*	37 63 502	25 55 315
Other current liabilities	20 52 72 627	7 24 27 031
	1 04 25 70 392	67 05 88 801

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund

	As at June 30, 2007 Rs.	As at December 31, 2005 Rs.
(11) Provisions		
Provision for Employee Benefits	6 52 32 524	41 18 984
Provision for Income Tax [Net of Advance Income Tax Rs. 176 79 08 371 (Previous year : Rs. 103 87 07 445)]	12 44 83 314	10 49 37 240
Provision for Fringe Benefit Tax [Net of Advance Fringe Benefit Tax Rs. 5 02 00 000 (Previous year Rs. 1 10 00 000)]	—	70 00 000
Proposed dividend	24 43 89 128	32 58 52 170
Corporate tax on dividend	4 15 33 932	4 57 00 767
	47 56 38 898	48 76 09 161

Schedules forming part of the accounts

	For the period from January 1, 2006 to June 30, 2007 Rs.	Rs.	For the year ended December 31, 2005 Rs.	Rs.
(12) Other Income				
Interest Received on Fixed Deposits/Inter-Corporate Deposits (gross) [tax deducted at source Rs. 3 93 69 721 (Previous year : Rs. 2 27 66 145)]		17 28 89 388		11 52 43 131
Interest received – Others		14 98 510		21 99 667
Write-back of liabilities no longer required		6 59 90 445		88 87 730
Sale of Scrap		1 00 89 059		64 40 671
Rental Income		3 86 12 072		2 56 19 151
Profit on sale of fixed assets (Net)		—		2 89 562
Exchange Gain (Net)		2 67 76 609		—
Miscellaneous Income		1 87 33 504		2 05 74 517
		33 45 89 587		17 92 54 429
(13) Decrease/(Increase) in finished goods and work-in-process				
Opening Balance				
Work-in-process	1 00 15 752		1 16 35 917	
Finished goods [including excise duty Rs. 2 56 57 269 (Previous year : Rs. 4 85 83 352)]	24 77 70 849		25 60 63 630	
		25 77 86 601		26 76 99 547
Closing Balance				
Work-in-process	2 14 48 942		1 00 15 752	
Finished goods [including excise duty Rs. 3 44 99 862 (Previous year : Rs. 2 56 57 269)]	64 92 30 522		24 77 70 849	
		67 06 79 464		25 77 86 601
		(41 28 92 863)		99 12 946
(14) Payments to and provisions for employees				
Salaries, wages and bonus		39 74 28 696		37 64 14 195
Contribution to provident and other funds		6 15 97 904		4 16 81 377
Staff welfare expenses		7 88 84 766		1 03 46 152
Voluntary Retirement Scheme		—		2 81 790
Less : Reimbursement of Salary and Benefits shared by group companies (Refer Note B4 of Schedule 18)		(3 46 55 194)		—
		50 32 56 172		42 87 23 514

Schedules forming part of the accounts

	For the period from January 1, 2006 to June 30, 2007		For the year ended December 31, 2005	
	Rs.	Rs.	Rs.	Rs.
(15) Operating and other expenses				
Consumption of Stores and spare parts		3 69 44 739		1 62 86 156
Rent (Refer Note B5 of Schedule 18)		2 01 21 499		1 29 87 929
Rates and Taxes				
Excise Duty (Refer Note B18 of Schedule 18)		1 49 62 877		(2 29 26 083)
Others		1 47 97 480		1 71 97 449
Insurance		2 12 20 654		1 43 89 859
Power and fuel		6 28 35 261		4 47 78 584
Repairs and maintenance:				
Plant and machinery		1 74 89 192		49 33 671
Buildings		99 60 828		9 60 059
Others		1 35 18 296		2 25 40 706
Processing charges		4 26 28 923		4 57 95 987
Auditor's remuneration:				
As Auditor	75 25 000		47 00 000	
Tax Audit and Certification	9 60 000		—	
Tax Services	—		1 63 000	
Reimbursement of Out-of-pocket expenses	1 20 000		72 000	
Service Tax	10 48 746		—	
		96 53 746		49 35 000
Trade Incentives		32 25 73 663		16 53 72 006
Advertising expenses		95 25 67 944		51 33 37 299
Freight, transport, warehousing and distribution charges		12 96 70 255		16 28 93 494
Directors' sitting fees		8 30 000		4 80 000
Commission to Directors		1 04 22 222		—
Turnover and Resale Tax		5 56 00 793		4 39 76 747
Travelling, conveyance and vehicle expenses		9 34 61 228		10 33 97 357
Communications		1 86 17 438		2 35 58 043
Business process outsourcing expenses		3 96 62 383		—
Computer expenses		1 75 728		—
Bad Debts written-off		55 72 341		—
Provision for doubtful debts and advances		2 06 92 664		28 35 508
Inventories written-off		2 18 28 520		1 87 96 637
Loss on sale/scrapping of fixed assets (Net)		48 83 126		—
Exchange Loss (Net)		—		5 09 269
Purchased Services		4 40 83 271		9 77 43 388
Others		12 93 71 670		9 83 87 708
		2 11 41 46 741		1 39 31 66 773
Add/(less): Reimbursement of expenses shared by group companies – Net (Refer Note B4 of Schedule 18)		4 69 23 117		(12 00 000)
		2 16 10 69 858		1 39 19 66 773
(16) Interest				
Interest on temporary overdrawn Bank balance		31 376		—
		31 376		—
(17) Exceptional items				
Profit on sale of fixed assets (property)		42 45 80 534		—
		42 45 80 534		—

Schedules forming part of the accounts

(18) Significant Accounting Policies and Notes to Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

The financial statements are prepared under the historical cost convention, on an accrual basis, in accordance with the Generally Accepted Accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

Use of estimates

The preparation and presentation of financial statements in conformity with Generally Accepted Accounting Principles requires making of estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual result and estimates are recognised in the period in which the results are known/ materialised.

Revenue Recognition

Sale of products are recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on the despatch of goods. Sales are exclusive of sales tax.

Fixed assets

Fixed assets are stated at the cost of acquisition less accumulated depreciation and impairment, if any. Cost is inclusive of freight, duties, taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use.

Depreciation / Amortisation

Depreciation is charged using straight-line method based on the useful lives of the fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of Schedule XIV to the Companies Act, 1956, whichever is higher.

- Computer software – 20% per annum.
- Furniture and fixtures – 6.67% per annum
- Office equipment :
  - Other office equipment – 20% per annum
  - Fire Fighting Equipments – 10% per annum

Depreciation is charged on a pro-rata basis for assets purchased/sold during the period. Individual fixed assets costing less than Rs. 5,000 are depreciated in full, in the period of purchase. Cost of leasehold land is amortised over the period of the lease or management estimate whichever is lower.

Assets which were purchased by erstwhile Sharpedge Limited prior to January 1, 1983, and acquired on amalgamation, and still existing are being depreciated on written down value basis at rates specified in Schedule XIV to the Companies Act, 1956.

Assets acquired on amalgamation of erstwhile Wilkinson Sword India Limited and erstwhile Duracell (India) Limited with the Company and still existing are being depreciated on straight line basis at rates derived on the basis of remaining estimated economic useful life. The derived rates, which are higher than the minimum prescribed rates under Schedule XIV to the Companies Act, 1956, are as follows:

- Leasehold land over the remaining period of the lease
- Plant and machinery – at rates varying from 4.75% to 12.26% per annum
- Furniture, fittings and office equipment – at rates varying from 6.67% to 41.56% per annum
- Factory buildings – at rates varying from 3.34% to 5.38% per annum
- Motor vehicles – at rates varying from 9.5% to 19.40% per annum

Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of

Schedules forming part of the accounts

the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Inventories

Inventories are valued at the lower of cost and net realisable value. Raw materials (excluding bulk raw materials), stores and spare parts and traded finished goods are determined on the First In First Out basis. Bulk raw materials are valued on the weighted average basis. Cost of manufactured finished goods and work-in-progress includes materials cost determined on the weighted average basis and also includes an appropriate portion of allocable overheads.

Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items in foreign currencies are stated at the closing exchange rate. In the case of Monetary items covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract and the difference between the period end rate and rate on the date of the contract is recognised as exchange difference in the Profit and Loss Account. Gains/Losses on conversion/translation have been recognised in the Profit and Loss Account, except in the case of liabilities relating to acquisition of fixed assets from outside India, which are adjusted to the carrying cost of the concerned fixed asset.

Retirement Benefits

The Company contributes to trusts, which have taken group policies with the Life Insurance Corporation of India to cover its liabilities towards employees' gratuity and superannuation. The Provident Fund is administered by trustees of independently constituted trusts recognised by the Income Tax authorities. Periodic contributions to the Fund are charged to revenue.

The provision for cost in respect of leave encashment benefits to eligible employees is made on the basis of an actuarial valuation carried out as at the period end.

Taxation

Income-tax expense comprises current tax, fringe benefit tax (i.e. amount of tax for the period determined in accordance with the Income-tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities and / or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

The Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the Income-tax Act, 1961 and the guidance note on Accounting for Fringe Benefits Tax issued by the Institute of Chartered Accountants of India.

Borrowing cost

Borrowing costs directly attributable to acquisition or construction of qualifying assets (i.e. those fixed assets which necessarily take a substantial period of time to get ready for their intended use) are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

Lease payments under operating lease are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

Provisions and Contingent Liabilities

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

Schedules forming part of the accounts

B. NOTES TO ACCOUNTS

1. a. **Contingent Liabilities :**

(i) In respect of Income Tax demands for which the company has preferred appeals with appropriate authorities – Rs. 21 12 33 495 (Previous year : Rs. Nil).

(ii) In respect of Sales tax matters for which the company has preferred appeals with appropriate authorities – Rs. 8 39 51 706 (Previous year : Rs. 69 59 230).

(iii) In respect of Excise and Customs matters for which the company has preferred appeals with appropriate authorities – Rs. 25 75 43 394 (Previous year : Rs. 18 61 75 191).

(iv) In respect of counter guarantees given to bank against guarantees given by bank – Rs. 3 23 88 891 (Previous year : Rs. 75 000).

At the request of the Company, its banks have issued guarantees in the event of the Company failing to fulfil its performance obligation under various commercial agreements. The Company has issued counter guarantees to the banks in respect of these guarantees.

b. Estimated amount of contracts remaining to be executed on capital account (net of advances) – Rs. 19 28 998 (Previous year : Rs. 98 23 562)

2. Consequent upon the scheme of arrangement under Section 391 of the Companies Act, 1956 as approved by the shareholders and confirmed by the Hon'ble High Court of Rajasthan a sum of Rs. 85 00 00 000 was transferred from the Amalgamation Reserve forming part of the Capital Reserves of the Company to a Reconstruction Reserve Account. Further vide a clarification dated December 4, 2006, the Hon'ble High Court has clarified that the transfer of expenses to the Reconstruction Reserve Account should be gross of tax.
A detailed break-up of Rs 65 22 74 068 as has been utilised towards the Business Restructuring expenses upto June 30, 2007 is given below:

One Time Expenditure for the Restructuring	**Maximum amount as sanctioned by the Court Rs.**	**Actual expenses upto June 30, 2007 Rs.**
Employee Separation, Relocation and related costs	**53 60 00 000**	**49 08 35 509**
Costs associated with change in Go to Market and Distribution model	**21 20 00 000**	**13 94 15 791**
Estimated value of asset write down w.r.t. the restructure	**4 35 00 000**	**81 17 433**
Transition Costs including Travel/Training/Communication and other related costs	**3 50 00 000**	**1 39 05 335**
Other miscellaneous restructuring items including contingencies	**2 35 00 000**	**—**
Total	**85 00 00 000**	**65 22 74 068**

The said Business Restructuring is expected to be completed during next financial year.

3. The Registrar of Companies, Jaipur has vide its order dated July 31, 2006 granted its approval to the Company for extension of accounting period upto June 30, 2007. In view of the above, the accounts have been drawn for the period of eighteen months from January 1, 2006 to June 30, 2007. As such the figures for the current accounting period are not comparable with those of the previous accounting year ended as on December 31, 2005.

4. Common service expenses paid/recovered include payment/recoveries on account of finance, personnel, secretarial, administration and planning services rendered under common services agreements with
(a) Gillette Diversified Operations Private Limited till June 30, 2006 and
(b) Procter and Gamble Hygiene and Healthcare Limited and Procter and Gamble Home Products Limited w.e.f July 1, 2006.

5. The Company had taken on lease, accommodation for employees and godowns for storage of inventories, with an option of renewal at the end of the lease term and escalation clause in some of the cases. Lease payments amounting to Rs. 2 01 21 499 (Previous year : Rs. 1 29 87 929) have been charged to the Profit and Loss Account for the period.

Schedules forming part of the accounts

The Company had given a part of its corporate office and a building with furniture and fixtures on operating lease. The part of the corporate office has since been sold and the operating lease on the building with furniture and fixtures have expired during the period. The details of the previous year are as follows:

	As at December 31, 2005
Gross carrying amount	16 07 56 293
Accumulated depreciation	3 02 52 975
Depreciation for the year	52 45 283

The future minimum lease payments to be received under the non-cancellable operating leases are as follows:

	For the year ended December 31, 2005 (Rs. lacs)
Not later than one year	34 05 600
Later than one year and not later than five years	30 69 705
	64 75 305

6. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956:

	Rs.
Profit before Tax	2 15 97 29 236
Add: Provision for doubtful debts	2 06 92 664
Bad Debts/Advances Written-off	74 10 730
Managerial Remuneration	4 54 10 459
	2 23 32 43 089
Less: Profit on sale of assets (Net)	41 96 97 408
Net profit u/s 349 for the purpose of Directors' Commission	1 81 35 45 681
Maximum remuneration permissible to whole-time Directors under the Act at 10%	18 13 54 568
Commission payable to non-whole time Directors at 1%	1 81 35 457

The above computation excludes Rs. 65 22 74 068 of business restructuring expenses directly charged to Reconstruction Reserve in terms of the Court Order.
However, even if these expenses are considered in the computation, the remuneration and commission charged in the accounts are within the permissible limits.
Commission is payable w.e.f. January 1, 2006 to the Chairman and w.e.f. January 1, 2007 to the non-executive Directors.

Hence previous year figures for computation of net profits in accordance with Section 349 of the Companies Act, 1956 are not applicable.

7. (a) **Managerial Remuneration under Section 198 of the Companies Act, 1956:**

	2006-2007 Rs.	2005 Rs.
Salary	3 01 35 024	2 06 92 257
Contribution to Provident Fund and other Funds (excluding gratuity)	30 41 378	22 04 639
Perquisites in cash or in kind	18 11 835	19 97 794
Commission to Non-Executive Directors	1 04 22 222	—
Total Managerial Remuneration	4 54 10 459	2 48 94 690

The above includes remuneration to a director subsequent to the date of reappointment i.e May 1, 2007 amounting to Rs. 15 26 631 and excludes Rs. 9 19 506 charged to accounts in respect of Managing Director subsequent to the date of appointment i.e January 29, 2007 which is subject to approval of the members of the Company at the ensuing Annual General Meeting of the Company.

Schedules forming part of the accounts

(b) The above excludes expenses in respect of managerial personnel Rs. 61 46 755 cross charged from Procter and Gamble Hygiene and Healthcare Ltd. with effect from July 1, 2006 in terms of the common service agreement referred in note 4 above.

8. (a) **Sales**

Class of Goods	Units	2006-2007 Quantity*	2006-2007 Value Rs.	2005 Quantity*	2005 Value Rs.
Shaving system and cartridges	Millions	184.48	3 42 69 24 451	144.54	2 31 73 20 833
Safety razor blades	Millions	1015.08	1 63 59 44 133	689.85	1 09 27 90 820
Tooth brushes	Millions	89.24	96 19 17 314	60.83	58 33 89 961
Batteries	Millions	18.76	38 13 02 985	17.07	27 04 60 718
Toiletries	Millions	13.92	70 16 82 617	11.89	46 75 24 105
Oral care products	Millions	2.05	7 83 33 649	2.35	7 58 28 405
Shaving brushes	Millions	1.36	6 18 40 810	2.15	5 70 55 151
Components			—		2 24 27 098
Others			—		32 39 252
			7 24 79 45 959		4 89 00 36 343

* includes items given as samples / gifts and shortages / damages

(b) **Purchase of finished goods**

Tooth brushes	Millions	88.05	67 07 64 358	58.28	24 69 68 309
Toiletries	Millions	10.75	19 00 89 333	9.57	12 01 80 113
Oral care products	Millions	2.32	4 09 39 042	1.36	2 16 21 073
Shaving brushes	Millions	1.23	3 02 26 014	2.18	2 81 75 359
Less : Consumption of free issues / inventories written off			(1 51 51 790)		(1 79 73 336)
			91 68 66 957		39 89 71 518

(c) **Opening and closing stock of Finished Goods :**

	Units		Opening Quantity	Opening Value Rs.	Closing Quantity	Closing Value Rs.
Shaving system and cartridges	Millions	2006-2007	12.69	8 11 74 568	25.76	25 08 64 073
		2005	14.45	9 41 44 957	12.69	8 11 74 568
Safety razor blades	Millions	2006-2007	69.89	5 79 58 239	77.91	7 17 11 957
		2005	73.00	6 63 02 522	69.89	5 79 58 239
Tooth brushes	Millions	2006-2007	8.29	3 84 44 007	13.90	9 61 58 060
		2005	7.40	3 05 94 837	8.29	3 84 44 007
Batteries	Millions	2006-2007	2.07	1 97 32 407	8.93	9 61 43 284
		2005	1.19	1 31 43 158	2.07	1 97 32 407
Toiletries	Millions	2006-2007	1.54	3 81 92 945	2.20	10 81 66 629
		2005	1.69	4 24 17 187	1.54	3 81 92 945
Oral care products	Millions	2006-2007	0.38	80 26 751	0.65	2 30 07 394
		2005	1.15	54 00 276	0.38	80 26 751
Shaving brushes	Millions	2006-2007	0.33	42 41 932	0.20	31 79 125
		2005	0.30	40 60 694	0.33	42 41 932
				24 77 70 849		64 92 30 522
				25 60 63 631		24 77 70 849

Schedules forming part of the accounts

(d) **Production in respect of Goods Manufactured – Licensed and installed capacities and actual production :**

Particulars of goods manufactured	Units of Measurement	Licensed Capacity 2006-2007	Licensed Capacity 2005	Installed Capacity 2006-2007	Installed Capacity 2005	Actual Production 2006-2007 (18 months)	Actual Production 2005
Razors and Cartridges							
Twin type shaving system and cartridges	Millions	N.A.	N.A.	234	140	98	102
Blades							
Safety razor blades	Millions	N.A.*	N.A.*	886	700	1023	687
Twin type shaving system and cartridges**	Millions	N.A.	N.A.	—	—	100	41
Tooth brushes**	Millions	N.A.	N.A.	—	—	7	3
Toiletries**	Millions	N.A.	N.A.	—	—	4	2
Batteries**	Millions	N.A.	N.A.	—	—	26	18

Installed capacities are as at June 30, 2007 and being a technical matter, are as certified by the management.

* These items have been de-licensed as per Government of India Notification No. S.O.477(E) dated July 25, 1991.

** Production through job work only.

(e) **Consumption of Raw materials and Packing materials**
(Excluding loss on write down of inventories)

	Units	2006-2007 Quantity	2006-2007 Value Rs.	2005 Quantity	2005 Value Rs.
Steel strips	M.T.	958	23 94 96 240	557	14 91 82 022
Zinc	M.T.	—	—	46	43 61 739
Shaving system and cartridges #	Millions	146	1 37 30 71 104	46	43 89 72 465
Shaving preparations #	Millions	4	23 77 59 637	3	16 73 61 952
Batteries #	Millions	22	14 20 12 639	16	12 39 48 719
Others			4 62 13 062		34 67 05 263
			2 03 85 52 682		1 23 05 32 160

Bulk raw materials

(f) **Percentage of materials consumed**

	2006-2007 Rs.	2006-2007 Percentage	2005 Rs.	2005 Percentage
(a) Raw materials and consumables				
(i) Imported	1 27 67 86 600	62.6	1 00 39 21 754	81.6
(ii) Indigenous	76 17 66 082	37.4	22 66 10 406	18.4
	2 03 85 52 682	100.00	1 23 05 32 160	100.00
(b) Stores and spare parts				
(i) Imported	1 07 27 167	29.0	48 20 994	29.6
(ii) Indigenous	2 62 17 572	71.0	1 14 65 162	70.4
	3 69 44 739	100.00	1 62 86 156	100.00

Schedules forming part of the accounts

(g) **CIF value of imports :**

	2006-2007 Rs.	2005 Rs.
(i) Raw materials	73 06 29 633	83 72 33 146
(ii) Stores and spare parts	3 15 60 380	81 11 137
(iii) Capital goods	4 09 55 765	14 11 32 719
(iv) Others	—	21 44 574
	80 31 45 778	98 86 21 576

(h) **Expenditure in foreign currency :**

(i) Travel	1 11 65 432	1 34 64 685
(ii) Business process outsourcing expenses	3 96 62 383	—
(iii) Others	14 50 737	25 54 158
	5 22 78 552	1 60 18 843

(i) **Remittance made on account of dividend in foreign currency :**

(i) Amount remitted		28 72 99 350	12 16 27 427
(ii) Number of non resident shareholders	**(nos.)**	30	39
(iii) Number of shares held by them	**(nos.)**	1 44 24 098	1 43 09 109
(iv) Period to which the dividend relates		2005 and 2006 (Interim)	2004

(j) **Earnings in foreign exchange :**

Exports of goods calculated on f.o.b. basis [excludes Rupee exports to Nepal and Bhutan Rs. 4 88 44 880 (Previous year : Rs. 6 73 40 354)]*	25 15 10 305	15 04 00 147
Others (freight, insurance etc.)	50 42 238	—
	25 65 52 543	15 04 00 147

* Including Rs. Nil (Previous year : Rs. 11 25 245) on account of fixed assets

9. Small Scale Industrial Undertakings to whom the Company owed any amount as at June 30, 2007 and which was outstanding for more than 30 days are as follows:

Electroplast Mac Tools

Guru Packers

Navnit Blister Packs (P) Ltd

Stylo Form

Takhar Industries

Lifon Industries

The above information regarding small scale industrial undertakings has been determined to the extent such parties have been identified on the basis of information available to the company.

The company has intiated the process of obtaining confirmations from the “suppliers” who have registered under the Micro Small Medium Enterprise Development Act, 2006 (MSMEDA) which came into effect from October 2, 2006.

Based on the information received by the Company, there were no dues to suppliers under the MSMEDA as on June 30, 2007.

The above information regarding small scale industrial undertakings and MSME has been determined to the extent such parties have been identified on the basis of information available to the company, and relied by the Auditors.

Schedules forming part of the accounts

10. Earnings per share (EPS)

		For the period from January 1, 2006 to June 30, 2007	For the year ended December 31, 2005
Basic and diluted earnings per share after exceptional items (Rs.)			
Profit After Taxation		1 42 35 83 236	68 71 85 473
Weighted average number of equity shares outstanding for Basic / Diluted EPS		3 25 85 217	3 25 85 217
Nominal value of equity per share		10	10
Basic / Diluted Earnings per share		43.69	21.09
Basic and diluted earnings per share before exceptional items (Rs.)			
Profit After Taxation		1 42 35 83 236	68 71 85 473
Less: Exceptional items – Income			
– Profit on sale of property	42 45 80 534		—
– Tax on exceptional items	(14 43 14 924)	28 02 65 610	—
Profit after Taxation but before Exceptional items		1 14 33 17 626	68 71 85 473
Weighted average number of equity shares outstanding for Basic / Diluted EPS		3 25 85 217	3 25 85 217
Nominal value of equity per share		10	10
Basic / Diluted Earnings per share		35.09	21.09

11. Foreign currency exposures as on June 30, 2007 that have not been hedged by the company by a derivative instrument or otherwise are given below:

a. **Amounts receivable in foreign currency on account of the following:**

	Currency	As at June 30, 2007
Export of goods	Rs.	5 33 88 485
	USD	12 46 402
Reimbursable expenses receivable	Rs.	31 28 809
	USD	77 000

b. **Amounts payable in foreign currency on account of the following:**

Import of goods and services	Rs.	23 11 35 034
	USD	55 02 644
	GBP	77 482
Reimbursable expenses payable	Rs.	1 22 95 442
	USD	2 99 860

The above disclosures have been made consequent to an announcement by the Institute of Chartered Accountants of India in December 2005, which is applicable to the financial periods ending on or after March 31, 2006. Therefore, figures for the previous year have not been disclosed.

Schedules forming part of the accounts

12. Sundry debtors include amounts due from Companies under the same management as follows:

	As at June 30, 2007 Rs.	As at December 31, 2005 Rs.
The Gillette Company, USA	3 32 52 036	1 62 55 236
Gillette Bangladesh Private Limited	—	22 98 823
P&G Ceemea	1 10 45 892	—
Procter & Gamble Bangladesh Private Limited	29 92 840	—
Procter & Gamble Lanka Private Limited	60 97 717	—
	5 33 88 485	1 85 54 059

13. Loans and advances include the following amounts due from Companies under the same management as follows:

	As at June 30, 2007	Maximum Balance	As at December 31,2005	Maximum Balance
The Gillette Company, USA	—	64 24 251	15 52 393	15 52 393
Gillette Diversified Operations Private Limited – Loan A/c	15 80 00 000	20 00 00 000	2 50 00 000	2 50 00 000
Gillette Diversified Operations Private Limited – Others	2 350	11 16 838	—	—
Gillette Management Inc.	—	4 61 174	4 61 174	9 34 233
Procter & Gamble Hygiene & Healthcare Limited	9 36 369	47 14 509	—	—
Procter & Gamble Home Products Limited	3 01 04 433	3 01 04 433	—	—
Procter & Gamble International	31 28 809	31 28 809	—	—
	19 21 71 961		2 70 13 567	

14. Related Party Disclosures:

The Group Companies of The Procter & Gamble Company, USA include, among others, Gillette Worldwide Holding LLC; Procter & Gamble India Holding BV; Procter & Gamble Iron Horse Holding BV; Procter & Gamble Eastern Europe LLC; Procter & Gamble Nordic LLC; Procter & Gamble Global Holding Limited; Procter & Gamble Luxembourg Global SARL; Procter & Gamble International SARL; Procter & Gamble India Holdings Inc.; Procter & Gamble International Operations, SA; Gillette Group (Europe) Holdings BV, Procter & Gamble Canada Holding BV; Procter & Gamble Overseas Canada BV.

Name of the companies with whom transactions have taken place:

(a) **Ultimate holding company:**
The Gillette Company, USA (till September 30, 2005)
The Procter & Gamble Company, USA *(w.e.f. October 1, 2005)

(b) **Fellow subsidiary companies:**
Gillette Diversified Operations Private Limited
Gillette Group India Private Limited
Gillette Products Private Limited
Mining Consultants (India) Private Limited
Nexus Mercantile Private Limited
Gillette UK Limited
N. V. Duracell Batteries S.A.
Gillette Shanghai Limited.
Gillette Egypt S.A.E.
Braun GmbH
Gillette Lanka (Private) Limited
Gillette Bangladesh Private Limited
Gillette Deutschland GmbH & Co. oHG.
Gillette Group South Africa (Pty) Ltd.
Duracell (China) Ltd.
Gillette Poland SA
Gillette Management Inc.
Gillette Group International, SARL
P&G Ceemea
Procter & Gamble Home Products Limited
Procter & Gamble Hygiene & Healthcare Limited
Procter & Gamble International
Procter & Gamble Asia PTE Ltd.
The Gillette Company, USA (w.e.f. October 1, 2005)

(c) **Investing company in respect of which the Company is an associate:**
Gillette Group India Private Limited (GGIPL) #
 # Also being a fellow subsidiary Company

(d) **Key Management Personnel:**
Mr. Shantanu Khosla (w.e.f January 29, 2007) — Managing Director
Mr. Zubair Ahmed (upto November 30, 2006) — Managing Director
Mr. Subhash Bansal — Whole time Executive Director

Schedules forming part of the accounts

(e) Transactions

(Amount in Rs.)

Nature of transactions		Holding Company & Ultimate Holding Company	GGIPL	Fellow Subsidiary Companies	Key Management Personnel	Total
Sales & Income						
Goods						
– The Gillette Company, USA	2006-2007	—	—	10 79 91 915	—	10 79 91 915
– Procter & Gamble CEEMEA	2006-2007	—	—	2 36 42 511	—	2 36 42 511
– Procter & Gamble Bangladesh Pvt. Ltd	2006-2007	—	—	3 37 60 420	—	3 37 60 420
– Others	2006-2007	—	—	4 94 97 663	—	4 94 97 663
– The Gillette Company, USA	2005	5 85 31 895	—	—	—	5 85 31 895
– Others	2005	—	—	2 97 13 191	—	2 97 13 191
Fixed Assets						
– The Gillette Company, USA	2005	3 89 130	—	—	—	3 89 130
– Others	2005	—	—	9 11 284	—	9 11 284
Relocation and other reimbursements						
– The Gillette Company, USA	2006-2007	—	—	98 55 978	—	98 55 978
– Procter & Gamble Home Products Ltd	2006-2007	—	—	26 55 704	—	26 55 704
– Procter & Gamble International Operations Pte Ltd	2006-2007	—	—	57 49 061	—	57 49 061
– Others	2006-2007	—	—	9 36 369	—	9 36 369
– The Gillette Company, USA	2005	38 27 225	—	—	—	38 27 225
– Others	2005	—	—	43 10 812	—	43 10 812
Retirals reimbursements						
– The Gillette Company, USA	2006-2007	—	—	7 93 119	—	7 93 119
– Gillette Diversified Operations Pvt. Ltd.	2006-2007	—	—	11 19 188	—	11 19 188
– Others	2006-2007	—	33 32 966	—	—	33 32 966
Reimbursement of Expenses shared by Group Companies						
– Procter & Gamble Home Products Ltd	2006-2007	—	—	2 99 51 323	—	2 99 51 323
– Gillette Diversified Operations Pvt. Ltd.	2006-2007	—	—	6 00 000	—	6 00 000
– Gillette Diversified Operations Pvt. Ltd.	2005	—	—	12 00 000	—	12 00 000
Interest income						
– Gillette Diversified Operations Pvt. Ltd.	2006-2007	—	—	48 12 194	—	48 12 194
– Others	2006-2007	—	—	—	3 82 768	3 82 768
– Gillette Diversified Operations Pvt. Ltd.	2005	—	—	60 726	—	60 726
– Others	2005	—	—	—	1 62 684	1 62 684
Loans Given						
– Gillette Diversified Operations Pvt. Ltd.	2006-2007	—	—	35 80 00 000	—	35 80 00 000
– Gillette Diversified Operations Pvt. Ltd.	2005	—	—	3 80 00 000	—	3 80 00 000
Loans Repaid						
– Gillette Diversified Operations Pvt. Ltd.	2006-2007	—	—	22 50 00 000	—	22 50 00 000
– Others	2006-2007	—	—	—	66 50 280	66 50 280
– Gillette Diversified Operations Pvt. Ltd.	2005	—	—	1 30 00 000	—	1 30 00 000
– Others	2005	—	—	—	5 81 508	5 81 508
Purchases & Expenses						
Goods						
– The Gillette Company, USA	2006-2007	—	—	1 12 07 51 268	—	1 12 07 51 268
– Others	2006-2007	—	—	3 04 15 075	—	3 04 15 075
– The Gillette Company, USA	2005	60 26 10 340	—	—	—	60 26 10 340
– Others	2005	—	—	22 11 30 872	—	22 11 30 872
Assets/Spares						
– The Gillette Company, USA	2006-2007	—	—	2 95 29 627	—	2 95 29 627
– Gillette UK Ltd	2006-2007	—	—	51 46 289	—	51 46 289
– Others	2006-2007	—	46 467	—	—	46 467
– The Gillette Company, USA	2005	3 45 36 559	—	—	—	3 45 36 559
– Others	2005	—	—	10 59 50 407	—	10 59 50 407
Reimbursement of Expenses shared by Group Companies						
– Procter & Gamble Hygiene and Healthcare Ltd	2006-2007	—	—	3 65 87 343	—	3 65 87 343
Business Process Outsourcing expenses						
– Procter & Gamble Asia Pte Ltd	2006-2007	—	—	3 96 62 383	—	3 96 62 383
Relocation and other reimbursements						
– Procter & Gamble Hygiene and Healthcare Ltd	2006-2007	—	—	17 04 42 053	—	17 04 42 053
– Procter & Gamble Home Products Ltd	2006-2007	—	—	2 98 92 832	—	2 98 92 832
– Others	2006-2007	—	—	39 061	—	39 061
– Others	2005	—	—	30 14 475	—	30 14 475
Remuneration (Refer Note B7 of Schedule 18)	2006-2007	—	—	—	4 54 10 459	4 54 10 459
	2005	—	—	—	2 48 94 690	2 48 94 690
Dividend Remitted/Paid	2006-2007	26 73 34 840	13 25 45 080	9 47 38 680	—	49 46 18 600
	2005	11 36 17 307	5 63 31 659	4 02 65 215	—	21 02 14 181

Schedules forming part of the accounts

(f) **Outstandings**

(Amount in Rs.)

Nature of transactions		Holding Company & Ultimate Holding Company	GGIPL	Fellow Subsidiary Companies	Key Management Personnel	Total
Payable	**as on**					
-The Gillette Company, USA	**30.06.2007**	—	—	**22 47 64 410**	—	**22 47 64 410**
-Procter & Gamble Hygiene and Healthcare Ltd	**30.06.2007**	—	—	**7 41 71 701**	—	**7 41 71 701**
-Others	**30.06.2007**	—	—	**4 01 52 674**	—	**4 01 52 674**
-Others	31.12.2005	—	—	6 23 36 133	—	6 23 36 133
Receivables/Advances						
-The Gillette Company, USA	**30.06.2007**	—	—	**3 32 52 036**	—	**3 32 52 036**
-Procter & Gamble CEEMEA	**30.06.2007**	—	—	**1 10 45 892**	—	**1 10 45 892**
-Procter & Gamble Home Products Ltd	**30.06.2007**	—	—	**3 01 04 433**	—	**3 01 04 433**
-Others	**30.06.2007**	—	—	**1 31 58 085**	—	**1 31 58 085**
-Others	31.12.2005	—	—	2 05 66 972	—	2 05 66 972
Loans						
-Gillette Diversified Operations Pvt. Ltd.	**30.06.2007**	—	—	**15 80 00 000**	—	**15 80 00 000**
-Others	**30.06.2007**	—	—	—	**44 71 073**	**44 71 073**
-Gillette Diversified Operations Pvt. Ltd.	31.12.2005	—	—	2 50 00 000	—	2 50 00 000
-Others	31.12.2005	—	—	—	1 11 21 353 (Refer Note below)	1 11 21 353

Note: Loan details of key management personnel	**2006-2007**	2005
Opening balance	**1 11 21 353**	57 03 000
Add loan given	—	60 00 000
Amount repaid		
Principal	**66 50 280**	5 81 647
Interest	**3 82 768**	1 63 000
Closing balance	**44 71 073**	1 11 21 353

15. Global Employee Stock Ownership Plan (Stocks of the Parent Company)

The Gillette Company, USA (TGC) had a "Global Employee Stock Ownership Plan" (employee share purchase plan) whereby all permanent employees of the Company had been given a right to purchase shares of TGC.

Every employee who opted for the scheme contributed up to a specified percentage (upto 10%) of his gross salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 1% of gross salary). Such contribution is charged to staff cost. Subsequent to the worldwide merger of Aquarium Acquisition Corporation (wholly owned subsidiary of The Procter & Gamble Company, USA) with TGC on October 1, 2005, the shares of TGC got delisted from the Securities Exchange Commission and the share purchase plan has been adopted by The Procter & Gamble Company, USA.

The shares of TGC (till 30 September 2005) / The Procter & Gamble Company, USA are listed with Securities Exchange Commission of USA and are purchased on behalf of the employees at market price on the date of purchase. Accordingly, no stock compensation expense has arisen to the Company during the period.

During the period from January 1, 2006 to June 30, 2007, 1 842.05 shares were purchased by employees at weighted average fair value of Rs.2 687 per share.

The Company's contribution during the period on such purchase of shares amounting to Rs. 6 94 177 has been charged to the Profit and Loss Account.

16. Employees Stock Options Plan (Stocks of the Parent Company)

The Gillette Company, USA (TGC) had an Employees Stock Options Scheme whereby employees of the Company covered by the plan were granted an option to purchase shares of the Parent Company i.e. The Gillette Company, USA at a fixed price (grant price) for a fixed period of time.

Subsequent to the worldwide merger of Aquarium Acquisition Corporation (wholly owned subsidiary of the Procter & Gamble Company, USA) with The Gillette Company, USA on October 1, 2005, the shares of The Gillette Company got delisted from the Securities Exchange Commission. Upon this change in control the 2005 Gillette Option award got automatically converted into P&G options at the established conversion ratio of 0.975 shares in The Procter and Gamble Company, USA for every share held in The Gillette Company. The shares of The Gillette Company (till September 30, 2005) / The Procter & Gamble Company, USA were/are listed with Securities Exchange Commission of USA. The options were issued to Key Employees of the Company with Exercise price equal to the market price of the underlying shares on the date of the grant. Accordingly no stock compensation expenses have been incurred by the Company during the period. The Grants issued are vested after 3 years and have a 10 years life cycle.

Schedules forming part of the accounts

Fair Value of shares at Grant date	
28-Feb-06	$60.50
28-Feb-07	**$63.49**
Exercise Price	**Same as above**

The other disclosures in respect of the plans for the period from January 1, 2006 to June 30, 2007 are:

	Shares arising out of option	Amount in US Dollar	Remaining contractual life (Years)
Outstanding at the beginning of the period	45 731	53.29	8.00
Granted during the period from January 1, 2006 to June 30, 2007:			
28-Feb-06	20 106	60.50	9.00
28-Feb-07	2 892	63.49	10.00
Forfeited during the period	12 166	—	
Transferred during the period	—	—	
Exercised during the period	2 567	62.83	
Expired during the period	—	—	
Outstanding at the end of the period	53 996	61.19	8.30
Exercisable at the end of the period	25 611	61.19	

17. Segment Information

(a) **Primary Segment Information (by Business Segments)**

	2006-2007 Rs	2005 Rs
Segment Revenue		
– Grooming	5 41 02 13 694	3 60 31 72 280
– Portable Power	37 99 16 198	26 78 95 333
– Oral Care	1 04 02 96 790	65 92 18 366
Total Segment Revenue	6 83 04 26 682	4 53 02 85 979
Segment Results (before interest and unallocated income/expense)		
– Grooming	1 80 35 37 258	1 00 46 47 756
– Portable Power	9 58 04 845	6 56 30 506
– Oral Care	18 60 05 050	19 42 81 408
Total Segment Results	2 08 53 47 153	1 26 45 59 670
Less : Unallocated corporate non interest expenses (net of non interest income)	9 99 74 439	28 70 35 063
Operating Profit	1 98 53 72 714	97 75 24 607
Less : Unallocated Interest Expenses	31 376	—
Add : Unallocable Interest Income	17 43 87 898	11 62 42 626
Total Profit Before Tax	2 15 97 29 236	1 09 37 67 233
Segment Assets		
– Grooming	1 53 67 49 797	1 60 00 54 652
– Portable Power	10 30 50 139	11 84 32 020
– Oral Care	12 42 56 695	9 30 22 737
– Unallocated Corporate Assets	3 42 21 37 663	2 94 56 97 391
Total	5 18 61 94 294	4 75 72 06 800

Schedules forming part of the accounts

	2006-2007 Rs	2005 Rs
Segment Liabilities		
– Grooming	**15 75 71 287**	43 67 93 713
– Portable Power	**29 91 110**	8 58 83 081
– Oral Care	**2 39 58 654**	12 16 75 533
– Unallocated Corporate Liabilities	**1 40 57 44 048**	63 07 58 446
Total	**1 59 02 65 099**	1 27 51 10 773
Capital Expenditure		
– Grooming	**26 35 83 641**	14 75 98 571
– Unallocated	**34 65 971**	1 21 06 617
Total	**26 70 49 612**	15 97 05 188
Depreciation		
– Grooming	**18 19 19 414**	11 84 45 179
– Unallocated	**4 10 63 971**	3 72 21 085
Total	**22 29 83 385**	15 56 66 264
Non-cash expenses other than depreciation		
– Grooming	**1 51 51 790**	1 08 95 108
– Portable Power	**17 33 966**	41 42 813
– Oral Care	**49 42 764**	65 94 223
– Unallocated	**2 81 03 393**	2 56 215
Total	**4 99 31 913**	2 18 88 359

(b) **Secondary Segment Information (by Geographic Segments)**

	Rs.	Rs.
Segment Revenue – net of excise		
– Within India	**6 57 89 16 377**	4 37 47 00 541
– Outside India	**25 15 10 305**	15 55 85 438
Total	**6 83 04 26 682**	4 53 02 85 979
Segment Assets		
– Within India	**5 12 96 76 999**	4 74 65 79 144
– Outside India	**5 65 17 295**	1 06 27 656
Total	**5 18 61 94 294**	4 75 72 06 800
Capital Expenditure		
– Within India	**26 70 49 612**	15 97 05 188
– Outside India	**—**	—
Total	**26 70 49 612**	15 97 05 188

Notes on Segment Information:

(1) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organisation structure as well as the differential risks and returns of these segments. Business segments have been considered as primary segments.

(2) Segment Revenue, Results and Capital Employed figures include the respective amounts identifiable to each of the segments. Unallocable income/expenses include income/expenses incurred at a corporate level which relate to the company as a whole. Unallocable income/expenses mainly includes income from investment of surplus funds, gain/(loss) on sale of property and exchange gain/(loss).

18 Excise duty deducted from turnover represents amount of excise duty collected by the company on sale of goods. Excise duty shown under Schedule 15 - operation and other expenses represents difference in amount of excise duty on closing stock and opening stock of finished goods.

19 Previous year's figures have been rearranged / regrouped wherever necessary.

As per our report of even date attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

N. P. Sarda
Partner

Mumbai, August 25, 2007

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

B. S. Mehta
Director

D. Acharya
Company Secretary

V. S. Bhat
Finance Manager

Mumbai, August 24, 2007

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956 for the period ended June 30, 2007

Balance Sheet Abstract and Company's General Business Profile :

I. Registration Details :

Registration No.	2890
State Code	017
Balance Sheet Date	June 30, 2007

II. Capital Raised during the Year (Rs.) –

III. Position of Mobilisation and Deployment of Funds

	Amount (In Rs. Thousands)
Total Liabilities	5 18 61 94
Total Assets	5 18 61 94
Sources of Funds :	
Paid-up Capital	32 58 52
Reserves & Surplus	3 27 00 77
Secured Loans	–
Unsecured Loans	–
Application of Funds :	
Net Fixed Assets	1 07 08 91
Investments	–
Net Current Assets	2 59 70 94
Misc. Expenditure	–
Accumulated Losses	–

IV. Performance of Company

Turnover & other income	7 24 79 46
Total Expenditure	5 42 98 68
Profit Before Tax	2 15 97 29
Profit After Tax	1 42 35 83
Earning Per Share (Rs)	43.69
Dividend Rate (including interim dividend)	175%

V. Generic Names of Three Principal Products/Service of Company
(as per monetary terms)

Item Code No. (ITC Code)	82121001
Product Description	Shaving System
Item Code No. (ITC Code)	82122001
Product Description	Safety Razor Blades
Item Code No. (ITC Code)	96032100
Product Description	Toothbrushes