

**Colgate:**



Bringing Oral  
Care to the Masses

**ASK<sup>THE</sup>  
DENTIST**



**COLGATE-PALMOLIVE** (INDIA) LIMITED

Annual Report 2010 - 2011

## *Through the years...*

Colgate has worked tirelessly towards continuously developing and executing unswerving and long-term initiatives that have spread the importance of good oral health and hygiene to people across boundaries.

As a responsible oral care market leader, Colgate remains committed to bringing oral care awareness to the masses through various valuable programs. The recent interactive campaign of 'Ask the Dentist' is one such mammoth initiative which makes it easy for the common man to speak to an oral care expert. Research shows that only 3% of people in India visit a dentist regularly. Colgate's 'Ask the Dentist' campaign, creates an avenue to bring the dentist to the masses by providing consumers 'live' accessibility to the expert faculty via a special toll-free line. Inaugurated in March 2011, the toll-free line on an average receives 5000 calls per day, thereby demonstrating the immense service the initiative delivers.

To further enhance consumer engagement levels, Colgate has also leveraged innovative ways to spread the message of good oral care such as creating Guinness World Records™ around oral hygiene practices. Colgate is the only oral care company in the world to own a hat-trick of such Guinness World Records™.

Our annual oral care awareness program, Oral Health Month, continues to grow from strength to strength and has, since inception, reached out to millions of people in a lot of countries worldwide. In India, this program has evolved extensively and is now covering over 1000 cities in 2010 from just six cities in 2005. In the year 2010, Colgate partnered with close to 24,000 dentists to offer free dental check-ups and reached out to almost 3.4 million consumers across India to spread the importance of good oral hygiene.

Furthermore, Colgate Bright Smiles, Bright Futures™ program continues to expand its reach by interacting with school children across India, using fun and engaging learning methods to convey the importance of good oral hygiene. This year, the Colgate Bright Smiles, Bright Futures™ program reached over 12 million children across India, taking the number of children reached since inception of the program to 95 million.

**As Colgate continues to strengthen its leadership position in oral care, it remains committed to developing high impact and enduring initiatives that will go a long way in spreading the importance of oral health and hygiene to the masses.**



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## Board of Directors

	<i>Chairman</i>	<b>D. Samuel</b>
	<i>Vice-Chairman</i>	<b>R. A. Shah</b>
	<i>Deputy Chairman</i>	<b>P. K. Ghosh</b>
	<i>Managing Director</i>	<b>M. V. Deoras</b>
	<i>Whole-time Finance Director</i>	<b>P. E. Alton</b>
	<i>Whole-time Director</i>	<b>K. V. Vaidyanathan</b>
		<b>J. K. Setna</b>
		<b>V. S. Mehta</b>
	<i>Company Secretary</i>	<b>K. V. Vaidyanathan</b>
Management Committee	<i>Managing Director</i>	<b>M. V. Deoras</b>
	<i>Finance</i>	<b>P. E. Alton</b>
	<i>Legal</i>	<b>K. V. Vaidyanathan</b>
	<i>Marketing</i>	<b>R. Krishnamurthy</b>
	<i>Customer Development</i>	<b>S. Bharatwaj</b>
	<i>R&amp;D</i>	<b>R. Subramanyam</b>
	<i>Manufacturing &amp; Supply Chain</i>	<b>L. Wheeler</b>
	<i>Human Resources</i>	<b>A. Singh</b>
	<i>Customer Service &amp; Logistics</i>	<b>S. Menon (Ms.)</b>
Audit Committee	<i>Chairperson</i>	<b>R. A. Shah</b>
		<b>P. K. Ghosh</b>
		<b>J. K. Setna</b>
		<b>V. S. Mehta</b>
	<i>Secretary</i>	<b>K. V. Vaidyanathan</b>
Shareholders'/Investors' Grievance Committee	<i>Chairperson</i>	<b>P. K. Ghosh</b>
		<b>M. V. Deoras</b>
		<b>J. K. Setna</b>
		<b>K. V. Vaidyanathan</b>
	<i>Solicitors</i>	<b>Crawford Bayley &amp; Co.</b>
	<i>Auditors</i>	<b>Price Waterhouse Chartered Accountants</b>
	<i>Registered Office</i>	<b>Colgate Research Centre, Main Street, Hiranandani Gardens, Powai, Mumbai 400 076.</b>
	<i>Factories</i>	<b>Plot No. B 14/10 MIDC, Waluj Industrial Area, Aurangabad 431 136.</b>
		<b>Plot No. 78, EPIP Phase I, Jharmajri, Baddi, District Solan, [H.P.] 174 103.</b>
		<b>Premises No. 44-617/11, Road No. 7, I.D.A., Nacharam, Hyderabad 500 076.</b>
		<b>Plot Nos. 154, 158 &amp; 160, Kundaim Industrial Estate, Kundaim, Goa 403 115.</b>
	<i>Registrars &amp; Share Transfer Agents</i>	<b>Sharepro Services (India) Private Limited</b>

## Ten-year Highlights

	₹ Lacs									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>A. Operating Results :</b>										
Sales	1,160,89	1,056,89	1,042,08	1,072,53	1,217,50	1,385,38	1,553,21	1,758,16	2,024,65	2,317,40
Other Income	30,95	35,76	29,92	34,23	46,09#	67,00	84,78	107,76	98,46	106,80
Net Profit After Tax	69,79	88,66	108,00	113,29	137,60	160,17	231,71	290,22	423,26	402,58
Cash Profits	91,94	108,13	132,26	135,66	169,03	175,42	251,56	313,17	460,83	436,83
<b>B. Financial Position :</b>										
Fixed Assets (Net)	172,31	158,02	93,95	147,21	169,12	192,03	198,99	178,59	253,14	267,31
Current Assets (Net)	56,86	29,52	36,77	(62,83)	(49,64)	(66,23)	(132,51)	(13,63)	38,66	61,21
Others (Net)	27,72	89,62	115,76	169,37	155,95	159,00	100,41	56,02	38,90	55,58
TOTAL ASSETS	256,89	277,16	246,48	253,75	275,43	284,80	166,89	220,98	330,70	384,10
Share Capital	135,99	135,99	135,99	135,99	135,99	135,99	13,60	13,60	13,60	13,60
Reserves and Surplus	111,65	139,03	108,32	113,78	135,08	144,53	148,61	202,70	312,51	370,45
SHAREHOLDERS' FUNDS	247,64	275,02	244,31	249,77	271,07	280,52	162,21	216,30	326,11	384,05
Loan Funds	9,25	2,14	2,17	3,98	4,36	4,28	4,68	4,68	4,59	5
TOTAL CAPITAL EMPLOYED	256,89	277,16	246,48	253,75	275,43	284,80	166,89	220,98	330,70	384,10
<b>C. Equity Share Data :</b>										
Earnings Per Share (₹)	5.13	6.52	7.94	8.33	10.12	11.78	17.04	21.34	31.12	29.60
Dividend Per Share (₹)	4.25	4.25	6.00*	7.00	7.50	9.50**	13.00	15.00	20.00	22.00
Number of Shares (in Lacs)	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60
Number of Shareholders (in '000s)	2,15	2,07	1,85	1,59	1,41	1,40	1,33	1,26	1,24	1,26

# Re-grouped

\* Including one-time special 25<sup>th</sup> Anniversary Dividend (since becoming public in 1978) of ₹ 1.25 per share.

\*\* Including one-time special 70<sup>th</sup> Anniversary Dividend of ₹ 2.00 per share.

Previous year's figures have been re-classified to conform with current year's presentation, wherever applicable.

## Notice

NOTICE is hereby given that the Seventieth Annual General Meeting of COLGATE-PALMOLIVE (INDIA) LIMITED will be held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg, J.V.P.D. Scheme, Vile-Parle (West), Mumbai 400 056 on Friday, July 22, 2011 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. J. K. Setna, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. V. S. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

“RESOLVED that Mr. Paul Alton be and is hereby appointed a Director of the Company.”

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the Articles of Association of the Company and in accordance with the approval granted by the Central Government vide its letter No. A94076213/4/2010-CL.VII dated January 21, 2011, the approval of the Company be and is hereby accorded to the appointment of Mr. Paul Alton as Whole-time Finance Director of the Company for a period of five years effective September 1, 2010 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Alton, a copy whereof initialed by the Vice-Chairman for the purpose of identification is placed before the meeting with a liberty to the Board of Directors of the Company (“the Board”) to alter and vary the terms and conditions thereof in such manner as may be agreed to between the Board and Mr. Alton, subject to the applicable

provisions of the Act, or any amendment thereto or any re-enactment thereof.

RESOLVED further that in the event of absence or inadequacy of profits in any financial year, Mr. Alton be paid the aforesaid remuneration as minimum remuneration for that year.

RESOLVED further that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable.”

6. To appoint Auditors and to fix their remuneration.

By Order of the Board

K. V. Vaidyanathan  
Whole-time Director &  
Company Secretary

Date : May 30, 2011

Registered Office :  
Colgate Research Centre,  
Main Street, Hiranandani Gardens,  
Powai, Mumbai 400 076.

### Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An explanatory statement under Section 173 of the Companies Act, 1956 in respect of Item Nos. 4 and 5 to be transacted at the Meeting is appended hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, July 18, 2011 to Friday, July 22, 2011 (both days inclusive).
4. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the

Company, Messrs. Sharepro Services (India) Private Limited at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri – East, Mumbai 400 072.

5. Members who hold shares in physical form are requested to notify immediately any change in their addresses to the Registrars and Share Transfer Agents of the Company at the above address and to their respective Depository Participants, in case shares are held in electronic mode.
  6. The Company, consequent upon the introduction of the Depository System ('DS'), entered into agreements with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). The Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.
  7. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates, etc. Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
  8. To prevent fraudulent transactions, we urge the Members to exercise due diligence and notify the Company of any change in address/stay in abroad or demise of any shareholder as soon as possible. Members are requested not to leave their demat account dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
  9. Electronic Clearing Service ('ECS') helps in quick remittance of dividend without possible loss/delay in postal transit. Members are requested to fill in the form which is available on the Company's website or can obtain it from the Company's Registrars and Share Transfer Agents and forward the same to the Company's Registrars and Share Transfer Agents if the shares are held in physical form and to the Depository Participant in case the shares are held in dematerialised form.
  10. All unclaimed dividends upto the First Interim Dividend for 1995-96 paid by the Company on September 29, 1995 have been transferred to the General Revenue Account of the Central Government. The Members, who have not encashed the dividend warrants up to the said period are requested to claim the amount from The Registrar of Companies, CGO Building, II Floor, A Wing, Belapur, Navi Mumbai.
- Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are transferred to the 'Investor Education and Protection Fund', constituted by the Central Government. Accordingly, unclaimed dividends from the Second Interim Dividend for 1995-96 have been transferred to the said Fund. During the Financial Year 2010-11, unclaimed amount of dividends (₹ 14,45,676/-, ₹ 17,16,584/- and ₹ 19,98,218/-) declared for the years 2002-03 and 2003-04 have been transferred to the Investor Education and Protection Fund on July 29 and October 22, 2010 and January 22, 2011 respectively.
11. The Company has designated an exclusive e-mail ID called **investor\_grievance@colpal.com** for redressal of shareholders' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at **investor\_grievance@colpal.com**.
  12. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
  13. At the ensuing Annual General Meeting, Mr. J. K. Setna and Mr. V. S. Mehta shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. J. K. Setna and Mr. V. S. Mehta are given below :

**Mr. J. K. Setna :**

Mr. J. K. Setna is a Chartered Accountant with a Bachelor's Degree in Commerce from the University of Mumbai. Mr. Setna joined Ingersoll-Rand (India) Limited (a 74% subsidiary of Ingersoll-Rand Company, the multinational diversified machinery manufacturer of New Jersey, U.S.A.) in 1957 and was appointed Corporate Secretary in 1958. He was elected to the Board of Directors in 1965 and designated as Area Controller, Asia Pacific

Region, Ingersoll-Rand International in 1966. Mr. Setna took over as the Chairman and President of Ingersoll-Rand (India) Limited in 1968. He retired as President in December 1988 at the age of 60 and then as Chairman in September 1993. He joined the Board of Tata Sons Limited in October 1993 and continued as a Director on its Board until his retirement in 2003.

Mr. Setna has been acting as the Independent Director of the Company since 1978. Mr. Setna brings to the Board his rich experience and understanding of the Indian industry and consumer product business and the Company will continue to benefit significantly from his expertise.

Mr. Setna is a Director in Universal Ferro & Allied Chemicals Ltd. and also a Trustee of the N. M. Wadia Charities and its associated Trusts.

Mr. Setna does not hold any shares in the Company.

#### **Committee Membership :**

Mr. Setna is a member of the Audit Committee and the Shareholders'/Investors' Grievance Committee of the Company.

#### **Mr. V. S. Mehta :**

Mr. V. S. Mehta is the Chairman of the Shell Group of Companies in India since 1994. He has been serving the Shell Group since 1988. He was also the Shareholders' representative on the Board of Shell Companies in Saudi Arabia and Middle East during 1988-91 and Managing Director of Shell Marketing and Shell Chemicals Overseas, Cairo, Egypt during 1991-93. Mr. Mehta's illustrious career began as a Member of the Indian Administrative Service of the Government of India in 1978 and he has since held various prestigious positions. These include advisory positions with world-renowned petroleum companies and the Indian Government's Ministry of Petroleum.

Mr. Mehta who completed his Bachelor's Degree in Mathematics (Hons.) from Delhi University, also holds a Master's Degree in Energy Economics from Fletchers School, Tufts and Harvard University in U.S.A. as well as a Master's Degree in Economics (Hons.) from Oxford University, U.K. His brilliance and knowledge, coupled with his deep business perspective will continue to bring added value to the Company.

Mr. Mehta does not hold any shares in the Company.

Mr. Mehta is a Director of the following companies :

#### **Other Directorships :**

Director of Shell India Marketing Private Limited, Hazira LNG Private Limited, Hazira Port Private Limited, Hazira Gas Private Limited, Shell Technology India Private Limited and Director of Shell MRPL Aviation Fuels Services Private Limited.

#### **Committee Membership :**

Mr. Mehta is a member of the Audit Committee of the Company.

#### **Annexure to the Notice**

#### **Explanatory Statement under Section 173 of the Companies Act, 1956.**

#### **Item Nos. 4 and 5**

Mr. Paul Alton joined Colgate in 1989 in the Operational Analysis Department of the European Division based in Brussels and he was promoted to Director, Operational Analysis in 1992. In 1995, Mr. Alton became General Manager of Project Catalyst where he played a vital leadership role in successfully rolling out SAP across the European Division. He then became the Finance Director of Colgate, Turkiye.

Prior to joining Colgate-Palmolive (India) Limited, Mr. Alton worked as the Group Finance Director of Colgate's affiliate, Hawley & Hazel Chemical Co. (H.K.) Limited at Hong Kong since June 2006. Earlier he was Finance Director of Colgate Germany and Austria, where he made significant contribution to the business in spite of the challenges of tough operational environments.

Mr. Alton holds a Bachelor's Degree in Chemical Engineering and an MBA Finance from Cranfield School of Management in the U.K.

The Board of Directors of the Company ("the Board") at their Meeting held on August 11, 2010 appointed Mr. Alton as an Additional Director effective September 1, 2010 and, subject to the approval of the Central Government and shareholders of the Company, as Whole-time Finance Director of the Company for a period of five years effective September 1, 2010.

As the Additional Director and pursuant to Section 260 of the Companies Act, 1956 ("the Act"), he holds office only up to the date of the 70<sup>th</sup> Annual General Meeting of the Company. Due notice under Section 257 of



the Act has been received from a member proposing the appointment of Mr. Alton as a Director of the Company, whose office shall be liable to determination by retirement of Directors by rotation.

The Central Government vide letter No. A94076213/4/2010-CL.VII dated January 21, 2011 accorded its approval to the appointment of Mr. Alton as Whole-time Director of the Company for the period effective from September 1, 2010 till ensuing Annual General Meeting of the Company and approval for the remaining period would be considered after submission of the shareholders' resolution referred to in Item No. 5 of the Notice.

As the Whole-time Finance Director of the Company, Mr. Alton heads the Company's Finance function as its Chief Financial Officer.

The Board is of the view that his appointment as Whole-time Finance Director and Chief Financial Officer will be in the best interest of the Company. The Board has no hesitation in commending his appointment.

Mr. Alton does not hold any shares in the Company nor does he hold any other directorship in India.

The material terms of the agreement to be entered into between the Company and Mr. Alton are given below :

The remuneration payable to Mr. Alton shall be determined by the Board from time to time within, however, the maximum limits set forth under the applicable provisions of the Act.

**a) Salary :**

₹ 25,00,000/- (Rupees Twenty Five Lacs only) per month.

**b) Commission or Performance Linked Incentive or Bonus :**

Not exceeding 1% of the net profit of the Company in any financial year as the Board may determine from time to time but shall not exceed the amount equivalent to the salary for the relevant period; it may be paid pro-rata on a monthly basis at the absolute discretion of the Board.

**c) Perquisites :**

He shall be entitled to furnished/non-furnished accommodation, gas, electricity, water, medical reimbursement, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with

the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-tax Rules, 1962, being restricted to ₹ 80,00,000/- (Rupees Eighty Lacs only) per annum.

- d)** Company's contribution to Provident Fund and Superannuation Fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid.

In addition to the perquisites referred to above, he will be eligible to the following perquisites which shall not be included in the computation of the ceiling on perquisites :

**i) Leave Travel Concession :**

For self and family once in a year for any destination in India. In case leave is to be spent in home country, return passage will be allowed for self and family in accordance with the rules specified by the Company.

- ii) Reimbursement of expenses incurred on joining duty and for returning to home country after completion of tenure :**

Actual expenses incurred on travel, temporary living expenses and on packing, forwarding, loading/unloading, as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India. After completion of the tenure, such expenses may be reimbursed if Mr. Alton is finally leaving the employment of the Company. In case he joins any other affiliated entity of Colgate-Palmolive Co., such affiliated entity would bear such expenses.

**e) Minimum Remuneration :**

In the event of absence or inadequacy of profits in any year, Mr. Alton will be paid the aforesaid remuneration and perquisites as minimum remuneration for that year.

The Board shall have the discretion and authority to modify the foregoing terms of remuneration within, however, the parameters of the applicable provisions of the Act.

Mr. Alton's appointment is for a period of five years which may be terminated by either party by giving to the other ninety days' advance notice in writing or in the case of the Company, by payment of ninety days' salary as compensation in lieu of such notice. Upon such termination, Mr. Alton shall cease to be a Director of the Company.

An abstract under Section 302 of the Act setting out the terms and conditions of appointment of Mr. Alton as the Whole-time Finance Director of the Company was sent to shareholders on or about August 28, 2010.

A copy of the draft agreement referred to in the resolution would be available for inspection by the Members at the Registered Office of the Company during business hours on any working

day, excluding Saturday, up to and including the day of this Meeting.

None of the Directors, except Mr. Alton is concerned or interested in the resolutions at Item Nos. 4 and 5.

By Order of the Board

K. V. Vaidyanathan  
Whole-time Director &  
Company Secretary

Date : May 30, 2011

Registered Office :  
Colgate Research Centre,  
Main Street, Hiranandani Gardens,  
Powai, Mumbai 400 076.

### **Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circular stating that service of notice/documents including annual report can be sent by e-mail to its members. We fully support the Ministry's green initiative. Accordingly, the members, who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, **in respect of electronic holdings with the Depository through their concerned Depository Participant**. Members, who hold shares in physical form, are requested to register their e-mail addresses by filling the member's feedback form and forward the same to the Deputy Company Secretary of the Company in the self-addressed postage pre-paid inland letter so as to reach the Company at the earliest.

## Report of the Directors

To  
The Members  
Colgate-Palmolive (India) Limited

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended March 31, 2011.

### Financial Results

	(₹ Crore)	
	2010-11	2009-10
Total Revenue	<b>2,327.36</b>	2,060.92
Sales (Excluding Excise Duty)	<b>2,220.56</b>	1,962.46
Other Income	<b>106.80</b>	98.46
Profit before Taxation	<b>519.95</b>	484.80
Provision for Taxation	<b>117.37</b>	61.54
Profit after Taxation	<b>402.58</b>	423.26
Balance taken over on Amalgamation of subsidiary company	<b>2.59</b>	—
Balance brought forward	<b>91.95</b>	28.84
Profit available for appropriation	<b>497.12</b>	452.10
Appropriation :		
Dividend	<b>299.18</b>	271.98
Dividend Tax	<b>49.69</b>	45.84
General Reserve	<b>40.26</b>	42.33
Balance carried forward	<b>107.99</b>	91.95
	<b>497.12</b>	452.10

### Business Performance

The year 2010-11 was another challenging year for the global markets. However, the resilience shown by the Indian economy was heartening. But the continued high level of food inflation along with the firming up of commodity costs has led to an inflationary business environment. Uncontrolled high inflation could dampen the growth trend in Indian market.

In this challenging environment, your Company achieved a healthy double-digit sales growth during the year 2010-11. Sales for the year increased by 13 per cent at ₹ 2,221 crore as against ₹ 1,962 crore during the previous year. The toothpaste business registered an impressive volume growth of 13 per cent during the year.

The profit before tax for the financial year 2010-11 was ₹ 520 crore as against ₹ 485 crore during the previous year. During the year, your Company significantly increased its investment in the brand and equity building

activities by 16.7 per cent i.e. ₹ 50 crore. Despite this additional investment coupled with the lower deduction under the Income-tax regulations on the profits of the Baddi manufacturing facility resulting in higher year on year tax payments of ₹ 56 crore, the profit after tax for the financial year 2010-11 was ₹ 403 crore as against ₹ 423 crore during the previous year.

The cash generation during the year continued to be strong arising from significant improvements in the business performance, efficiencies and cost savings across the organisation and a continued efficient collection system. Your Company managed investments prudently by deployment of the surplus funds after ensuring that such investments satisfy the Company's criteria of safety and security.

Your Company continued to achieve excellent business results year after year despite the fierce competitive

market environment. This has been possible since your Company has the right strategies in place which focused on consumers, dental professionals, retail customers with a stronger focus on innovation, greater effectiveness and efficiency everywhere, while strengthening organisational leadership.

### **Winning with Consumers, Customers & Profession**

To best reach today's consumers, both in and out of the store, your Company focuses on integrated marketing communications that include a mix of traditional and new media as well as creative promotional activities. Your Company's shopper marketing program, which focuses on in-store behaviour, is another way of identifying new growth opportunities for the Company and its retail partners.

Your Company is also committed to building consumption by educating consumers about good oral hygiene habits. Once people adopt these habits, they stay with the same for a lifetime. Indeed the Company's "Colgate Bright Smiles, Bright Futures™" oral health education program has now reached over 95 million children since the program began.

The Management of your Company is strongly focused on aligning its strategies and goals with those of its trade partners in order to achieve mutual success. Small stores are just as important to your Company as the large ones. In order to better understand the small-store environment, the Company works closely with local merchandisers and shop owners to offer a relevant assortment of products and merchandising services to achieve high visibility in each store.

The Company has developed strong relationships with dental professionals. This strategy has contributed greatly to increasing professional recommendations for the Company's brands. In India, 81 per cent of professionals are now recommending Colgate ahead of any other brand.

### **Focus on Innovation**

The Company's growth is sparked by the innovative products that it brings to the market and also by ensuring that there is innovation at all price points. This strategy offers consumers a choice of products from entry level to super premium and allows them the opportunity to trade up as disposable income levels rise. During 2010-11, innovative products like Colgate Plax Mouthwash and Colgate Sensitive Toothpaste grew strongly to deliver new and improved benefits to consumers.

### **Organisational Leadership**

Your Company's continuing success as the oral care market leader in the country is closely linked to the personal leadership demonstrated by its people at all levels within the organisation. The Company supports and encourages leadership in several ways by communicating its strategy throughout the organisation. It has strong Training & Development tools to build personal leadership and help people carry out their responsibilities effectively.

As your Company continues to face tough challenges, it remains confident as it has the right strategies in place to build on the past success. Your Company is strongly focused on delivering the value-added products at all price points and is prepared to spend aggressively to support its brands and fuel top-line growth.

### **Dividend**

The Company's strong cash generation and positive growth momentum led your Board to declare three interim dividends of ₹ 10, ₹ 5 and ₹ 7 per share aggregating ₹ 22 per share for the financial year 2010-11 as against ₹ 20 per share in the previous year. These dividends were paid on August 30 and December 24, 2010 and April 19, 2011. Having declared three interim dividends, your Board has not recommended a final dividend for the financial year 2010-11.

### **Responsibility Statement**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm :

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have, in selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) that to the best of their knowledge and information, they have 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; and

- d) that they have prepared the annual accounts on a going concern basis.

### **Corporate Social Responsibility**

Your Company in partnership with the Indian Dental Association (IDA) successfully concluded the 7<sup>th</sup> edition of a two-month long Oral Health Month Program during the year covering a wide spectrum of activities designed to spread oral health awareness and good oral hygiene practices. The mission of this Program continued to be “Zero Tooth Decay” involving dental professionals spread across 1000 towns. The two-month long oral care awareness drive covered in-clinic free dental check-ups, school contact program, free dental check-ups in mobile dental vans, retailers outreach program and many more such activities to engage consumers.

Education has been the primary focus of your Company’s Corporate Social Responsibility. Since 1976, your Company has been conducting a school initiative program (now called Colgate Bright Smiles, Bright Futures™ Program) wherein your Company partnered with IDA, to spread oral health awareness among school-going children in urban and rural schools. Till date, 95 million school children in 1,94,756 schools in urban and rural areas have benefited from this Program. In addition, your Company also conducts in conjunction with IDA a Teachers’ Training Program to enable teachers to instill good oral care habits among school-going children on an ongoing basis. Till date, 2,46,312 teachers have undergone this training.

Since 2002, your Company partnered with Pratham, a non-profit organisation, to promote academic education of the less privileged children. The grant from the Company has supported the concept of Libraries in the “S” Ward of Mumbai where children are encouraged to read books to enhance their knowledge and continue their academic education. Your Company supports 65 schools in Pratham-focused communities in “S” Ward in Mumbai and also seeks to engage parents in the “Mother Participation” program to aid the learning process of the child.

Your Company started supporting the children affected and infected by HIV with nutritional needs and school fees since last three years. The program has infused the children with hope leading to a definitive improvement

in their academic performance and they now live with more confidence despite their HIV positive condition.

Your Company will continue to take such measures to make a positive and significant contribution to the society.

### **Guinness World Records™**

Your Company in association with the Indian Dental Association achieved in November 2010 a Guinness World Record by providing dental check-ups to 66,322 children on a single day across multiple locations involving 33 schools in five cities across India.

Your Company also achieved in January 2011 a Guinness World Record wherein around 1,011 school children rinsed simultaneously with Colgate Plax Mouthwash.

With these records, your Company achieved a hat-trick of Guinness World Records™ in the oral care category that started of in 2007 with the “Colgate Brush-up Challenge” where 1,77,003 students from 380 locations in 22 cities across the country, in one day and at one time, brushed their teeth for one minute.

### **Corporate Governance**

A separate report on Corporate Governance along with the Auditors’ Certificate on its compliance is attached as Annexure 1 to this Report.

### **Employee Relations**

The employee relations in the Company continued to be positive. During the year, a long-term settlement was signed with the Goa Factory Union through a process of bilateral negotiations which would, amongst other things, improve productivity.

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 on particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Secretarial Department at the Registered Office of the Company.

### **Trade Relations**

Your Directors wish to record appreciation of the continued unstinted support and co-operation from

its retailers, stockists, suppliers of goods/services, clearing and forwarding agents and all others associated with it. Your Company will continue to build and maintain strong links with its business partners.

### **Energy, Technology Absorption and Foreign Exchange**

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is appended hereto as Annexure 2 and forms part of this Report.

### **Directors**

Effective September 1, 2010, Mr. Paul Alton was appointed as the Whole-time Finance Director of the Company for a period of five years subject to the approval of the shareholders and the Central Government under the provisions of the Companies Act, 1956. The Central Government by its letter dated January 21, 2011 has accorded an in-principle approval subject to his appointment being approved by the shareholders at the ensuing Annual General Meeting.

Mr. M. A. Elias stepped down from the Board effective November 30, 2010. He was appointed Whole-time Director of the Company since April 1997 and during this period, he had made several significant contributions to the Company's growth and implementation of investment plans and business strategies. The Board places on record their appreciation for the distinguished

services rendered by Mr. Elias during his tenure with the Company.

Under Article 124 of the Company's Articles of Association, Mr. J. K. Setna and Mr. V. S. Mehta retire by rotation at the 70<sup>th</sup> Annual General Meeting and, being eligible, offer themselves for re-appointment.

### **Auditors**

Messrs. Price Waterhouse, Chartered Accountants, retire and are eligible for re-appointment as Auditors.

### **Cost Auditors**

The Central Government vide its letter dated May 18, 2010 accorded its approval to the appointment of Messrs. N. I. Mehta & Company as the Cost Auditors for auditing the cost accounts relating to cosmetics and toiletries for the financial year 2010-11. The due date for submission of the cost audit report for the financial year 2009-10 was September 27, 2010 and the actual date of submission of the report was September 24, 2010.

### **Acknowledgements**

Your Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all levels. The Directors also wish to place on record their gratitude to the Members for their continued support and confidence.

On behalf of the Board

Mukul Deoras  
Managing Director

R. A. Shah  
Vice-Chairman

May 30, 2011

Persons constituting "Group" for inter se transfer of shares under Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include :

- Colgate-Palmolive Company, U.S.A.
- Colgate-Palmolive (Asia) Pte. Ltd., Singapore
- Colgate-Palmolive (Malaysia) Mktg. SDN BHD, Malaysia
- Colgate-Palmolive (Thailand) Ltd., Thailand
- Colgate-Palmolive (China) Co. Ltd., China  
(formerly known as Colgate-Palmolive (Guangzhou) Co. Ltd., China)
- Colgate-Palmolive (H.K.) Ltd., Hong Kong
- Colgate-Palmolive (PNG) Limited, PNG
- Colgate-Palmolive Philippines Inc., Philippines
- Colgate-Palmolive Son Hai Ltd., Vietnam
- Norwood International Incorporated, U.S.A.

## Corporate Governance Report

The Board of Directors of the Company continues to lay great emphasis on the broad principles of Corporate Governance. Our pursuit towards achieving good governance is an ongoing process. In so far as compliance with the requirements under Clause 49 of the Stock Exchange Listing Agreement is concerned, the Company is in full compliance with the norms and disclosures that have to be made in corporate governance format.

### 1. Company's philosophy on Code of Governance

Colgate-Palmolive (India) Limited believes that good Corporate Governance is essential to achieving long-term corporate goals and to enhancing stakeholders' value. In this pursuit, your Company's philosophy on Corporate Governance is led by a strong emphasis on transparency, accountability and integrity and your Company has been practicing the principles of Corporate Governance over the years. All directors and employees are bound by a Code of Conduct that sets forth the Company's policies on important issues, including its relationship with customers, shareholders and Government.

### 2. Composition of Board

The Board of Directors has a mix of Executive and Non-executive Directors. The Board comprises of three Whole-time Directors (the Managing Director and two Executive Directors) and five Non-executive Directors including the Chairman of the Board. Four of the five Non-executive Directors are Independent Directors. Accordingly, the composition of the Board is in conformity with the Stock Exchange Listing Agreement.

However, following the appointment of Mr. Paul Alton as Whole-time Finance Director effective September 1, 2010, his predecessor continued on the Board till November 30, 2010 to ensure smooth transition. Accordingly, during this transition period of three months, there were only four Independent Directors as against the total strength of nine directors on the Board and at the end of this transition period, the parity between the Independent Directors and others stood restored.

Except the Chairman and the Managing Director, all other directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

The composition of the Board and other relevant details relating to Directors are given below :

Name of Director	Category	No. of other Directorships - excluding Private Ltd. Companies and Alternate Directorships	No. of Memberships of other Board Committees	No. of other Board Committees of which the Director is a Chairperson
Mr. D. Samuel	Non-executive	—	—	—
Mr. R. A. Shah	Non-executive	15 <sup>@</sup>	9	4
Mr. P. K. Ghosh	Non-executive	—	—	—
Mr. M. V. Deoras	Executive	—	—	—
Mr. P. E. Alton*	Executive	—	—	—
Mr. M. A. Elias**	Executive	—	—	—
Mr. K. V. Vaidyanathan	Executive	—	—	—
Mr. J. K. Setna	Non-executive	1	—	—
Mr. V. S. Mehta	Non-executive	—	—	—

<sup>@</sup> Includes Foreign bodies corporate

\* Appointed as Whole-time Finance Director effective September 1, 2010

\*\* Resigned from the Board effective November 30, 2010

Note : None of the Directors is related to one another.

**Attendance of each Director at Board Meetings and last Annual General Meeting :**

During the year 2010-11, eight Board Meetings were held on May 27, July 15, August 11, September 17, October 28, December 7, 2010, January 31 and

March 23, 2011. The last Annual General Meeting of the Company was held on July 15, 2010.

The attendance details of each Director are given below :

Name of Director	No. of Board Meetings attended	Attendance at last AGM
Mr. D. Samuel	1	Present
Mr. R. A. Shah	8	Present
Mr. P. K. Ghosh	5	Present
Mr. M. V. Deoras	8	Present
Mr. P. E. Alton*	5	Not applicable
Mr. M. A. Elias**	5	Present
Mr. K. V. Vaidyanathan	8	Present
Mr. J. K. Setna	8	Present
Mr. V. S. Mehta	5	Present

\* Appointed as Whole-time Finance Director effective September 1, 2010

\*\* Resigned from the Board effective November 30, 2010

**3. Audit Committee**

The Audit Committee was constituted in April 2000. It now consists of four Independent Non-executive Directors. The Members of the Committee are well versed in finance matters, accounts, company law and general business practices.

The composition of the Audit Committee is as under :

- A) Mr. R. A. Shah, Chairperson
- B) Mr. P. K. Ghosh
- C) Mr. J. K. Setna
- D) Mr. V. S. Mehta

The terms of reference of the Audit Committee include :

- a) To review financial statements and pre-publication announcements before submission to the Board.

- b) To ensure compliance of internal control systems and action taken on internal audit reports.
- c) To apprise the Board on the impact of accounting policies, accounting standards and legislation.
- d) To hold periodical discussion with statutory auditors on the scope and content of the audit.
- e) To review the Company's financial and risk management policies.

During the financial year 2010-11, six Audit Committee Meetings were held on May 27, July 15, August 11, September 17, October 28, 2010 and January 31, 2011.

The attendance details of each Member are given below :

Name of Director	Status	No. of Audit Committee Meetings attended
Mr. R. A. Shah	Chairperson	6
Mr. P. K. Ghosh	Member	5
Mr. J. K. Setna	Member	6
Mr. V. S. Mehta	Member	3



#### 4. Remuneration of Directors

##### a) Non-executive Directors

The Company has no pecuniary relationship or transaction with its Non-executive Directors other than payment of sitting fees to them for attending Board and Committee meetings. The Company pays fees for professional services rendered by a firm of Solicitors and Advocates of which a Non-executive Director is a partner. The same are, however, not material in nature.

Details of remuneration paid to Directors of the Company during the year ended March 31, 2011 are given below :

	₹ Lacs
a) Salary	5,29.87
b) Benefits	6,16.35
c) Performance linked Incentive/Commission/Bonus	2,42.55
d) Sitting fees	10.95
<b>Total</b>	<b>13,99.72</b>

Note : The appointment of each of the three Executive Directors is for a period of five years. Either party shall be entitled to determine the appointment at any time by giving ninety days' advance notice in writing in that behalf to the other party without the necessity of showing any cause, or in the case of the Company, by payment of ninety days' salary as compensation in lieu of such notice.

Other than Mr. P. K. Ghosh, who holds 7,338 shares (including joint holdings) no other Non-executive Director holds any shares in the Company.

#### 5. Shareholders'/Investors' Grievance Committee

The Board constituted a Shareholders'/Investors' Grievance Committee in April 2000. The Committee now consists of four Directors, viz. Messrs. P. K. Ghosh, M. V. Deoras, J. K. Setna and K. V. Vaidyanathan. Mr. P. K. Ghosh, Deputy Chairman and a Non-executive Director heads

##### b) Executive Directors

The remuneration policy is directed towards rewarding performance. It is aimed at attracting and retaining high caliber talent. The Company does have an incentive plan which is linked to performance and achievement of the Company's objectives. The Company has no stock option scheme relating to its shares. The Company has not constituted a Remuneration Committee.

this Committee. The Committee meets every fortnight or at frequent intervals to consider, *inter-alia*, share transfers, investor complaints, etc.

Mr. K. V. Vaidyanathan, Whole-time Director and Company Secretary, is the Compliance Officer.

During the year 2010-11, thirteen complaints were received from shareholders/investors regarding transfer of shares, non-receipt of declared dividends, etc. Details of complaints are given below :

Nature of complaints	Number of complaints received	Number of complaints redressed
Non-receipt of dividends	3	3
Non-receipt of shares lodged for transfer/transmission and on account of capital reduction	1	1
Others	9	9
<b>Total</b>	<b>13</b>	<b>13</b>

All complaints have generally been solved to the satisfaction of the complainants except for dispute cases and sub-judice matters, which would be solved on final disposal by the Courts or by authorities before whom they are pending.

## 6. General Body Meetings

Location and time where last three Annual General Meetings were held are given below :

Financial Year	Date	Location of the Meeting	Time
2007-08	July 17, 2008	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2008-09	July 17, 2009	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2009-10	July 15, 2010	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.

In the Annual General Meeting held on July 17, 2009, the shareholders of the Company passed special resolution to keep the Register of Members, Indices of Members, copies of all Annual Returns, etc. at the Office of the Registrars and Share Transfer Agents instead of at the Registered Office of the Company.

No special resolution requiring a postal ballot was passed last year or being proposed at the ensuing Annual General Meeting.

## 7. Disclosures

- Disclosures on materially significant related party transactions :  
There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. Attention is drawn to Schedule 20 to the Accounts.
- The Company has complied with the requirements of regulatory authorities on capital markets and no penalty/stricture was imposed on the Company during the last three years.
- The Company has adopted a Code of Conduct for its Directors and employees. This Code of Conduct has been communicated to each of them. The Code of Conduct has also been put on the Company's website [www.colgate.co.in](http://www.colgate.co.in).  
The Code of Conduct also provides for hotline which can be reached by telephone, facsimile, e-mail or letter. The caller may provide his/her name or other identifying information or may contact the hotline anonymously. In all circumstances, it is ensured that no one will be retaliated against for reporting an incident, filing a claim, or for participating in an investigation. None of the personnel has been denied access to the Audit Committee.
- Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board when called for.

## 8. Means of Communication

The quarterly results are published in Financial Express, Free Press Journal and Navshakti. The Company results and official news releases are displayed on the Company's website [www.colgate.co.in](http://www.colgate.co.in).

Presentations are made from time to time to analysts and institutional investors and the same are displayed on the Company's website [www.colgate.co.in](http://www.colgate.co.in).

## 9. Management Discussion and Analysis Report (within the limits set by the Company's competitive position)

The Company is engaged in the Personal Care business which includes Oral Care. The Oral Care business continues to account for over 90 per cent of the Company's sales turnover.

Almost half of the Indian population does not have access to modern oral care. The per capita consumption of toothpaste is about 127 gms – one of the lowest in the world. The national epidemiological study on the status of oral health in the country showed that dental caries [tooth decay] is prevalent in 63% of 15 year olds and as much as 80% amongst adults in the age group of 35-44 years and periodontal diseases [gum diseases] are prevalent in 68% of 15 year olds and as much as 90% amongst adults in the age group of 35-44 years. To address this situation, the Company in partnership with Indian Dental Association has started conducting annually, an intensive two-month-long awareness campaign in September & October under the banner "Oral Health Month". The aim of this campaign is to create oral health awareness and motivate people to adopt preventive self-care habits to improve their oral health.

This was one more step in the Company's longstanding endeavour to spread the message of good oral health and encourage the use of modern and efficacious dentifrice products.

To help achieve its objective of expanding the dentifrice market, the Company has designed its product portfolio in such a manner that its products are available at different price points to cater to the requirements of consumers across all segments.

While the predominant business of the Company has been confined to the Oral Care category where it continues to face intense competition, the outlook for industry is positive given the size of the opportunity. The Company believes that through a combination of powerful marketing strategies, innovative new products and market development and expansion activities, the dentifrice market in India and the Company's business will continue to grow strongly over the next several years.

The Company has good internal control systems, the adequacy of which has been reported by its auditors in their report. The discussion on financial performance of the Company is covered in the Directors' Report. There has been no material development on human resources and industrial relations continue to be positive. The number of people employed as on March 31, 2011 was 1,874.

It may please be noted that the statements in the Management Discussion and Analysis Report describing the Company's objectives and predictions may be forward looking within the meaning of applicable rules and regulations. Actual results may differ materially from those either expressed or implied in the statement depending on circumstances.

## Market Price Data

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai are as follows :

Month	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High ₹	Low ₹	High ₹	Low ₹
April 2010	762.85	677.30	764.40	673.30
May 2010	760.85	692.60	771.00	690.10
June 2010	847.90	751.90	863.00	748.05
July 2010	853.85	836.80	867.00	831.05
August 2010	849.80	797.15	868.40	787.15
September 2010	918.20	815.10	928.00	811.10
October 2010	890.80	840.20	902.00	834.80
November 2010	946.55	821.20	1,004.80	805.00
December 2010	882.45	834.30	896.90	820.00
January 2011	869.70	823.70	879.25	805.25
February 2011	830.95	791.45	840.00	760.05
March 2011	849.75	810.20	902.40	802.00

## 10. General Shareholder Information

### Annual General Meeting

Date and Time : July 22, 2011 at 3.30 p.m.

Venue : Shri Bhaidas Maganlal Sabhagriha,  
Swami Bhaktivedanta Marg,  
J.V.P.D. Scheme,  
Vile-Parle (West), Mumbai 400 056.

### Financial Calendar

The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter except for the last quarter, for which the results are declared on or before May 30 as permitted under the listing agreement.

### Dates of Book Closure

July 18, 2011 to July 22, 2011 (both days inclusive).

### Dividend Payment Date

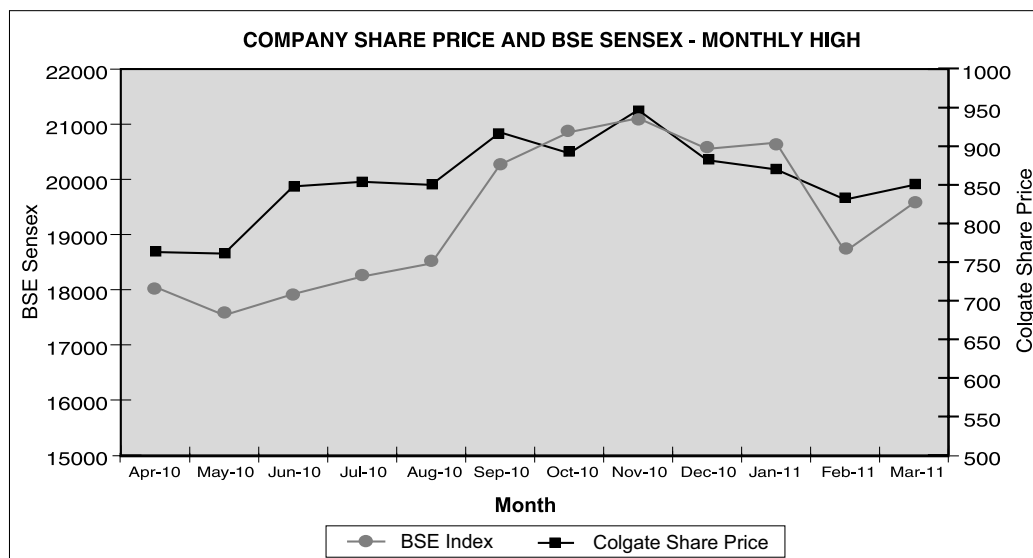
Dividend for 2010-11	Payment Date
First Interim	August 30, 2010
Second Interim	December 24, 2010
Third Interim	April 19, 2011

### Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges :

Stock Exchange Name	Stock Code
Bombay Stock Exchange Limited, Mumbai (physical & demat)	500 830
National Stock Exchange of India Limited, Mumbai (physical & demat)	COLPAL

## Performance in comparison to BSE Sensex



### Registrars and Share Transfer Agents

Sharepro Services (India) Private Limited,  
13AB, Samhita Warehousing Complex,  
2<sup>nd</sup> floor, Sakinaka Telephone Exchange Lane,  
Off Andheri-Kurla Road, Sakinaka,  
Andheri - East, Mumbai - 400 072.

Tel : 022 - 6772 0300

Fax : 022 - 2850 8927

Email : sharepro@shareproservices.com

### Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed and effected within 15 days from the date of receipt.

Shares held in the dematerialised form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records and send all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

### Shareholding Pattern (as at March 31, 2011)

Category	Number of shares	%
Foreign Collaborators	69356336	51.00
Resident Individuals	29091306	21.39
Foreign Institutional Investors	25453937	18.72
NRIs/OCBs	392534	0.29
Domestic Companies	1915357	1.41
Non-domestic Companies	—	—
Banks and Mutual Funds	1180149	0.87
Financial Institutions	8603198	6.32
<b>Total</b>	<b>135992817</b>	<b>100.00</b>

**Distribution of Shareholding (as at March 31, 2011)**

Description	Holder(s)		Holder(s)	
	Folios	%	Shares	%
1 - 500	111523	88.77	10183054	7.49
501 - 1000	6775	5.39	4897931	3.60
1001 - 2000	4854	3.86	6673220	4.91
2001 - 3000	1762	1.40	4541337	3.34
3001 - 4000	201	0.16	700933	0.52
4001 - 5000	146	0.12	652361	0.48
5001 - 10000	213	0.17	1434215	1.05
10001 & above	166	0.13	106909766	78.61
<b>Total</b>	<b>125640</b>	<b>100.00</b>	<b>135992817</b>	<b>100.00</b>

**Dematerialisation of shares and liquidity**

As on March 31, 2011, 44.51% of the shares were held in dematerialised form and the rest in physical form. It may be noted that the Promoters, Colgate-Palmolive Group owns 51% of the Company's shares and the same are held in physical form. If these shares were to be excluded from the total number of shares, then dematerialised shares account for 90.85% of the remainder.

The equity shares of the Company are permitted to be traded only in dematerialised form with effect from April 5, 1999.

**Outstanding GDRs/ADRs/Warrants or any convertible instruments**

There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as at end March 2011.

**Plant Locations**
**Aurangabad**

Plot No. B 14/10 MIDC,  
Waluj Industrial Area,  
Aurangabad 431 136.

**Baddi, Himachal Pradesh**

Plot No. 78, EPIP Phase I,  
Jharmajri, Baddi,  
District Solan, [H.P.] 174 103.

**Goa**

Plot Nos. 154, 158 & 160,  
Kundaim Industrial Estate,  
Kundaim, Goa 403 115.

**Hyderabad**

Premises No. 44-617/11,  
Road No. 7, I.D.A., Nacharam,  
Hyderabad 500 076.

**Address for investor correspondence**

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares, please write to :

Sharepro Services (India) Private Limited,  
13AB, Samhita Warehousing Complex,  
2<sup>nd</sup> floor, Sakinaka Telephone Exchange Lane,  
Off Andheri-Kurla Road, Sakinaka,  
Andheri - East, Mumbai - 400 072.  
Tel : 022 - 6772 0300  
Fax : 022 - 2850 8927  
Email : sharepro@shareproservices.com

An exclusive e-mail ID, [investor\\_grievance@colpal.com](mailto:investor_grievance@colpal.com) for redressal of investor complaints has been created and the same is available on our website.

**Declaration**

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Board Members and the Senior Management Team have confirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2011.

For Colgate-Palmolive (India) Limited

**M. V. Deoras**  
Managing Director

Mumbai, May 30, 2011

## Auditors' Certificate regarding compliance of conditions of Corporate Governance

To

The Members of Colgate-Palmolive (India) Limited

We have examined the compliance of conditions of Corporate Governance by Colgate-Palmolive (India) Limited ("the Company"), for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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, except as

noted in Note 2 of the Corporate Governance Report regarding non-compliance of a requirement relating to minimum number of independent directors for the period September 1, 2010 to November 30, 2010, 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 Price Waterhouse**

Firm Registration No. 301112E  
Chartered Accountants

**Partha Ghosh**

Partner

Mumbai, May 30, 2011

Membership No. F-55913

**Annexure 2**
**Information required under the Companies [Disclosure of Particulars in the Report of the Board of Directors] Rules, 1988.**
**A. Conservation of Energy :**

The Company continues its endeavour to improve energy conservation and utilisation.

**B. Technology Absorption, Research & Development (R & D) :**
**1. Specific areas in which R & D carried out by the Company :**

- \* Development of new and innovative products to expand market and increase consumption.
- \* All aspects of supply chain to reduce the cost of materials, to effect import substitution, process simplification and cycle time reduction.
- \* Quality improvements and upgradation of raw materials suppliers.
- \* Claim substantiation.

**2. Benefits derived as a result of the above R & D :**

Development of high quality, cost effective consumer preferred products. Generation of funds to grow the business through continuous improvement in our manufacturing processes, by reducing costs of raw and packaging materials, reduction in batch cycle time.

**3. Future plan of action :**

The Company continues to focus on developing new, innovative and high quality products to meet the ever changing consumer needs and drive growth. Also focused on reducing costs to fund the growth.

4. Expenditure on R & D :	2010-11
	[₹ Lacs]
a) Capital.....	17.83
b) Recurring .....	4,32.71
c) Total .....	4,50.54
d) Total R & D expenditure as a percentage of total turnover ...	0.20

**Technology Absorption, adaptation and innovation :**
**1. Efforts, in brief, made towards technology absorption, adaptation and innovation :**

- \* The Company has developed clinically proven and highly efficacious dentifrice formulae.
- \* The Technology Centre is involved in process simplification, exploring every avenue to reduce cost of materials and effecting import substitution.

**2. Benefits derived as a result of the above effects :**

Market expansions through increase in market size and consumption. Benefits to consumers through quality enhancement and the reduction in costs of the products.

**3. Imported Technology :**

The Company continues to receive technological assistance from Colgate-Palmolive Company, U.S.A., for development and manufacture of oral care products. The technology received by the Company is being absorbed and adapted to the demands of the local markets.

**C. Foreign Exchange Earnings and Outgo :**

During the year, the Company was able to generate export earnings of ₹ 71,34.97 Lacs. The particulars of foreign exchange earned/utilised during the year are given in Schedule 25 to the Accounts.

## Auditors' Report

To the Members of Colgate-Palmolive (India) Limited

1. We have audited the attached Balance Sheet of Colgate-Palmolive (India) Limited (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
  - (a) 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;
  - (b) 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;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) 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 Act;
  - (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

**Partha Ghosh**  
Partner

Mumbai, May 30, 2011      Membership No. F-55913



## Annexure to the Auditors' Report

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2011)

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 

Accordingly, clauses (iii)(f) and (iii)(g) of the paragraph 4 of the Order are not applicable to the Company during the current year.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- ii. (a) The inventory (including stocks with third parties) has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of the paragraph 4 of the Order are not applicable to the Company during the current year.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness has been noticed or reported.
- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, in respect of purchase of services made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lacs in respect of any party during the year, no comparison of prices could be made available as these services, according to Management, are of special nature.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

## Annexure to the Auditors' Report (Contd.)

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2011)

- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax, customs duty and cess as at March 31, 2011, which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales-tax, service-tax and excise duty as at March 31, 2011 which have not been deposited on account of a dispute are as follows :

Sr. No.	Name of the Statute	Nature of the Dues and period to which the amount relates	Amount under dispute not yet deposited (Rs. Lacs)	Forum where dispute is pending
1	Excise Duty The Central Excise Act, 1944	Excise duty liability for the Financial Years 1994-1995 to 2000-2001 and 2003-2004 to 2009-2010.  Excise duty liability for the Financial Years 1998-1999 to 2004-2005 and 2006-2007 to 2010-2011.  *includes Rs. 1,400.73 Lacs in respect of matter which has been decided in favour of the Company, but department has preferred appeal at higher level.	*1,667.51  937.49	Customs, Excise and Service Tax Appellate Tribunal  First Appellate Authorities
	Total		2,605.00	
2	Sales Tax As per the Statutes applicable in the following states – New Delhi, Maharashtra, Bihar, Orissa, Kerala, Andhra Pradesh, West Bengal, Uttar Pradesh, Gujarat, Assam, Tripura and Madhya Pradesh	Sales tax liability for the Financial Years 1995-1996, 1998-1999 and 2000-2001 to 2008-2009.  Sales tax liability for the Financial Years 1988-1989, 1990-1991, 1993-1994, 1994-1995, 1996-1997 to 1999-2000, 2001-2002, 2003-2004 and 2004-2005.	512.06  349.42	Assessing Authorities and First Appellate Authorities of various states  Sales Tax Appellate Tribunal of various states
	Total		861.48	
3	Service Tax The Finance Act, 1994	Service tax liability for the Financial Years 2005-2006 to 2008-2009.  Service tax liability for the Financial Years 2001-2002 to 2009-2010.	1,529.55  108.84	Customs, Excise and Service Tax Appellate Tribunal  First Appellate Authorities
	Total		1,638.39	

## Annexure to the Auditors' Report (Contd.)

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2011)

Sr. No.	Name of the Statute	Nature of the Dues and period to which the amount relates	Amount under dispute not yet deposited (Rs. Lacs)	Forum where dispute is pending
4	Income Tax The Income Tax Act, 1961	Income tax liability for the Financial Years 2005-2006 and 2006-2007.	932.81	First Appellate Authorities
	Total		932.81	

- x. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any banks as at Balance Sheet date. Further, there were no dues payable to financial institution or debenture holders as at the Balance Sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- xiv. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi. The Company has not obtained any term loans.
- xvii. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

**Partha Ghosh**  
Partner

Mumbai, May 30, 2011      Membership No. F-55913

## Balance Sheet as at March 31, 2011

	Schedule	₹ Lacs	₹ Lacs	As at March 31, 2010 ₹ Lacs
<b>Sources of Funds</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	13,59.93		13,59.93
Reserves and Surplus	2	370,45.40		312,51.23
			384,05.33	326,11.16
<b>Loan Funds</b>				
Unsecured Loans	3		5.00	4,58.75
<b>Total</b>			<b>384,10.33</b>	<b>330,69.91</b>
<b>Application of Funds</b>				
<b>Fixed Assets</b>	4			
Gross Block		579,83.23		534,52.15
Less : Depreciation/Amortisation		324,78.74		287,57.37
Net Block		255,04.49		246,94.78
Capital Work-in-Progress and Advances for Capital Expenditure		12,26.44		6,18.88
			267,30.93	253,13.66
<b>Investments</b>	5		38,73.90	21,00.07
<b>Deferred Tax Asset (Net)</b>	6		16,84.34	17,90.03
<b>Current Assets, Loans and Advances</b>				
Inventories	7	153,69.92		110,55.36
Sundry Debtors	8	42,96.46		9,76.88
Cash and Bank Balances	9	395,60.86		347,58.44
Interest Accrued on Investments/Deposits		7,33.46		5,48.34
Loans and Advances	10	104,83.61		117,35.47
		704,44.31		590,74.49
<b>Less :</b>				
<b>Current Liabilities and Provisions</b>				
Liabilities	11	473,92.28		426,65.43
Provisions	12	169,30.87		125,42.91
		643,23.15		552,08.34
<b>Net Current Assets</b>			61,21.16	38,66.15
<b>Total</b>			<b>384,10.33</b>	<b>330,69.91</b>

The Schedules (1 to 25) referred to herein above form an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No. F-55913

Mumbai, May 30, 2011

**For and on behalf of the Board**

Vice-Chairman	<b>R. A. Shah</b>
Managing Director	<b>M. V. Deoras</b>
Whole-time Finance Director & Chief Financial Officer	<b>P. E. Alton</b>
Whole-time Director & Company Secretary	<b>K. V. Vaidyanathan</b>

Mumbai, May 30, 2011

## Profit and Loss Account for the year ended March 31, 2011

	Schedule	₹ Lacs	₹ Lacs	2009-2010 ₹ Lacs
<b>Income</b>				
Sales		2,317,39.89		2,024,64.65
Less : Excise Duty (Refer Note 10 on Schedule 25)		96,84.12		62,18.73
			2,220,55.77	1,962,45.92
Other Income	13		106,80.10	98,45.72
			2,327,35.87	2,060,91.64
<b>Expenditure</b>				
Cost of Goods Sold	14	871,96.58		776,84.29
Employee Costs	15	193,22.33		159,07.35
Other Expenses	16	707,97.16		602,63.36
Depreciation/Amortisation	4	34,24.95		37,56.79
			1,807,41.02	1,576,11.79
<b>Profit Before Taxation</b>			519,94.85	484,79.85
Current Tax (Net of prior year reversals) (Refer Note 14 on Schedule 25)		116,59.42		64,30.80
Deferred Tax		77.10		(2,76.77)
			117,36.52	61,54.03
<b>Profit After Taxation</b>			402,58.33	423,25.82
Balance taken over on Amalgamation of a Subsidiary Company (Refer Note 12(b) on Schedule 25)			2,59.38	—
Balance Brought Forward			91,94.98	28,83.98
<b>Profit Available for Appropriation</b>			497,12.69	452,09.80
<b>Appropriation :</b>				
First Interim Dividend			135,99.28	108,79.43
Second Interim Dividend			67,99.64	95,19.50
Third Interim Dividend			95,19.50	67,99.64
Dividend Tax			49,69.08	45,83.67
Transfer to General Reserve			40,25.83	42,32.58
Balance Carried Forward			107,99.36	91,94.98
			497,12.69	452,09.80
<b>Earnings Per Equity Share (Rupees)</b> [Face Value of ₹ 1 per Equity Share]				
Basic and Diluted (Refer Schedule 22)			29.60	31.12

The Schedules (1 to 25) referred to herein above form an integral part of the financial statements.

This is the Profit and Loss Account referred to in our report of even date.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No. F-55913

**For and on behalf of the Board**

Vice-Chairman	<b>R. A. Shah</b>
Managing Director	<b>M. V. Deoras</b>
Whole-time Finance Director & Chief Financial Officer	<b>P. E. Alton</b>
Whole-time Director & Company Secretary	<b>K. V. Vaidyanathan</b>

Mumbai, May 30, 2011

Mumbai, May 30, 2011

## Cash Flow Statement for the year ended March 31, 2011

	2010-2011 ₹ Lacs	2009-2010 ₹ Lacs
<b>Cash Flow from Operating Activities :</b>		
<b>Net Profit before Tax</b>	<b>519,94.85</b>	<b>484,79.85</b>
Adjustment for :		
Unrealised Foreign Exchange Loss/(Gain) (Net)	<b>51.06</b>	(1,35.39)
Depreciation/Amortisation	<b>34,24.95</b>	37,56.79
Interest Expense	<b>3,28.57</b>	1,50.43
Loss/(Profit) on Sale of Fixed Assets (Net)	<b>6.44</b>	(2,93.30)
Interest Income	<b>(30,14.26)</b>	(22,70.07)
Dividend from Subsidiary	<b>—</b>	(2,40.00)
Loss on Maturity of Long Term Investments	<b>—</b>	31.51
Bad Debts/Advance Written Off	<b>2.54</b>	50.62
Provisions no Longer Required Written Back	<b>(6,14.18)</b>	(7,90.00)
<b>Operating Profit before Working Capital Changes</b>	<b>521,79.97</b>	<b>487,40.44</b>
Adjustment for (Increase)/Decrease in Working Capital :		
Inventories	<b>(42,22.15)</b>	(20,08.35)
Sundry Debtors	<b>(33,22.12)</b>	85.95
Loans and Advances	<b>(7,02.40)</b>	(19,29.88)
Current Liabilities and Provisions	<b>50,30.45</b>	24,99.94
<b>Cash Generated from Operations</b>	<b>489,63.75</b>	<b>473,88.10</b>
Direct Taxes Paid (Net)	<b>(104,20.74)</b>	(76,52.75)
<b>Net Cash from/(used in) Operating Activities (A)</b>	<b>385,43.01</b>	<b>397,35.35</b>
<b>Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	<b>(41,10.53)</b>	(35,51.28)
Sale of Fixed Assets	<b>21.19</b>	4,49.56
(Purchase)/Sale of Investments in Subsidiary (Net)	<b>—</b>	(3,09.25)
(Purchase)/Sale of Other Investments	<b>(19,16.73)</b>	15,00.00
Inter Corporate Deposits (Placed)/Refunded (Net)	<b>17,34.00</b>	27,50.00
Interest Received	<b>28,21.91</b>	23,72.86
Dividend from Subsidiary	<b>—</b>	2,40.00
<b>Net Cash from/(used in) Investing Activities (B)</b>	<b>(14,50.16)</b>	<b>34,51.89</b>
<b>Cash Flow from Financing Activities :</b>		
Long Term Loans Availed/(Paid) (Net)	<b>(4,53.75)</b>	(10.00)
Interest Paid	<b>(1,61.13)</b>	(1,50.43)
Dividend Paid	<b>(271,61.28)</b>	(287,14.08)
Dividend Tax Paid	<b>(45,23.20)</b>	(48,71.24)
<b>Net Cash from/(used in) Financing Activities (C)</b>	<b>(322,99.36)</b>	<b>(337,45.75)</b>
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	<b>47,93.49</b>	<b>94,41.49</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>347,58.44</b>	<b>251,14.33</b>
<b>Cash and Cash Equivalents taken over on Amalgamation of a Subsidiary Company</b>	<b>8.93</b>	<b>2,02.62</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>395,60.86</b>	<b>347,58.44</b>

## Cash Flow Statement for the year ended March 31, 2011 (Contd.)

	As at March 31, 2011 ₹ Lacs	As at March 31, 2010 ₹ Lacs
<b>Cash and Cash Equivalents comprise :</b>		
Cash on hand	0.20	0.78
Balances with Scheduled Banks in		
– Current Accounts	6,42.86	12,57.06
– Deposit Accounts	381,86.59	328,06.67
– Unpaid Dividend Accounts	7,31.21	6,93.93
<b>Cash and Cash Equivalents as at the end of the year</b>	<b><u>395,60.86</u></b>	<b><u>347,58.44</u></b>

Notes :

1. The Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Accounting Standard 3 “Cash Flow Statements”.
2. In view of the matter stated in Note 12 on Schedule 25 to the Accounts, the current year figures are not comparable with those of the previous year.
3. Previous year figures have been re-grouped and re-arranged wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No. F-55913

Mumbai, May 30, 2011

**For and on behalf of the Board**

Vice-Chairman  
Managing Director

Whole-time Finance Director &  
Chief Financial Officer  
Whole-time Director &  
Company Secretary

**R. A. Shah**  
**M. V. Deoras**

**P. E. Alton**

**K. V. Vaidyanathan**

Mumbai, May 30, 2011

## Schedules forming part of the Balance Sheet as at March 31, 2011

	As at March 31, 2011 ₹ Lacs	As at March 31, 2010 ₹ Lacs
<b>Schedule 1 : Share Capital</b>		
<b>Authorised</b>		
1,37,00,00,000 Equity Shares of ₹ 1 each	<u>137,00.00</u>	<u>137,00.00</u>
<b>Issued, Subscribed and Paid-up</b>		
13,59,92,817 Equity Shares of ₹ 1 each fully paid	<u>13,59.93</u>	<u>13,59.93</u>
Of the above :		
(i) 5,44,76,910 Shares are held by Colgate-Palmolive Company, U.S.A., the Ultimate Holding Company.		
(ii) 1,48,79,426 Shares are held by Colgate-Palmolive (Asia) Pte. Ltd., Subsidiary of the Ultimate Holding Company.		
(iii) 11,18,85,735 Shares of ₹ 10 each (presently ₹ 1 each) were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Securities Premium.		
<b>Schedule 2 : Reserves and Surplus</b>		
<b>Capital Reserve</b>		
Balance, beginning of the year	—	26.50
Add : Capital Reserve Taken Over on Amalgamation of a Subsidiary Company (Refer Note 13 on Schedule 25)	—	2,24.96
	—	<u>2,51.46</u>
Less : Adjustment as per the Scheme of Amalgamation (Refer Note 13 on Schedule 25)	—	<u>2,51.46</u>
	—	—
<b>Securities Premium Account</b>	<b>12,79.93</b>	12,79.93
<b>General Reserve</b>		
Balance, beginning of the year	<b>207,76.32</b>	160,79.23
Add : General Reserve and Profit & Loss Balance Taken Over on Amalgamation of a Subsidiary Company (Refer Notes 12 and 13 on Schedule 25)	<b>3,16.85</b>	6,15.62
Add : Transfer from Profit and Loss Account	<b>40,25.83</b>	42,32.58
	<b>251,19.00</b>	209,27.43
Less : Adjustment as per the Scheme of Amalgamation (Refer Notes 12 and 13 on Schedule 25)	<b>1,52.89</b>	<u>1,51.11</u>
	<b>249,66.11</b>	207,76.32
<b>Profit and Loss Account Balance</b>	<b>107,99.36</b>	91,94.98
	<b>370,45.40</b>	<u>312,51.23</u>
<b>Schedule 3 : Unsecured Loans (Others)</b>		
Loans [Repayable within one year ₹ 5 Lacs (Previous Year : ₹ 4,53.75 Lacs)]	<b>5.00</b>	4,58.75
	<b>5.00</b>	<u>4,58.75</u>



## Schedules forming part of the Balance Sheet as at March 31, 2011

### Schedule 4 : Fixed Assets

(Refer Note 2 on Schedule 17)

₹ Lacs

Particulars	Gross Block					Depreciation/Amortisation					Net Book Value	
	As at March 31, 2010	Cost Taken Over on Amalgamation [Refer Note (iii) below]	Additions	Disposals/ Transfers	As at March 31, 2011	Up to March 31, 2010	Depreciation Taken Over on Amalgamation [Refer Note (iii) below]	For the Year	Disposals/ Transfers	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
<b>Intangible Assets</b>												
Goodwill and Trademarks	27,29.81	—	—	—	<b>27,29.81</b>	27,29.81	—	—	—	<b>27,29.81</b>	—	—
Copyrights and Design	13,52.90	—	—	—	<b>13,52.90</b>	13,52.90	—	—	—	<b>13,52.90</b>	—	—
Technical Know-how	49,83.70	—	—	—	<b>49,83.70</b>	49,83.70	—	—	—	<b>49,83.70</b>	—	—
<b>Tangible Assets</b>												
Land - Leasehold (Refer Note (i) below)	3,74.21	—	—	—	<b>3,74.21</b>	39.17	—	5.73	—	<b>44.90</b>	<b>3,29.31</b>	3,35.04
Buildings (Refer Note (ii) below)	136,47.88	6,13.85	29.43	3.35	<b>142,87.81</b>	41,11.86	1,19.69	5,24.26	3.35	<b>47,52.46</b>	<b>95,35.35</b>	95,36.02
Plant and Machinery	268,00.69	5,28.87	33,75.90	1,20.36	<b>305,85.10</b>	124,79.66	3,03.38	26,60.28	1,03.50	<b>153,39.82</b>	<b>152,45.28</b>	143,21.03
Furniture and Equipment	35,51.10	43.55	1,22.24	47.19	<b>36,69.70</b>	30,52.56	34.16	2,32.86	44.43	<b>32,75.15</b>	<b>3,94.55</b>	4,98.54
Vehicles	11.86	11.54	—	23.40	—	7.71	5.86	1.82	15.39	—	—	4.15
<b>Total</b>	<b>534,52.15</b>	<b>11,97.81</b>	<b>35,27.57</b>	<b>1,94.30</b>	<b>579,83.23</b>	<b>287,57.37</b>	<b>4,63.09</b>	<b>34,24.95</b>	<b>1,66.67</b>	<b>324,78.74</b>	<b>255,04.49</b>	<b>246,94.78</b>
Total Previous Year	425,25.56	94,71.75	37,03.69	22,48.85	534,52.15	251,32.76	19,60.41	37,56.79	20,92.59	287,57.37		
Add : Capital Work-in-Progress including advances on Capital Account ₹ <b>4,05.01 Lacs</b> (Previous Year : ₹ 3,08.98 Lacs)											<b>12,26.44</b>	6,18.88
<b>Total</b>											<b>267,30.93</b>	253,13.66

#### Notes :

- Land - Leasehold comprises of lease rights in respect of the land in the possession of the Company under Lease/Agreements to Lease with Maharashtra Industrial Development Corporation (MIDC) at Aurangabad, Industrial Area Development Agency at Baddi and Goa, Daman and Diu Industrial Development Corporation at Goa.
- Buildings comprise of : (a) Factory Building at Sewri and leasehold rights in the land on which the building stands. While the ownership of the factory building is in the name of the Company, Mumbai Port Trust (MPT) has not yet effected formal transfer of lease rights in the said land, in favour of the Company. As regards the plot of land adjoining the factory building, MPT has revoked its offer of assignment. The Company has made a representation to MPT in this respect and the matter is pending. The amount of stamp duty and legal costs for such transfer will be capitalised when paid, (b) Factory Buildings at Aurangabad, (c) Research Centre at Powai, Mumbai, (d) Factory Building at Baddi, (e) Factory Buildings at Goa and (f) Factory Building at Hyderabad.
- Cost and Depreciation taken over on Amalgamation of a Subsidiary Company (Refer Notes 12 and 13 on Schedule 25).

## Schedules forming part of the Balance Sheet as at March 31, 2011

	As at March 31, 2011 ₹ Lacs	As at March 31, 2010 ₹ Lacs
<b>Schedule 5 : Investments</b>		
(Refer Note 3 on Schedule 17)		
(At Cost - Long Term, Unquoted, unless otherwise stated)		
<b>A. In Subsidiary Companies (Trade)</b>		
Nil (Previous Year : 2,00,000) Equity Shares of ₹ 10 each fully paid in CC Healthcare Products Private Limited. (Refer Note 12 on Schedule 25).	—	1,42.90
	—	1,42.90
<b>B. Other Investments (Listed but not quoted) (Non-Trade)</b>		
6.70% (Tax-Free) Indian Railway Finance Corporation Bonds (Series - 68B) of face value of ₹ 12,00.00 Lacs.	12,16.73	—
6.05% (Tax-Free) Indian Railway Finance Corporation Bonds (Series - 73) of face value of ₹ 7,00.00 Lacs.	7,00.00	—
6.70% (Taxable) Unsecured, Redeemable, Non-Convertible, Non-Priority Sector Bonds of HUDCO-Bonds (Series - 13) of the face value of ₹ 10,00.00 Lacs.	9,98.17	9,98.17
9.25% (Tax-Free) Secured, Redeemable, Non-Convertible Bonds of HUDCO-Gujarat Punarnirman (Series - 1C) of the face value of ₹ 9,50.00 Lacs.	9,59.00	9,59.00
	38,73.90	19,57.17
	38,73.90	21,00.07
Aggregate book value of Investments :		
Unquoted	—	1,42.90
Listed but not quoted	38,73.90	19,57.17
	38,73.90	21,00.07
<b>Schedule 6 : Deferred Tax Asset/(Liability) [Net]</b>		
(Refer Note 9 on Schedule 17)		
Timing Difference between book and tax depreciation	(17,92.04)	(18,67.69)
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	76.33	5,07.14
Accrual for expenses allowable only on payment	34,00.05	31,50.58
	16,84.34	17,90.03

## Schedules forming part of the Balance Sheet as at March 31, 2011

	As at March 31, 2011 ₹ Lacs	As at March 31, 2010 ₹ Lacs
<b>Schedule 7 : Inventories</b>		
(Refer Note 4 on Schedule 17)		
Stores and Spares	7,07.09	5,74.50
Raw and Packing Materials	35,47.71	23,89.52
Work-in-Process	10,36.30	6,08.33
Finished Goods	100,78.82	74,83.01
	<u>153,69.92</u>	<u>110,55.36</u>
<b>Schedule 8 : Sundry Debtors</b>		
Unsecured : Considered Good		
Over Six Months	—	—
Others	42,96.46	9,76.88
	<u>42,96.46</u>	<u>9,76.88</u>
<b>Schedule 9 : Cash and Bank Balances</b>		
Cash on hand	0.20	0.78
Balances with Scheduled Banks in :		
– Current Accounts	6,42.86	12,57.06
– Deposit Accounts	381,86.59	328,06.67
– Unclaimed Dividend Accounts	7,31.21	6,93.93
	<u>395,60.86</u>	<u>347,58.44</u>
<b>Schedule 10 : Loans and Advances</b>		
Secured : Considered Good		
Loans to Employees	4,71.16	4,81.90
[include amounts due from an officer of the Company ₹ 21.16 Lacs (Previous Year : ₹ 22.36 Lacs) - maximum amounts due during the year ₹ 22.36 Lacs (Previous Year : ₹ 23.56 Lacs)]		
Unsecured : Considered Good		
Advances Recoverable in Cash or in Kind or for Value to be Received	44,87.51	32,20.08
Inter-Corporate Deposits	33,30.00	55,64.00
[include amounts due from Subsidiary : ₹ Nil (Previous Year : ₹ 5,00.00 Lacs)]		
Fringe Benefit Advance Tax [net of Provision for Taxation ₹ 1,60.16 Lacs (Previous Year : ₹ Nil)]	1,94.84	—
Deposits - Others	14,85.18	24,22.05
Balances with Excise Authorities	5,14.92	47.44
	<u>104,83.61</u>	<u>117,35.47</u>

## Schedules forming part of the Balance Sheet as at March 31, 2011

	As at March 31, 2011 ₹ Lacs	As at March 31, 2010 ₹ Lacs
<b>Schedule 11 : Liabilities</b>		
Sundry Creditors		
– Micro and Small Enterprises (Refer Note 8 on Schedule 25)	–	3,68.21
– Others	421,28.76	370,30.46
[include amount due to Subsidiary : ₹ Nil (Previous Year : ₹ 3,68.21 Lacs)]		
Unclaimed Dividends*	7,31.21	6,93.93
Other Liabilities	45,32.31	45,72.83
	<u>473,92.28</u>	<u>426,65.43</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
<b>Schedule 12 : Provisions</b>		
Taxation [net of advance tax payments ₹ 436,49.73 Lacs (Previous Year : ₹ 332,54.84 Lacs)]	29,96.12	10,13.23
Fringe Benefit Taxation [net of advance tax payments ₹ Nil (Previous Year : ₹ 12,71.03 Lacs)]	–	5,54.19
Third Interim Dividend	95,19.50	67,99.64
Dividend Tax	15,81.07	11,35.19
Retirement Benefits (Refer Note 7 on Schedule 17 and Schedule 18)	12,65.51	9,96.83
Others/Contingencies (Refer Note 6 on Schedule 17 and Schedule 24)	15,68.67	20,43.83
	<u>169,30.87</u>	<u>125,42.91</u>
	<u>643,23.15</u>	<u>552,08.34</u>

## Schedules forming part of the Profit and Loss Account for the year ended March 31, 2011

	₹ Lacs	2010-2011 ₹ Lacs	2009-2010 ₹ Lacs
<b>Schedule 13 : Other Income</b>			
Interest			
– On Bank Deposits		22,75.85	13,85.33
– On Long Term Investments		2,28.20	1,72.11
– Others		5,10.21	7,12.63
[Tax Deducted at Source ₹ 2,69.59 Lacs (Previous Year : ₹ 2,76.79 Lacs)]			
Cash Discount		1,51.84	1,04.24
Exchange Gain (Net)		35.31	3,01.69
Provisions no Longer Required Written Back		6,14.18	7,90.00
Service Income		64,11.46	54,83.15
Profit on Sale of Fixed Assets (Net)		–	2,93.30
Dividend from a Subsidiary		–	2,40.00
Miscellaneous		4,53.05	3,63.27
		<u>106,80.10</u>	<u>98,45.72</u>
<b>Schedule 14 : Cost of Goods Sold</b>			
Opening Stock			
Work-in-Process	6,08.33		4,92.44
Finished Goods	74,83.01		60,08.26
Add : Stock taken over on Amalgamation of a Subsidiary Company (Refer Notes 12 and 13 on Schedule 25)	<u>18.07</u>		<u>2,02.86</u>
		81,09.41	67,03.56
Raw and Packing Materials Consumed			
Opening Stock	23,89.52		13,72.78
Add : Stock taken over on Amalgamation of a Subsidiary Company (Refer Notes 12 and 13 on Schedule 25)	74.34		5,24.68
Add : Purchases [Net of transfer of ₹ 11,16.82 Lacs (Previous Year : ₹ 12,43.31 Lacs)]	750,35.73		634,44.05
	<u>774,99.59</u>		<u>653,41.51</u>
Less : Closing Stock	<u>35,47.71</u>		<u>23,89.52</u>
		739,51.88	629,51.99
		820,61.29	696,55.55
Purchased Finished Goods		162,29.76	158,75.13
Less : Closing Stock			
Work-in-Process	10,36.30		6,08.33
Finished Goods	<u>100,78.82</u>		<u>74,83.01</u>
		111,15.12	80,91.34
Increase/(Decrease) in Excise Duty on Finished Goods (Refer Note 10 on Schedule 25)		20.65	2,44.95
		<u>871,96.58</u>	<u>776,84.29</u>

## Schedules forming part of the Profit and Loss Account for the year ended March 31, 2011

	2010-2011	2009-2010
₹ Lacs	₹ Lacs	₹ Lacs
<b>Schedule 15 : Employee Costs</b>		
Salaries, Wages and Bonus	172,19.18	144,48.61
Contribution to Provident, Gratuity and Other Funds	14,42.32	7,92.63
Staff Welfare Expenses	6,60.83	6,66.11
	<u>193,22.33</u>	<u>159,07.35</u>
<b>Schedule 16 : Other Expenses</b>		
Consumption of Stores and Spares	9,41.61	7,95.76
Processing Charges	3,01.90	2,79.17
Power and Fuel	14,45.92	14,03.25
Freight and Forwarding Charges	71,82.62	50,34.08
Rent	8,04.81	7,21.52
Rates and Taxes	11,28.45	9,75.02
Insurance	2,27.49	1,86.21
Repairs and Maintenance		
– Plant and Machinery	8,75.22	9,55.23
– Buildings	60.70	47.14
– Others	<u>30.14</u>	<u>78.24</u>
	9,66.06	10,80.61
Advertising and Sales Promotion	349,31.38	299,42.19
Directors' Fees	10.95	10.85
Auditors' Remuneration :		
– As Auditors	71.50	79.50
In other capacity in respect of		
– Other Matters	19.10	27.73
– Out-of-Pocket Expenses	<u>1.78</u>	<u>1.63</u>
	92.38	1,08.86
Sales Taxes absorbed	1,20.68	27.07
Royalty	113,09.49	87,11.47
Loss on Maturity of Long Term Investments	–	31.51
Bad Debts/Advance Written Off	2.54	50.62
Loss on Sale of Fixed Assets (Net)	6.44	–
Interest [Includes ₹ 4.54 Lacs (Previous Year : ₹ 37.30 Lacs) on Fixed Loans]	3,28.57	1,50.43
Travel and Conference Expenses	23,95.07	20,97.26
Outside Services	29,86.96	30,11.77
Miscellaneous	56,13.84	56,45.71
	<u>707,97.16</u>	<u>602,63.36</u>

## Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

### Schedule 17 : Significant Accounting Policies

#### 1. Basis of Accounting

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the accounting standards notified under Section 211(3C) of the Companies Act, 1956 of India (the Act) and the relevant provisions of the Act.

#### 2. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. The Company capitalises all direct costs relating to the acquisition and installation of fixed assets. Interest on borrowed funds, if any, used to finance the acquisition of fixed assets, is capitalised up to the date the assets are ready for commercial use. Under utilised/Idle assets are recorded at estimated realisable value.

##### Intangible Assets

Goodwill and other Intangible Assets are amortised over the useful life of the assets, not exceeding 10 years.

##### Tangible Assets

Lease-hold land is being amortised over the period of lease.

Depreciation is provided pro-rata to the period of use on straight-line method based on the estimated useful lives of the assets, as stated below :

<b>Assets</b>	<b>Useful Lives</b>
Residential and Office Building*	40 Years
Factory Building*	20 Years
Plant and Machinery	7 Years to 21 Years
Dies and Moulds	3 Years
Furniture and Fixtures	5 Years
Office Equipment	5 Years
Computers	5 Years
Vehicles	5 Years

\* In respect of buildings, estimated useful life is considered from the date of completion of construction.

The useful lives of the assets are based on technical estimates approved by the Management and are lower than the implied useful lives arrived on the basis of the rates prescribed under Schedule XIV to the Companies Act, 1956 of India. Assets individually costing less than ₹ 5,000 are fully depreciated in the year of acquisition.

##### Impairment

At each Balance Sheet date, the Company reviews the carrying value of tangible and intangible assets for any possible impairment. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price or estimated future cash flows which are discounted to their present value based on appropriate discount rates. For the purpose of assessing impairment, assets are grouped at the levels for which there are separately identifiable cash flows (cash generating unit).

#### 3. Investments

Long-term investments are valued at cost. Current investments are valued at lower of cost and fair value as on the date of the Balance Sheet. The Company provides for diminution in value of investments, other than temporary in nature.

#### 4. Inventories

Inventories of raw and packing materials, work-in-process and finished goods are valued at lower of cost and net realisable value. Cost of work-in-process and finished goods includes materials, labour and manufacturing overheads and other costs incurred in bringing the inventories to their present location. Cost is determined using standard cost method that approximates actual cost. The Company accrues for customs duty liability in respect of stocks of raw material lying in bond and excise duty liability in respect of stocks of finished goods lying at plant and warehouses.

#### 5. Revenue Recognition

Sales are recognised upon delivery of goods and are recorded net of trade discounts, rebates, sales tax/value added tax and inclusive of excise duty on own manufactured and outsourced products.

##### **Service Income**

Service Income is recognised on cost plus basis for services rendered.

#### 6. Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability

## Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

### Schedule 17 : Significant Accounting Policies (Contd.)

is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets' is made.

#### 7. Expenditure

Advertising expenses are consistently accrued and recognised in the year in which the related activities are carried out.

The Company has Defined Contribution Plan for its employees retirement benefits comprising of Provident Fund and Superannuation Fund which are recognised by the Income Tax Authorities and administered through its trustees/appropriate authorities. The Company contributes to Provident Fund and Superannuation Fund for its employees. In respect of employees covered by Provident Fund trust, interest rates payable by the trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and notified interest rate. The Company contributes to State Plans namely Employees' State Insurance Fund and Employees' Pension Scheme 1995.

The Company has Defined Benefit Plan comprising of Gratuity Fund and Pension Scheme. The Company contributes to the Gratuity Fund which is recognised by the Income Tax Authorities and administered through its trustees. The liability for the Gratuity Fund and the Pension Scheme is determined on the basis of an independent actuarial valuation done at the year-end using Projected Unit Credit Method. The Company

has Leave Encashment Entitlements which are provided on the basis of independent actuarial valuation done at the year-end using Projected Unit Credit Method. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

Expenditure on Voluntary Retirement Scheme is charged to the Profit and Loss Account in the year in which it is incurred.

#### 8. Foreign Currency Transactions

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Profit and Loss Account. Foreign currency denominated monetary assets and liabilities at the year end are translated at the year-end exchange rates, and the resultant exchange difference is recognised in the Profit and Loss Account. Non Monetary foreign currency items are carried at cost.

#### 9. Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax for timing differences between the income as per financial statement and income as per the Income-tax Act, 1961 is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets arising from the timing differences are recognised to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### Schedule 18 : Employee Benefits

In accordance with Accounting Standard 15 "Employee Benefits", the Company has classified various benefits provided to employees as under :

#### I Defined Contribution Plans

- a. Provident Fund\*
- b. Superannuation Fund
- c. State Defined Contribution Plans
  - i. Employers' Contribution to Employees' State Insurance
  - ii. Employers' Contribution to Employees' Pension Scheme 1995



## Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

### Schedule 18 : Employee Benefits (Contd.)

During the year, the Company has recognised the following amounts in the Profit and Loss Account :

	<b>2010-2011</b>	<b>2009-2010</b>
	<b>₹ Lacs</b>	<b>₹ Lacs</b>
– Employers' Contribution to Provident Fund*	<b>6,19.81</b>	5,41.66
– Employers' Contribution to Superannuation Fund	<b>2,04.57</b>	2,01.22
– Employers' Contribution to Employees' State Insurance	<b>36.82</b>	15.93
– Employers' Contribution to Employees' Pension Scheme 1995	<b>1,12.40</b>	79.69

Included in Contribution to Provident and Other Funds (Refer Schedule 15)

\* The Guidance on Implementing AS 15, "Employee Benefits" issued by the Accounting Standards Board (ASB) states benefit involving employer established provident funds, which require interest shortfall to be recompensed are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company is unable to exhibit the related information.

### II Defined Benefit Plans

Contribution to Gratuity Fund (Funded Scheme) and contribution to Pension Scheme (Non-Funded Scheme). In accordance with Accounting Standard 15, actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions :

	<b>2010-2011</b>	<b>2009-2010</b>
Discount Rate (per annum)	<b>8.35%</b>	8.40%
Rate of increase in Compensation levels	<b>10% for first two years &amp; 7% thereafter</b>	10% for first three years & 7% thereafter
Rate of Return on Plan Assets (for Funded Scheme)	<b>7.50%</b>	7.50%
Expected Average remaining working lives of employees (years)	<b>15.85</b>	16.15

### A) (i) Changes in the Present Value of Obligation (Funded Scheme)

	<b>₹ Lacs</b>	<b>₹ Lacs</b>
Present Value of Obligation at the beginning of the year	<b>24,56.27</b>	22,33.38
Add : Balance taken over on Amalgamation of a Subsidiary Company	<b>39.93</b>	92.15
Interest Cost	<b>2,25.20</b>	1,99.30
Current Service Cost	<b>2,63.53</b>	2,81.16
Past Service Cost	<b>11.86</b>	–
Benefits Paid	<b>(2,18.90)</b>	(54.39)
Actuarial (Gain)/Loss on Obligations	<b>1,15.88</b>	(2,95.33)
<b>Present Value of Obligation as at the end of the year</b>	<b>28,93.77</b>	24,56.27

Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

**Schedule 18 : Employee Benefits (Contd.)**

	2010-2011 ₹ Lacs	2009-2010 ₹ Lacs
<b>A) (ii) Changes in the Present Value of Obligation (Non-Funded Scheme)</b>		
Present Value of Obligation at the beginning of the year	1,22.91	1,07.54
Interest Cost	7.21	5.81
Current Service Cost	8.91	7.22
Benefits Paid	(1,00.50)	—
Actuarial (Gain)/Loss on Obligations	(14.71)	2.34
<b>Present Value of Obligation as at the end of the year</b>	<b>23.82</b>	<b>1,22.91</b>
<b>B) (i) Changes in the Fair Value of Plan Assets (For Funded Scheme)</b>		
Present Value of Plan Assets at the beginning of the year	25,17.31	18,11.38
Add : Balance taken over on Amalgamation of a Subsidiary Company	18.06	61.97
Expected Return on Plan Assets	1,93.10	1,46.84
Actuarial Gain/(Loss)	(43.94)	99.53
Contributions	5,79.89	4,51.98
Benefits Paid	(2,18.90)	(54.39)
<b>Fair Value of Plan Assets as at the end of the year</b>	<b>30,45.52</b>	<b>25,17.31</b>
<b>B) (ii) Percentage of each category of Plan Assets to total Fair Value of Plan Assets</b>		
<b>Category of Assets (% Allocation)</b>		
Government of India Securities	6%	7%
Corporate Bonds	7%	12%
Insurer Managed Funds	82%	77%
Others	5%	4%
<b>C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>		
Present Value of Funded Obligation as at the end of the year	28,93.77	24,56.27
Fair Value of Plan Assets as at the end of the year	30,45.52	25,17.31
Funded Status	(1,51.75)	(61.04)
Present Value of Unfunded Obligation as at the end of the year	23.82	1,22.91
<b>Unfunded Liability/(Asset) recognised in Balance Sheet</b>	<b>(1,27.93)</b>	<b>61.87</b>
<b>D) (i) Amount recognised in the Balance Sheet (Funded Scheme)</b>		
Present Value of Obligation as at the end of the year	28,93.77	24,56.27
Fair Value of Plan Assets as at the end of the year	30,45.52	25,17.31
<b>Liability/(Asset) recognised in the Balance Sheet</b>	<b>(1,51.75)</b>	<b>(61.04)</b>
Included in Advances Recoverable in Cash or in Kind or for Value to be Received (Refer Schedule 10)		
<b>D) (ii) Amount recognised in the Balance Sheet (Non-Funded Scheme)</b>		
Present Value of Obligation as at the end of the year	23.82	122.91
<b>Liability/(Asset) recognised in the Balance Sheet</b>	<b>23.82</b>	<b>122.91</b>
Included in Provisions (Refer Schedule 12)		

Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

**Schedule 18 : Employee Benefits (Contd.)**

	2010-2011	2009-2010			
	₹ Lacs	₹ Lacs			
E) (i) Expenses recognised in the Profit and Loss Account (Funded Scheme)					
Current Service Cost	2,63.53	2,81.16			
Past Service Cost	11.86	–			
Interest Cost	2,25.20	1,99.30			
Expected Return on Plan Assets	(1,93.10)	(1,46.84)			
Net actuarial (Gain)/Loss recognised in the year	1,59.82	(3,94.86)			
Total Expenses recognised in the Profit and Loss Account	4,67.31	(61.24)			
Included in Contribution to Provident and Other Funds (Refer Schedule 15)					
E) (ii) Expenses recognised in the Profit and Loss Account (Non-Funded Scheme)					
Current Service Cost	8.91	7.22			
Interest Cost	7.21	5.81			
Net actuarial (Gain)/Loss recognised in the year	(14.71)	2.34			
Total Expenses recognised in the Profit and Loss Account	1.41	15.37			
Included in Contribution to Provident and Other Funds (Refer Schedule 15)					
F) Expected Contribution to be paid for next year					
Expected Contribution to be paid for next year					
- Funded	1,50.00	2,30.00			
- Unfunded	–	91.97			
G) Details of Present Value of Obligation, Plan Assets and Experience Adjustments	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs
Present Value of Obligation					
- Funded	28,93.77	24,56.27	22,33.38	17,59.37	14,73.19
- Unfunded	23.82	1,22.91	1,07.54	81.23	64.34
Fair Value of Plan Assets	30,45.52	25,17.31	18,11.38	14,05.16	15,07.21
(Surplus)/Deficit	(1,27.93)	61.87	5,29.54	4,35.44	30.32
Experience Adjustments :					
(Gain)/Loss on Funded Plan Liabilities	1,10.16	(1,38.54)	74.47	2,85.43	–
Gain/(Loss) on Funded Plan Assets	(43.94)	99.54	(1,02.75)	(0.64)	–
(Gain)/Loss on Unfunded Plan Liabilities	(13.10)	3.24	14.94	12.34	(0.07)

**III Other Employee Benefit Plan**

The liability for leave encashment as at the year end is ₹ 12,41.69 Lacs (Previous Year : ₹ 8,73.92 Lacs). Included in Provisions (Refer Schedule 12).

## Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

### Schedule 19 : Segment Information

In accordance with the requirements of Accounting Standard-17 "Segment Reporting", the Company's Business Segment is "Personal Care (including Oral Care)" and hence it has no other primary reportable segments. Non Reportable Segment has been disclosed as unallocated reconciling item. Segment revenue and Segment expenses have been accounted on the basis of their relationship to the operating activities of the Company. Assets and liabilities which relate to the enterprise as a whole and are not allocable to the segment on a reasonable basis have been included under unallocated assets/liabilities. Revenue and expenses pertaining to non reportable segment have been disclosed as unallocated results.

#### Primary Reportable Segment

		₹ Lacs	
	Particulars	2010-2011	2009-2010
1.	Segment Revenue from Operations	2,220,55.77	1,962,45.92
	Unallocated Income	64,11.46	54,83.15
	Other Income	42,68.64	43,62.57
		<u>2,327,35.87</u>	<u>2,060,91.64</u>
2.	Segment Results	477,06.81	439,66.19
	Add : Unallocated results	3,47.97	3,01.52
	Add : Other Income	42,68.64	43,62.57
	Less : Interest and Financial charges	3,28.57	1,50.43
	Total Profit before Tax	<u>519,94.85</u>	<u>484,79.85</u>
3.	<b>Capital Employed</b>		
	Segment Assets	877,86.36	743,04.21
	Add : Unallocated Corporate Assets	149,47.12	139,74.04
	Total Assets	<u>1,027,33.48</u>	<u>882,78.25</u>
	Segment Liability	492,66.39	449,19.15
	Add : Unallocated Corporate Liability	150,61.76	107,47.94
	Total Liability	<u>643,28.15</u>	<u>556,67.09</u>
	Segment Capital Employed	385,19.97	293,85.06
	Add : Unallocated Capital Employed	(1,14.64)	32,26.10
	Total Capital Employed	<u>384,05.33</u>	<u>326,11.16</u>
4.	<b>Capital Expenditure</b>		
	Segment Capital Expenditure	40,84.56	33,87.26
	Add : Unallocated Capital Expenditure	25.97	1,64.02
	Total Capital Expenditure	<u>41,10.53</u>	<u>35,51.28</u>
5.	<b>Depreciation/Amortisation</b>		
	Segment Depreciation	32,11.27	35,11.06
	Add : Unallocated Depreciation	2,13.68	2,45.73
	Total Depreciation	<u>34,24.95</u>	<u>37,56.79</u>
6.	<b>Significant Non Cash Expenditure (excluding depreciation)</b>	2.54	50.62

#### Secondary Reportable Segment

		India		Outside India		Total	
		2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Revenue by geographical segment</b>							
External		2,197,75.80	1,944,21.82	22,79.97	18,24.10	2,220,55.77	1,962,45.92
Internal Segment		-	-	-	-	-	-
Total		2,197,75.80	1,944,21.82	22,79.97	18,24.10	2,220,55.77	1,962,45.92
Carrying amount of segment assets		877,86.36	743,04.21	-	-	877,86.36	743,04.21
Capital Expenditure		40,84.56	33,87.26	-	-	40,84.56	33,87.26

## Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

### Schedule 20 : Disclosure of Related Parties

Related Party Disclosures, as required by Accounting Standard-18, "Related Party Disclosures", are given below :

- i) Ultimate Holding Company** : Colgate-Palmolive Company, U.S.A.
- ii) Subsidiaries** : CC Healthcare Products Private Limited  
(Merged with the Company during the year with appointed date April 1, 2009)
- iii) Group Companies where common control exists** : Colgate-Palmolive (Malaysia) Mktg. SDN BHD  
: Colgate-Palmolive, East Africa Ltd., Kenya  
: Colgate-Palmolive, Morocco Limited  
: Colgate-Palmolive Pty Ltd., South Africa  
: Colgate-Palmolive Pty Ltd., Australia  
: Colgate-Palmolive (Thailand) Ltd.  
: Colgate-Palmolive (H.K.) Ltd., Hong Kong  
: Colgate-Palmolive Management Services (H.K.) Limited  
: Colgate-Palmolive (China) Co. Ltd., China  
(formerly known as Colgate-Palmolive (Guangzhou) Co. Ltd., China)  
: Colgate-Palmolive Son Hai Ltd., Vietnam  
: Colgate Sanxiao (Consumer Products) Company Limited  
: Hawley & Hazel Chemical Company (H.K.) Limited  
: Colgate-Palmolive, Temizlik, Urunleri, Turkey  
: Colgate-Palmolive Romania srl.  
: Colgate-Palmolive (Eastern) Pte. Ltd., Singapore  
: Colgate-Palmolive Industria E Commercio Ltda, Brazil  
: Colgate-Palmolive (Asia) Pte. Ltd. Singapore  
: Colgate-Palmolive Tanzania Limited  
: CP Hawley & Hazel Chemical Co., (ZS) Ltd.  
: Colgate-Palmolive Zambia Inc.  
: Colgate-Palmolive Services Poland  
: Colgate-Palmolive (PNG) Limited, PNG  
: Hill's Pet Nutrition, Inc., Topeka  
: Hill's Pet Nutrition Manufacturing, s. r. o.  
: Colgate-Palmolive Bt Ltd., Blantyre, Malawi  
: Colgate Oral Pharmaceuticals, Inc. Carrollton, U.S.A.  
: Colgate-Palmolive CACE Region, Istanbul, Turkey  
: Colgate-Palmolive (Fiji) Ltd.  
: Colgate-Palmolive Senegal
- iv) Key Management Personnel** : Roger Calmeyer (Upto January 31, 2010)  
: Mukul Deoras (Effective February 1, 2010)  
: Moses Elias (Upto November 30, 2010)  
: K. V. Vaidyanathan  
: Paul E. Alton (Effective September 1, 2010)
- v) Relatives of Key Management Personnel** : Mrs. Pratima Elias (Upto November 30, 2010)

# Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

## Schedule 20 : Disclosure of Related Parties (Contd.)

The Company has entered into transaction with the Ultimate Holding Company, subsidiaries, various group companies where common control exists and other related parties as follows :

₹ Lacs

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Total	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Purchase of Goods/Materials</b>												
Colgate Sanxiao (Consumer Products) Company Limited	—	—	—	—	10,68.64	3,64.11	—	—	—	—	10,68.64	3,64.11
Colgate-Palmolive (Thailand) Ltd.	—	—	—	—	5,32.29	4,02.05	—	—	—	—	5,32.29	4,02.05
Colgate-Palmolive Company, U.S.A.	2,14.65	—	—	—	—	—	—	—	—	—	2,14.65	—
CC Healthcare Products Private Limited	—	—	—	38,80.34	—	—	—	—	—	—	—	38,80.34
Others	—	—	—	—	59.38	2,86.20	—	—	—	—	59.38	2,86.20
<b>Sub-Total</b>	<b>2,14.65</b>	—	—	38,80.34	<b>16,60.31</b>	10,52.36	—	—	—	—	<b>18,74.96</b>	49,32.70
<b>Sale of Goods/Materials</b>												
Colgate-Palmolive, East Africa Ltd., Kenya	—	—	—	—	7,47.07	8,82.69	—	—	—	—	7,47.07	8,82.69
Colgate-Palmolive Bt Ltd., Blantyre, Malawi	—	—	—	—	1,43.53	1,14.90	—	—	—	—	1,43.53	1,14.90
Colgate-Palmolive Zambia Inc.	—	—	—	—	1,35.34	45.54	—	—	—	—	1,35.34	45.54
Others	—	—	—	1,21.96	2,33.98	2,28.49	—	—	—	—	2,33.98	3,50.45
<b>Sub-Total</b>	—	—	—	1,21.96	<b>12,59.92</b>	12,71.62	—	—	—	—	<b>12,59.92</b>	13,93.58
<b>Purchase of Assets/Spares</b>												
Colgate-Palmolive (China) Co. Ltd., China	—	—	—	—	62.45	12,40.45	—	—	—	—	62.45	12,40.45
Colgate-Palmolive Company, U.S.A.	1.16	—	—	—	—	—	—	—	—	—	1.16	—
Others	—	—	—	—	—	2.46	—	—	—	—	—	2.46
<b>Sub-Total</b>	<b>1.16</b>	—	—	—	<b>62.45</b>	12,42.91	—	—	—	—	<b>63.61</b>	12,42.91
<b>Interest Received</b>												
CC Healthcare Products Private Limited	—	—	—	48.18	—	—	—	—	—	—	—	48.18
<b>Sub-Total</b>	—	—	—	48.18	—	—	—	—	—	—	—	48.18
<b>Services Rendered</b>												
Colgate-Palmolive Company, U.S.A.	64,96.53	55,65.34	—	—	—	—	—	—	—	—	64,96.53	55,65.34
Others	—	—	—	—	26.44	30.28	—	—	—	—	26.44	30.28
<b>Sub-Total</b>	<b>64,96.53</b>	55,65.34	—	—	<b>26.44</b>	30.28	—	—	—	—	<b>65,22.97</b>	55,95.62
<b>Services Received</b>												
Colgate-Palmolive Company, U.S.A.	28,01.26	24,14.04	—	—	—	—	—	—	—	—	28,01.26	24,14.04
<b>Sub-Total</b>	<b>28,01.26</b>	24,14.04	—	—	—	—	—	—	—	—	<b>28,01.26</b>	24,14.04
<b>Reimbursement of Expenses Charged by us/(on us)</b>												
Colgate-Palmolive Company, U.S.A.	(25,16.73)	(13,16.42)	—	—	—	—	—	—	—	—	(25,16.73)	(13,16.42)
(Includes ₹ 8,84.26 Lacs (Previous Year: ₹ 2,90.97 Lacs) for stock options/grants to employees of the Company)												
Others	—	—	—	—	60.42	72.22	—	—	—	—	60.42	72.22
<b>Sub-Total</b>	<b>(25,16.73)</b>	(13,16.42)	—	—	<b>60.42</b>	72.22	—	—	—	—	<b>(24,56.31)</b>	(12,44.20)

Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

Schedule 20 : Disclosure of Related Parties (Contd.)

₹ Lacs

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Total	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Inter-Corporate Deposits given/(repayment)</b>												
CC Healthcare Products Private Limited	-	-	-	(2,00.00)	-	-	-	-	-	-	-	(2,00.00)
<b>Sub-Total</b>	-	-	-	(2,00.00)	-	-	-	-	-	-	-	(2,00.00)
<b>Dividend Paid/Proposed</b>												
Colgate-Palmolive Company, U.S.A.	119,84.92	108,95.38	-	-	-	-	-	-	-	-	119,84.92	108,95.38
Colgate-Palmolive (Asia) Pte. Ltd., Singapore	-	-	-	-	32,73.47	29,75.89	-	-	-	-	32,73.47	29,75.89
<b>Sub-Total</b>	119,84.92	108,95.38	-	-	32,73.47	29,75.89	-	-	-	-	152,58.39	138,71.27
<b>Dividend Received</b>												
CC Healthcare Products Private Limited	-	-	-	2,40.00	-	-	-	-	-	-	-	2,40.00
<b>Sub-Total</b>	-	-	-	2,40.00	-	-	-	-	-	-	-	2,40.00
<b>Royalty and Technical Fees</b>												
Colgate-Palmolive Company, U.S.A.	96,73.58	74,59.27	-	-	-	-	-	-	-	-	96,73.58	74,59.27
<b>Sub-Total</b>	96,73.58	74,59.27	-	-	-	-	-	-	-	-	96,73.58	74,59.27
<b>Remuneration</b>												
Roger Calmeyer	-	-	-	-	-	-	-	6,42.39	-	-	-	6,42.39
Mukul Deoras	-	-	-	-	-	-	4,99.73	1,16.76	-	-	4,99.73	1,16.76
Moses Elias	-	-	-	-	-	-	3,43.74	7,24.16	-	-	3,43.74	7,24.16
K. V. Vaidyanathan	-	-	-	-	-	-	2,79.27	2,53.99	-	-	2,79.27	2,53.99
Paul E. Alton	-	-	-	-	-	-	2,66.03	-	-	-	2,66.03	-
<b>Sub-Total</b>	-	-	-	-	-	-	13,88.77	17,37.30	-	-	13,88.77	17,37.30
<b>Dividend</b>												
<b>Sub-Total</b>	-	-	-	-	-	-	0.19	0.26	0.34	0.48	0.53	0.74
<b>Repayment of Loan</b>												
<b>Sub-Total</b>	-	-	-	-	-	-	1.20	1.20	-	-	1.20	1.20
<b>Interest on Loan received</b>												
<b>Sub-Total</b>	-	-	-	-	-	-	0.65	0.69	-	-	0.65	0.69
<b>Outstanding Receivable net of Payable</b>												
CC Healthcare Products Private Limited	-	-	-	1,39.02	-	-	-	-	-	-	-	1,39.02
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	-	-	1,39.74	1,11.78	-	-	-	-	1,39.74	1,11.78
Colgate-Palmolive Bt Ltd., Blantyre, Malawi	-	-	-	-	1,05.19	65.28	-	-	-	-	1,05.19	65.28
Others	-	-	-	-	1,62.18	78.01	21.16	22.36	-	-	1,83.34	1,00.37
<b>Sub-Total</b>	-	-	-	1,39.02	4,07.11	2,55.07	21.16	22.36	-	-	4,28.27	4,16.45
<b>Outstanding Payable net of Receivable</b>												
Colgate-Palmolive Company, U.S.A.	44.74	22,55.20	-	-	-	-	-	-	-	-	44.74	22,55.20
Colgate Sanxiao (Consumer Products) Company Limited	-	-	-	-	2,35.80	63.81	-	-	-	-	2,35.80	63.81
Others	-	-	-	-	45.60	1,01.20	-	-	-	-	45.60	1,01.20
<b>Sub-Total</b>	44.74	22,55.20	-	-	2,81.40	1,65.01	-	-	-	-	3,26.14	24,20.21

Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

	2010-2011 ₹ Lacs	2009-2010 ₹ Lacs
<b>Schedule 21 : Lease Accounting</b>		
1. The Company has leased vehicles and computer equipments under "Operating Leases". The lease payments to be made in future in respect of the leases are as follows :		
Upto 1 year	2,82.28	3,70.33
Greater than 1 year but less than 5 years	1,64.68	2,43.10
Greater than 5 years	—	—
2. Lease payments recognised in Profit and Loss Account are included in "Miscellaneous" under Other Expenses in Schedule 16.	5,32.65	5,90.75

**Schedule 22 : Earnings Per Share**

Profit After Taxation (₹ Lacs)	402,58.33	423,25.82
Weighted average number of shares (Nos.)	13,59,92,817	13,59,92,817
Nominal Values of shares outstanding (₹)	1	1
Basic and Diluted Earnings Per Share (₹)	29.60	31.12

**Schedule 23 : Contingencies and Commitments**

1. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances of ₹ 4,05.01 Lacs (Previous Year : ₹ 3,08.98 Lacs)]	20,55.21	17,79.22
2. Contingent liabilities not provided for in respect of : (Refer Note 6 on Schedule 17)		
(i) Guarantees given by the Company	9,30.00	7,82.00
(ii) Counter Guarantees given to the Banks	4,06.47	3,34.45
(iii) Cheques Discounted with Banks	25.23	85.42
(iv) Claims against the Company not acknowledged as debts	1,55.41	1,55.20
(v) Excise and Related Matters	41,91.42	19,94.30
(vi) Service Tax Matters	5,30.49	12,49.56
(vii) Income Tax Matters	3,10.93	2,22.26
(viii) Provident Fund Matters	7.37	7.37

Note :

Future cash flow in respect of (iv) to (viii) above, if any, is determinable only on receipt of judgements/decisions pending with the relevant authorities.

**Schedule 24 : Others/Contingencies**

(Refer Note 6 on Schedule 17)

	<b>Direct/Indirect Taxes (Refer Note below)</b>	
Opening Balance (net of advance payments)	20,43.83	17,59.17
Add : Provision made	3,68.99	2,94.66
Add/Less : (Payments)/Refunds	49.10	(10.00)
Less : Provision Utilised/Reversed	(8,93.25)	—
<b>Closing Balance (net of advance payments)</b>	<b>15,68.67</b>	<b>20,43.83</b>



## Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

### Schedule 24 : Others/Contingencies (Contd.)

Note :

#### Direct/Indirect Taxes

Represents estimates made for probable liabilities arising out of pending disputes/litigations with various tax authorities. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the outflow.

### Schedule 25 : Supplementary Information

#### 1. Details of Raw and Packing Materials consumed :

	Unit	2010-2011		2009-2010	
		Quantity	Value ₹ Lacs	Quantity	Value ₹ Lacs
Chemicals	M.T.	86,614	309,92.11	78,181	260,84.97
Tubes and Containers	Gross	91,79,980	198,34.64	81,77,686	162,53.09
Oils	M.T.	969	79,73.81	1,004	80,03.38
Cartons	Gross	85,38,488	104,69.84	76,06,403	78,09.24
Others			57,98.30		60,44.62
Less : Transfer of Materials			11,16.82		12,43.31
<b>Total</b>			<b>739,51.88</b>		<b>629,51.99</b>

#### 2. Value of imported and indigenous Raw and Packing Materials, Stores and Spare Parts consumed :

		2010-2011		2009-2010	
		Value ₹ Lacs	% to Total Consumption	Value ₹ Lacs	% to Total Consumption
Raw and Packing Materials :					
Imported at landed cost		61,98.42	8	61,54.97	10
Indigenously obtained		677,53.46	92	567,97.02	90
<b>Total</b>		<b>739,51.88</b>	<b>100</b>	<b>629,51.99</b>	<b>100</b>
Stores and Spare Parts :					
Imported at landed cost		2,55.47	27	3,21.44	40
Indigenously obtained		6,86.14	73	4,74.32	60
<b>Total</b>		<b>9,41.61</b>	<b>100</b>	<b>7,95.76</b>	<b>100</b>

#### 3. Value of imports calculated on C.I.F. basis (on payment basis) :

	2010-2011 ₹ Lacs	2009-2010 ₹ Lacs
Raw Materials	56,75.00	59,71.29
Finished Goods	4,60.49	7,58.02
Capital Goods	7,70.58	15,03.62
Spares	4,39.18	7,78.70

Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

**Schedule 25 : Supplementary Information (Contd.)**

	<b>2010-2011</b>	<b>2009-2010</b>
	<b>₹ Lacs</b>	<b>₹ Lacs</b>
<b>4. Expenditure in foreign currency (on payment basis) :</b>		
Travelling	<b>51.13</b>	49.47
Royalty (Net of tax)	<b>96,97.47</b>	69,65.78
Services Received	<b>38,35.64</b>	54,31.83
Others	<b>27,43.88</b>	32,83.35
<b>5. Earnings in foreign exchange (on receipt basis) :</b>		
Exports at F.O.B. Value	<b>19,96.18</b>	16,59.89
Services Rendered	<b>51,38.79</b>	47,24.46

**6. Net Dividends remitted in foreign currency to one non-resident shareholder – Colgate-Palmolive Company, U.S.A. :**

For the year	Nature of Dividend	No. of Equity Shares	<b>2010-2011</b>	<b>2009-2010</b>
			<b>₹ Lacs</b>	<b>₹ Lacs</b>
2008-2009	Second Interim	54,476,910	–	32,68.61
2009-2010	First Interim	54,476,910	–	43,58.15
2009-2010	Second Interim	54,476,910	–	38,13.38
2009-2010	Third Interim	54,476,910	<b>27,23.85</b>	–
2010-2011	First Interim	54,476,910	<b>54,47.69</b>	–
2010-2011	Second Interim	54,476,910	<b>27,23.85</b>	–
			<b>108,95.39</b>	<b>114,40.14</b>

**Net Dividends remitted in foreign currency to one non-resident shareholder – Colgate-Palmolive (Asia) Pte. Ltd. :**

2008-2009	Second Interim	14,879,426	–	8,92.77
2009-2010	First Interim	14,879,426	–	11,90.35
2009-2010	Second Interim	14,879,426	–	10,41.56
2009-2010	Third Interim	14,879,426	<b>7,43.97</b>	–
2010-2011	First Interim	14,879,426	<b>14,87.94</b>	–
2010-2011	Second Interim	14,879,426	<b>7,43.97</b>	–
			<b>29,75.88</b>	<b>31,24.68</b>

**7. Information for each class of goods manufactured :**

**(a) Licensed Capacity, Installed Capacity and Actual Production :**

			Annual capacity on three-shift basis		
		Unit	Licensed	Installed	Actual Production
Cosmetics and Toilet Preparation	<b>2010-2011</b>	M.T.	<b>See Note (i) below</b>	<b>1,65,475</b>	<b>1,02,369</b>
	2009-2010	M.T.	"	1,65,475	92,360
Flavour	<b>2010-2011</b>	M.T.	<b>See Note (i) below</b>	<b>6,675</b>	<b>707</b>
	2009-2010	M.T.	"	4,475	540

Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

**Schedule 25 : Supplementary Information (Contd.)**

**Notes :**

- (i) In terms of the Industrial Entrepreneurs Memoranda filed with the Government of India, Ministry of Commerce and Industry, New Delhi, the aggregate registered annual capacity of toothpaste and toothpowder at Baddi, Goa, Hyderabad and Aurangabad is 165,475 tonnes (Previous Year : 165,475 tonnes) and flavour is 6,675 tonnes (Previous Year : 4,475 tonnes). The annual capacities of the erstwhile Professional Oral Care Products Private Limited (POC) engaged in the manufacture of toothpaste at Goa and CC Healthcare Products Private Limited (CCHL) engaged in the manufacture of toothpowder at Hyderabad have been included in the said annual capacity of 165,475 tonnes following merger of POC and CCHL with the Company from April 1, 2009 in terms of the Orders issued by the Bombay High Court at Goa and Andhra Pradesh High Court sanctioning the respective schemes of Amalgamation of POC and CCHL with the Company.
- (ii) The bristling operations for toothbrushes and shave brushes are carried out under manufacturing arrangements with third parties.
- (iii) The installed capacity as shown above have been certified by the Executive Vice-President (Manufacturing and Product Supply Chain) and not verified by the Auditors, being a technical matter.

**(b) Opening and Closing Stocks of Finished Goods :**

	2010-2011				2009-2010			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Doz.	₹ Lacs	Doz.	₹ Lacs	Doz.	₹ Lacs	Doz.	₹ Lacs
Soaps, Cosmetics and Toilet Preparations	89,07,505	64,99.74	93,56,591	84,73.54	62,10,304	53,17.62	89,07,505	64,99.74
Tooth Brushes and Shave Brushes	13,95,741	9,59.60	20,00,495	15,96.94	11,37,251	6,73.11	13,95,741	9,59.60
Others		23.67		8.34		17.53		23.67
<b>Total</b>		<u>74,83.01</u>		<u>100,78.82</u>		<u>60,08.26</u>		<u>74,83.01</u>

**(c) Sale by Class of Goods :**

	Unit	2010-2011		2009-2010	
		Quantity	Value	Quantity	Value
			₹ Lacs		₹ Lacs
Soaps, Cosmetics and Toilet Preparations	Doz.	11,89,83,310	1,977,51.29	11,02,22,340	1,746,56.67
Tooth Brushes and Shave Brushes	Doz.	2,46,64,596	240,02.33	2,02,90,312	213,37.62
Others			3,02.15		2,51.63
<b>Total</b>			<u>2,220,55.77</u>		<u>1,962,45.92</u>

**(d) Purchase of Finished Goods :**

	Unit	2010-2011		2009-2010	
		Quantity	Value	Quantity	Value
			₹ Lacs		₹ Lacs
Soaps, Cosmetics and Toilet Preparations	Doz.	13,37,320	33,12.73	42,37,353	66,45.76
Tooth Brushes and Shave Brushes	Doz.	2,54,18,207	127,87.64	2,07,57,317	91,02.56
Others			1,29.39		1,26.81
<b>Total</b>			<u>162,29.76</u>		<u>158,75.13</u>

Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

**Schedule 25 : Supplementary Information (Contd.)**

8. There are no delays in payments to Micro and Small enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

	2010-2011	2009-2010
	₹ Lacs	₹ Lacs
9. (a) Remuneration to the Directors		
Salaries	5,29.87	5,82.40
Commission	2,42.55	2,42.60
Contribution to Provident and other Funds	42.33	36.01
Other Perquisites	5,74.02	8,76.29
<b>Total</b>	<b>13,88.77</b>	<b>17,37.30</b>

Note :

Approval for appointment of Mr. Paul E. Alton as the Whole-time Finance Director & Chief Financial Officer of the Company effective September 1, 2010, will be sought at the ensuing Annual General Meeting. During the year, an aggregate remuneration of ₹ 2,66.03 Lacs has been paid to him.

- (b) Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956, and Commission payable to the Directors :

	2010-2011		2009-2010	
	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs
Profit before Taxation		519,94.85		484,79.85
Add : (i) Remuneration paid to the Directors	13,88.77		17,37.30	
(ii) Directors' Fees	10.95		10.85	
(iii) Depreciation/Amortisation/Impairment	34,24.95		37,56.79	
(iv) Loss on sale of Fixed Assets (net)	6.44		—	
Less : (i) Depreciation/Amortisation as per Section 350	28,60.96		32,08.33	
(ii) Profit on sale of Fixed Assets (net)	—		2,93.30	
(iii) Loss on sale of Fixed Assets as per Section 350	58.35		1,45.32	
		19,11.80		18,57.99
Net Profit for the purpose of Directors' Commission		539,06.65		503,37.84
Commission @ 1% of Net Profit		5,39.07		5,03.38
Restricted to		2,42.55		2,42.60

10. The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as excise duty expense in "Cost of Goods Sold - Increase/ (Decrease) in Excise Duty on Finished Goods" under Schedule 14 annexed and forming part of Profit and Loss Account.
11. Research and Development expenses of the year for the Company amount to ₹ 4,32.71 Lacs (Previous Year : ₹ 2,97.28 Lacs).

## Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

### Schedule 25 : Supplementary Information (Contd.)

- 12. (a)** Pursuant to the Scheme of Amalgamation ("the Scheme") sanctioned by the order dated August 11, 2010 of the High Court of Judicature at Andhra Pradesh, CC Healthcare Products Private Limited ("CCH"), 100% subsidiary of the Company, engaged in the business of manufacturing of tooth powder, has been amalgamated with the Company with effect from April 1, 2009. The amalgamation has been accounted as per the Scheme which is in accordance with the "Pooling of Interests" method as prescribed by Accounting Standard (AS-14), 'Accounting for Amalgamations'.

In accordance with the said Scheme :

- the assets and liabilities of CCH have been taken over by the Company with effect from April 1, 2009 and have been recorded at their respective book values.
- General Reserve and Profit and Loss Balance aggregating ₹ 2,56.27 Lacs as on April 1, 2009 of CCH has been transferred to General Reserve of the Company.
- 2,00,000 Equity Shares of ₹ 10 each fully paid in CCH held as an investment by the Company stands cancelled. The deficit of ₹ 1,52.89 Lacs between the net assets and reserves taken over from CCH and the book value of investment held by the Company in CCH, after adjustment of dividend payable by CCH, have been adjusted to General Reserve.

- 12. (b)** The Profit of the erstwhile CCH for the period April 1, 2009 to March 31, 2010 is credited to Profit and Loss Account of the Company as detailed below :

	₹ Lacs
Profit of erstwhile CCH for the year ended March 31, 2010	6,05.85
Less :	
(i) Inter-Company elimination of dividend payments	2,40.00
(ii) Dividend Tax paid	45.89
(iii) Transfer to General Reserve	60.58
Balance credited to the Profit and Loss Account of the Company	2,59.38

- 13.** During the previous year, pursuant to the Scheme of Amalgamation ("the Scheme") sanctioned by the order dated April 16, 2010 of Bombay High Court at Goa, Professional Oral Care Products Private Limited ("POC"), 100% subsidiary of the Company, engaged in the business of manufacturing of toothpaste, was amalgamated with the Company with effect from April 1, 2009. The amalgamation has been accounted as per the Scheme which is in accordance with the "Pooling of Interests" method as prescribed by Accounting Standard (AS-14), 'Accounting for Amalgamations'.

In accordance with the said Scheme :

- the assets and liabilities of POC have been taken over by the Company with effect from April 1, 2009 and have been recorded at their respective book values.
- Capital Reserve of ₹ 2,24.96 Lacs and General Reserve and Profit and Loss Balance aggregating ₹ 6,15.62 Lacs of POC as on April 1, 2009 has been transferred to Capital Reserve and General Reserve of the Company, respectively.
- 12,01,200 Equity Shares of ₹ 10 each fully paid in POC held as an investment by the Company stands cancelled. The deficit of ₹ 4,02.57 Lacs between the net assets and reserves taken over from POC and the book value of investment held by the Company in POC, after adjustment of dividend payable by POC, have been adjusted to Capital Reserve by ₹ 2,51.46 Lacs and the balance deficit has been adjusted to General Reserve.

Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

**Schedule 25 : Supplementary Information (Contd.)**

14. Current Tax is net of prior year reversals of Fringe Benefit Tax of ₹ **7,49.02 Lacs** (Previous Year : ₹ Nil).
15. In view of the Scheme of Amalgamation referred to in Note 12 above, the current year figures are not comparable with those of the previous year.
16. Refer Annexure for additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.
17. Previous year's figures have been re-grouped and re-arranged wherever necessary.

The Schedules (1 to 25) referred to herein above form an integral part of the financial statements.

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**For Price Waterhouse**

Firm Registration No. 301112E  
Chartered Accountants

**Partha Ghosh**

Partner  
Membership No. F-55913

Mumbai, May 30, 2011

**For and on behalf of the Board**

Vice-Chairman  
Managing Director  
Whole-time Finance Director &  
Chief Financial Officer  
Whole-time Director &  
Company Secretary

**R. A. Shah**

**M. V. Deoras**

**P. E. Alton**

**K. V. Vaidyanathan**

Mumbai, May 30, 2011

## Additional Information Pursuant to Part IV of Schedule VI to the Companies Act, 1956.

### Annexure

#### Balance Sheet Abstract and Company's General Business Profile :

<b>I. Registration Details :</b>		<b>Application of Funds</b>	
Registration No.	2700	Net Fixed Assets	2673093
State Code	11	Investments	387390
Balance Sheet Date	31-03-11	Deferred Tax Asset (Net)	168434
		Net Current Assets	612116
		Miscellaneous Expenditure	—
		Accumulated Losses	—
<b>II. Capital raised during the year (Amount in ₹ Thousands) :</b>		<b>IV. Performance of Company (Amount in ₹ Thousands) :</b>	
Public Issue	—	Turnover (including Other Income)	23273587
Rights Issue	—	Total Expenditure	18074102
Bonus Issue	—	Profit/(Loss) Before Tax	5199485
Private Placement	—	Profit/(Loss) After Tax	4025833
		Earnings per Share in ₹*	29.60
<b>III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands) :</b>		Dividend	2200%
Total Liabilities (including Shareholders' Funds)	10273348	* Based on weighted average number of equity shares - 13,59,92,817	
Total Assets	10273348	<b>V. Generic Names of Three Principal Products/ Services of Company (as per Monetary Terms)</b>	
<b>Sources of Funds</b>		Item Code No. (ITC Code)	330610.02
Paid-up Capital	135993	Product Description	Toothpaste
Reserves and Surplus	3704540	Item Code No. (ITC Code)	960321.00
Secured Loans	—	Product Description	Toothbrush
Unsecured Loans	500	Item Code No. (ITC Code)	330610.01
		Product Description	Tooth Powder

#### For and on behalf of the Board

Vice-Chairman	<b>R. A. Shah</b>
Managing Director	<b>M. V. Deoras</b>
Whole-time Finance Director & Chief Financial Officer	<b>P. E. Alton</b>
Whole-time Director & Company Secretary	<b>K. V. Vaidyanathan</b>

Mumbai, May 30, 2011

## NOTES

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## NOTES

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**Colgate remains committed towards innovating and introducing the best-in-class technology for its consumers in India and across the world.**

**Colgate® Sensitive Pro-Relief™** is a revolutionary new product from Colgate that uses the break-through **Pro-Argin™ technology** and is clinically proven to provide instant relief from tooth sensitivity in just one direct application and lasting relief by regular use.



Tooth sensitivity is the condition of a short, sharp pain experienced on consumption of hot or cold foods and liquids. It is a widespread problem in India with two out of every



#### **Works on the Cause**

Receding gums can expose thousands of microscopic channels that lead directly to your tooth's nerve centre.



#### **Instant Relief**

Colgate® Sensitive Pro-Relief™ plugs exposed channels to block triggers like heat or cold from reaching your tooth's nerve centre, working on the cause of sensitivity.



#### **Long-Lasting Results**

With regular use Colgate® Sensitive Pro-Relief™ builds a protective barrier to provide long-lasting sensitivity relief.



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