



**75 YEARS OF TRUSTED PROTECTION  
AND PERFORMANCE TO MATCH.**



For 75 years, there has been just one name that millions and millions of Indians have trusted every morning. One name that has consistently delivered quality products to ensure Oral Care Protection. One name that has been, is and will always be the Most Trusted.

### **Colgate.**

Today, for millions of Indians, toothpaste means Colgate. Colgate is one of the most widely distributed brands, with a presence in 4.85 million retail outlets out of a total of 5.72 million in the country. It is the most used brand as well, with over 66 million mothers and over 100 million families preferring Colgate above all else. In fact, this holds true even amongst the Profession with over 80% of Indian dentists using Colgate.

Colgate has enjoyed immense trust and popularity with the consumers over these 75 years. In the last decade, the brand has been ranked as India's Most Trusted Brand across all categories by Brand Equity's Most Trusted Brand Survey. It holds the distinction of being the only brand to be in the top three since the inception of the survey in 2001, bearing testimony of consumer loyalty to the brand.

Through these years, Colgate has delivered consistent and trusted performance, enabling the Company to give shareholders a Compounded Annual Return of 28%, since it went public in 1978.

We have worked ceaselessly to earn and retain the trust of millions of Indians, taking care of their Oral Care needs and to deliver products that delight. We have been an integral part of Indian households for decades and it is our commitment to continue to provide technologically advanced Oral Care products for generations to come.







1937

Incorporation of Colgate - Palmolive (India) Private Limited. Colgate Dental Cream toothpaste introduced.



1937

The journey of Colgate Dental Cream toothpaste commenced with distribution on hand carts. Today, it is the single largest selling toothpaste in India and one of the most widely distributed Oral Care brands.



1949

- Manufacturing activity commenced at Prabhadevi, Mumbai.
- Colgate Toothpowder launched for the rural masses.



1967

Manufacturing of dentifrice products shifted to Sewri, Mumbai.



1976

Introduction of 'Young India', a global Oral Care awareness program, that teaches primary school children, the importance of good oral hygiene habits in multiple languages. This was later re-christened as Colgate Bright Smiles, Bright Futures™.



1988

Relocation of manufacture of toothpowder to a state-of-the-art plant at Waluj, Aurangabad.



1990

Colgate Gel toothpaste launched with a unique Oral Care formulation.



1993

Colgate Total - the most technologically advanced toothpaste launched.



1994

Colgate - Palmolive acquires the Cibaca brand.



## TRUSTED PERFORMANCE IN ORAL CARE

2012

- The foundation for the Oral Care factory at Sanand, Gujarat laid towards investing for the future.
- Colgate Bright Smiles, Bright Futures™ crosses the milestone of reaching 105 million primary school children, since inception, in India.



2011

- Colgate Sensitive Pro-Relief, a scientifically advanced toothpaste using the break-through Pro-Argin technology, launched.
- OHM, into its 8<sup>th</sup> year offers free dental check-ups in more than 1000 cities & towns; free cavity check-ups in mobile vans in over 23 cities; with support from over 22,146 dentists reaching out to 3.6 million people across the country.



2010

Colgate and IDA achieved one more Guinness World Record™ by providing dental check-ups to 66,322 children, across multiple locations, involving 33 schools in 5 cities across India on the same day, same time.



2007

The 'Colgate Brush-up Challenge' entered the Guinness World Records™ with 1,77,003 students from 386 schools in 22 cities brushing their teeth simultaneously on the same day, same time.



2006

Colgate MaxFresh Gel toothpaste infused with dissolvable cooling crystals launched.



2005

- Inauguration of a state-of-the-art toothpaste manufacturing facility at Baddi, Himachal Pradesh.
- Launch of Colgate Active Salt toothpaste containing the traditional Oral Care benefit of salt in its unique formulation.



2004

Oral Health Month (OHM) in association with the Indian Dental Association (IDA) offering free dental check-ups for an entire month, introduced for the first time, to increase awareness for good dental hygiene practices.



1996

- Colgate Oral Pharmaceutical products launched for the first time in India.





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## Board of Directors

	<i>Chairman</i>	<b>M. V. Deoras</b>
	<i>Vice-Chairman</i>	<b>R. A. Shah</b>
	<i>Deputy Chairman</i>	<b>P. K. Ghosh</b>
	<i>Managing Director</i>	<b>P. Parameswaran (Ms.)</b>
	<i>Whole-time Finance Director</i>	<b>P. E. Alton</b>
	<i>Whole-time Director</i>	<b>N. Ghate</b>
		<b>J. K. Setna</b>
		<b>V. S. Mehta</b>
		<b>Dr. I. Shahani (Ms.)</b>
	<i>Company Secretary</i>	<b>N. Ghate</b>
Management Committee	<i>Managing Director</i>	<b>P. Parameswaran (Ms.)</b>
	<i>Finance</i>	<b>P. E. Alton</b>
	<i>Legal</i>	<b>N. Ghate</b>
	<i>Marketing</i>	<b>R. Rao (Ms.)</b>
	<i>Customer Development</i>	<b>S. Sen</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 Services &amp; Logistics</i>	<b>S. Menon (Ms.)</b>
	<i>Supply Chain Director-Global Toothbrush</i>	<b>M. Mehrotra</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>
		<b>Dr. I. Shahani (Ms.)</b>
	<i>Secretary</i>	<b>N. Ghate</b>
Shareholders'/ Investors' Grievance Committee	<i>Chairperson</i>	<b>P. K. Ghosh</b>
		<b>P. Parameswaran (Ms.)</b>
		<b>J. K. Setna</b>
		<b>N. Ghate</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

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>A. Operating Results :</b>										
Sales	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	2,736,17
Other Operating revenue and Other Income	35,76	29,92	34,23	46,09	67,00	84,78	107,76	98,46	106,80	120,06
Net Profit After Tax	88,66	108,00	113,29	137,60	160,17	231,71	290,22	423,26	402,58	446,47
Cash Profits	108,13	132,26	135,66	169,03	175,42	251,56	313,17	460,83	436,83	485,78
<b>B. Financial Position :</b>										
Net Fixed Assets #	158,02	93,95	147,21	169,12	192,03	198,99	178,59	253,14	267,31	329,91
Investments	105,22	115,89	160,78	148,34	133,34	72,59	38,33	21,00	38,74	47,12
Other Assets/(Liabilities) (Net)	13,92	36,64	(54,24)	(42,03)	(40,57)	(104,69)	4,06	56,56	78,05	58,36
TOTAL ASSETS	277,16	246,48	253,75	275,43	284,80	166,89	220,98	330,70	384,10	435,39
Share Capital	135,99	135,99	135,99	135,99	135,99	13,60	13,60	13,60	13,60	13,60
Reserves and Surplus	139,03	108,32	113,78	135,08	144,53	148,61	202,70	312,51	370,45	42,179
SHAREHOLDERS' FUNDS	275,02	244,31	249,77	271,07	280,52	162,21	216,30	326,11	384,05	435,39
Loan Funds	2,14	2,17	3,98	4,36	4,28	4,68	4,68	4,59	5	—
TOTAL CAPITAL EMPLOYED	277,16	246,48	253,75	275,43	284,80	166,89	220,98	330,70	384,10	435,39
<b>C. Equity Share Data :</b>										
Earnings Per Share (₹)	6.52	7.94	8.33	10.12	11.78	17.04	21.34	31.12	29.60	32.83
Dividend Per Share (₹)	4.25	6.00*	7.00	7.50	9.50**	13.00	15.00	20.00	22.00	25.00
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)	2,07	1,85	1,59	1,41	1,40	1,33	1,26	1,24	1,26	1,22

\* 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.

# Including Capital Advances

Previous years' figures have been regrouped to conform with current year's presentation, wherever applicable.

## Notice

NOTICE is hereby given that the Seventy-First 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 Monday, July 23, 2012 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012 and the Statement of Profit and Loss 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. P.K. Ghosh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. R.A. Shah, 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 Dr. (Ms.) Indu Shahani 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 Mr. Niket Ghate be and is hereby appointed a Director of the Company.”

6. 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, the approval of the Company be and is hereby accorded to the appointment of Mr. Niket Ghate as Whole-time Director of the Company for a period of five years effective October 1, 2011 on the terms and conditions, including remuneration, as are set out in the draft agreement to be entered into between the Company and Mr. Niket Ghate, a copy of which, 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. Niket Ghate, 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 during his tenure as Whole-time Director, Mr. Niket Ghate 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.”

7. 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 subject to the approval of the Central Government, the approval of the Company be and is hereby accorded to the appointment of Ms. Prabha Parameswaran as Managing Director of the Company for a period of five years effective February 1, 2012 on the terms and conditions, including remuneration, as are set out in the draft agreement to be entered into between the Company and Ms. Prabha Parameswaran, a copy of which, initialed by the Whole-time Director & Company Secretary 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 Ms. Prabha Parameswaran, 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 during her tenure as Whole-time Director, Ms. Prabha Parameswaran 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.”

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution, as a Special Resolution :

“RESOLVED that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), and Article 114(2)(ii) of the Articles of Association of the Company (“Articles”) the approval of the Company be and is hereby accorded for the payment and distribution of such sum as may be fixed by the Board of Directors (“Board”) not exceeding 1% of the net profits of the Company in any financial year calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, by way of commission to the Directors who are neither in the whole-time employment of the Company nor Managing Director/s, in such amounts or proportion and in such manner as may be determined by the Board from time to time and in the absence of such determination, equally, in each financial year during the period of five years commencing from April 1, 2012.

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.”

9. To appoint Auditors and to fix their remuneration.

By Order of the Board

Niket Ghatge  
Whole-time Director &  
Company Secretary

Date : May 30, 2012

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. 6 to 8 (both inclusive) 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 Wednesday, July 18, 2012 to Monday, July 23, 2012 (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, 2<sup>nd</sup> 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 up to 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 2011-12, unclaimed amount of dividends (₹ 10,30,388/-, ₹ 10,14,677/- and ₹ 25,08,680/-) declared for the years 2003-04 and 2004-05 have been transferred to the Investor Education and Protection Fund on May 20 and August 25, 2011 and January 20, 2012 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. P.K. Ghosh and Mr. R.A. Shah shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. P.K. Ghosh and Mr. R.A. Shah are given below :

#### **Mr. P. K. Ghosh :**

Mr. P. K. Ghosh is a Chartered Accountant from the Institute of Chartered Accountants of India and a former Managing Director of your Company. Since 1974, he has served the Company in various capacities. He was appointed President of the Company in July, 1982 and its Managing Director effective July 1, 1988. He resigned as Managing Director in January, 1993 in order to take a senior position with the Colgate-Palmolive Asia Pacific Division; he has since retired from that position. However, throughout this period he has continued to serve the Company as a Non-executive Director and Deputy Chairman of the Board. Mr. Ghosh brings to the Board his rich experience and understanding of the consumer product business and the Company stands to benefit significantly from his expertise.

#### **Other Directorships :**

Mr. Ghosh does not hold any other directorship.

#### **Committee Membership :**

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

#### **Mr. R. A. Shah :**

Mr. R. A. Shah is a leading Solicitor and a Senior Partner of M/s. Crawford Bayley & Company, a firm of Solicitors and Advocates. He specialises in a broad spectrum of corporate laws in general with special focus on foreign investments, joint ventures, technology & licence agreements, mergers and acquisitions etc.

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

Mr. Shah is a Director and Member of Board's Committee of the following other companies :

**Chairman of :** Procter & Gamble Hygiene and Healthcare Ltd., Clariant Chemicals (India) Ltd., Godfrey Phillips India Ltd., Pfizer Ltd.

**Director of :** Abbott India Ltd., Asian Paints Ltd., ACC Ltd., The Bombay Dyeing & Mfg. Co. Ltd., BASF India Ltd., Deepak Fertilisers & Petrochemicals Corporation Ltd., Century Enka Ltd., Jumbo World Holdings Ltd., Lupin Ltd., Wockhardt Ltd., Roche Scientific Co. (I) Pvt. Ltd. and PHL Capital Pvt. Ltd.

**Alternate Director of :** Atul Ltd., Modicare Ltd., RPG Life Sciences Ltd., Schrader Duncan Ltd., and Uhde India Private Ltd.

**Committee Memberships :**

**Chairman of the Audit Committee of the Boards of :** Pfizer Ltd., Procter & Gamble Hygiene & Healthcare Ltd. and Clariant Chemicals (India) Ltd.

**Member of Audit Committee of :** The Bombay Dyeing & Mfg. Co. Ltd., BASF India Ltd., Abbott India Ltd., Century Enka Ltd. and Wockhardt Ltd.

**Chairman of the Remuneration Committee of :** Century Enka Ltd.

**Member of the Remuneration Committee of :** The Bombay Dyeing & Mfg. Co. Ltd., and Lupin Ltd.

14. Pursuant to Clause 49 of the Listing Agreement, the particulars of Dr. (Ms.) Indu Shahani, who was appointed as an Additional Director of the Company effective January 23, 2012 are given below :

Dr. Shahani, Sheriff of Mumbai, is an academician and is currently the Principal of HR College of Commerce and Economics in Mumbai. She has held this position since 2000. She graduated from Sydenham College, Mumbai and holds a Ph.D. in Commerce from the University of Mumbai. She has been in the teaching profession for last 31 years.

Dr. Shahani does not hold any shares in the Company.

Dr. Shahani is a Director and Member of Board's Committee of the following other companies :

**Director of :** Bajaj Electricals Ltd., Eureka Forbes Ltd., Indian Oil Corporation Ltd. and Franklin Templeton Investments.

**Annexure to the Notice**

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

**Item No. 4**

Dr. (Ms.) Indu Shahani has been appointed as an Additional Director of the Company effective January 23, 2012 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956 ("the Act"), she holds office only up to the date of the 71<sup>st</sup> Annual General Meeting of the Company. Due notice under Section 257 of the Companies Act has been received from a member proposing the appointment of Dr. Shahani as a Director of the Company, whose office shall be liable to determination by retirement of Directors by rotation.

Dr. Shahani, Sheriff of Mumbai, is an academician and is currently the Principal of HR College of Commerce and Economics in Mumbai. She has held this position since 2000. She graduated from Sydenham College, Mumbai and holds a Ph.D. in Commerce from the University of Mumbai. She has been in the teaching profession for last 31 years.

None of the Directors, except Dr. Indu Shahani is concerned or interested in the resolution at Item No. 4.

**Item Nos. 5 and 6**

Mr. Niket Ghate joined the Company as Vice-President—Legal & Company Secretary effective August 8, 2011. He was also appointed as the Compliance Officer of the Company effective that date in terms of Clause 47(1) of the Stock Exchange Listing Agreement. Mr. Niket Ghate heads the legal function of the Company.

Prior to joining Colgate-Palmolive (India) Limited, Mr. Niket Ghate was the Executive Vice-President and General Counsel at Patni Computer Systems. Mr. Niket Ghate has 21 years of valuable experience in the streams of Law like Litigation, Contract Negotiations, Corporate Governance and Mergers & Acquisitions. Prior to Patni Computer Systems, Niket Ghate worked with Transocean, KPMG, Carrier Air-conditions, Tata-Lucent Technologies in roles of increasing responsibilities.

Mr. Niket Ghate holds a Bachelor of Law (LLB) degree from the University College of Nagpur and is also a member of the Institute of Company Secretaries of India and Institute of Chartered Secretaries and Administrators of United Kingdom.

The Board of Directors of the Company ("the Board") at their Meeting held on September 23, 2011 appointed Mr. Niket Ghate as an Additional Director effective October 1, 2011 and subject to the approval of the shareholders of the Company in a general meeting, as Whole-time Director of the Company for a period of five years effective October 1, 2011.

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 71<sup>st</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. Niket Ghate as a Director of the Company, whose office shall be liable to determination by retirement of Directors by rotation.

The Board is of the view that his appointment as Whole-time Director will be in the best interest of the Company. The Board has no hesitation in commending his appointment. Mr. Niket Ghate 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. Niket Ghate are given below :

The remuneration payable to Mr. Niket Ghate shall be determined by the Board or Managing Director from time to time within, however, the maximum limits prescribed under Schedule XIII of the Companies Act, 1956.

**i) Salary :**

Up to ₹ 7,00,000/- (Rupees Seven Lacs only) per month.

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

Not exceeding 1% of the net profit of the Company in any financial year as the Board or Managing Director 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 or Managing Director.

**iii) Perquisites :**

He shall be entitled to furnished/non-furnished accommodation or house rent allowance in lieu thereof, gas, electricity, medical reimbursement,

leave travel concession for self and family, 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.

**iv) 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 the event of absence or inadequacy of profits in any financial year, Mr. Niket Ghate will be paid the aforesaid remuneration and perquisites as minimum remuneration for that year in accordance with the Companies Act, 1956.

The Board or Managing Director shall have the discretion and authority to modify the foregoing terms of remuneration within, however, the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.

The appointment will be for a period of five years which may be terminated by either party giving to the other ninety days' notice in writing or upon Mr. Niket Ghate ceasing to be a Director of the Company.

An abstract under Section 302 of the Companies Act, 1956 setting out the terms and conditions of appointment of Mr. Niket Ghate as the Whole-time Director of the Company was sent to shareholders on or about October 5, 2011.

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. Niket Ghate is concerned or interested in the resolutions at Item Nos. 5 and 6.

**Item 7**

Consequent upon the promotion of Mr. Mukul Deoras as President, Asia Division of Colgate-Palmolive Company and Chairman of the Board of Directors of



the Company effective February 1, 2012, the Board of Directors of the Company ("the Board") at their meeting held on December 1, 2011 appointed Ms. Prabha Parameswaran as Managing Director of the Company for a period of five years effective February 1, 2012, subject to the approvals of the Central Government and Shareholders of the Company.

Ms. Prabha Parameswaran has a deep understanding of the Indian market and her proven track record coupled with broad-based business experience in global, divisional and subsidiary roles combined with her strong leadership capability has prepared her well to drive continued growth in Colgate-Palmolive (India) Limited (CPIL).

Ms. Prabha Parameswaran joined CPIL in 1995 and thereafter held various positions and roles in Colgate's subsidiaries in increasing responsibilities.

Prior to joining CPIL in 1995, Ms. Prabha Parameswaran worked at Lowe Lintas and JWT in India.

Ms. Prabha Parameswaran does not hold any other directorship in India.

The material terms of the Agreement to be entered into between the Company and Ms. Prabha Parameswaran are given below :

The remuneration payable to Ms. Prabha Parameswaran shall be determined by the Board from time to time within, however, the maximum limits set forth under the applicable provisions of the Companies Act, 1956.

**a) Salary :**

Up to ₹ 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 :**

She shall be entitled to furnished/non-furnished accommodation or house rent allowance in lieu thereof, gas, electricity, water, medical

reimbursement, leave travel concession for self and family, 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 her tenure shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid.**

In addition to the perquisites referred to above, she 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 Ms. Prabha Parameswaran is finally leaving the employment of the Company. In case she joins any other affiliated entity of Colgate-Palmolive Co., such affiliated entity would bear such expenses.

**e) Annual Leave :**

Earned/Privilege leave on full pay and allowances as per rules of the Company but not more than six weeks leave for every twelve months of service. Encashment of leave at the end of tenure will not

be included in the computation of the ceiling on perquisites.

**f) Minimum Remuneration :**

In the event of absence or inadequacy of profits in any year, Ms. Prabha Parameswaran 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 Companies Act, 1956.

As Managing Director, Ms. Prabha Parameswaran will have all the requisite powers and authorities to enable her to manage the Company on a day-to-day basis.

The appointment will be for a period of five years, which may be terminated by either party by giving to the other ninety days' 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, Ms. Prabha Parameswaran shall cease to be a Director of the Company.

An abstract under Section 302 of the Companies Act, 1956 setting out the terms and conditions of appointment of Ms. Prabha Parameswaran as the Managing Director of the Company was sent to shareholders on or about December 19, 2011.

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 Ms. Prabha Parameswaran, is concerned or interested in the resolution at Item 7.

**Item 8**

Colgate-Palmolive (India) Limited ("the Company") is a listed entity. Colgate-Palmolive Co., USA, along with

its subsidiaries, is holding 51% of the share capital in the Company and the rest is held by public.

Currently the Company's Board comprises a Non-executive Chairman nominated by the Promoter, 3 Executive Directors and 5 Non-executive Directors (NEDs) and the NEDs are Independent Directors, excluding Non-executive Chairman.

The Company pays ₹ 20,000/- as sitting fees to each NEDs per Board Meeting/Audit Committee Meeting. No commission is being paid to these Non-executive Directors.

As per the Companies Act, 1956 and Rules made thereunder, a company can pay commission up to 1% of the net profit to the NEDs (all of them together) in addition to the sitting fee.

The NEDs on the Board provide invaluable services and are of high stature and knowledge. The Company has immensely benefited by their experience and guidance from time to time. Therefore, it is now proposed to pay an amount of commission not exceeding ₹ 5,00,000/- to each of the NEDs of the Company for every financial year in addition to the sitting fees. However, the Company will ensure that the overall payment of commission to NEDs shall not exceed 1% of the net profits of the Company as provided under Section 309 (4) of the Companies Act, 1956. Article 114(2)(ii) authorises the Company to pay commission to the Non-executive Directors.

All the Non-executive Directors may be deemed to be concerned or interested in the resolution at Item No. 8.

By Order of the Board

Niket Ghatge  
Whole-time Director &  
Company Secretary

Date : May 30, 2012

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

## 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, 2012.

### Financial Results

	(₹ Crore)	
	2011-12	2010-11
Total Revenue (a+b+c)	<b>2,743.91</b>	2,327.36
Sales (Excluding Excise Duty) (a)	<b>2,623.85</b>	2,220.56
Other Operating Revenue (b)	<b>69.38</b>	65.56
Other Income (c)	<b>50.68</b>	41.24
Profit before Taxation	<b>588.39</b>	519.95
Provision for Taxation	<b>141.92</b>	117.37
Profit after Taxation	<b>446.47</b>	402.58
Balance taken over on Amalgamation of subsidiary company	—	2.59
Balance brought forward	<b>107.99</b>	91.95
Profit available for appropriation	<b>554.46</b>	497.12
Appropriation :		
Dividend	<b>339.98</b>	299.18
Dividend Tax	<b>55.15</b>	49.69
General Reserve	<b>44.65</b>	40.26
Balance carried forward	<b>114.68</b>	107.99
	<b>554.46</b>	497.12

### Platinum Jubilee Year of the Company

This is a very special year as your Company completes very successful 75 years in 2012. Over these years, your Company has won the trust and loyalty of consumers and stakeholders. Your Company is celebrating not just the length of the journey since 1937, but also the manner in which this length was travelled and the foundation of ethics and values on which Company built the business over these years.

### Business Performance

Your Company's strong performance continued in 2011-12, despite difficult economic conditions coupled with fierce competition, and high inflationary market conditions resulting in higher input cost. The depreciation of Rupee also imposed severe challenges during the year. Despite such challenging environment, your Company achieved a healthy double-digit sales growth during the year 2011-12. Sales for the year increased by 18 per cent at ₹ 2,624 crore as against ₹ 2,221 crore during the previous year. The toothpaste business registered an impressive volume growth of 14 per cent during the year.

The profit before tax for the financial year 2011-12 was ₹ 588 crore as against ₹ 520 crore during the previous year. During the year, your Company significantly increased its investment in the brand and equity building activities by 18 per cent i.e. ₹ 63 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 ₹ 25 crore, the profit after tax for the financial year 2011-12 was ₹ 446 crore as against ₹ 403 crore during the previous year.

Cash generation 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 testing market environment. This has been possible due to several



key initiatives which focused on consumers, dental professionals, retail customers with a stronger focus on innovation, greater effectiveness and efficiency everywhere, while strengthening organisational leadership.

### **Dividend**

The Company's strong cash generation and positive growth momentum led your Board to declare three interim dividends of ₹ 8 per share, ₹ 9 per share and ₹ 8 per share aggregating ₹ 25 per share for the financial year 2011-12 as against ₹ 22 per share in the previous year. These dividends were paid on June 24, 2011, December 30, 2011 and April 17, 2012. Having declared three interim dividends, your Board has not recommended a final dividend for the financial year 2011-12.

### **Most Trusted Brand**

In the year 2011, the Brand Equity's Most Trusted Brand Survey ranked your Company as the #1 Most Trusted Brand of the year. Colgate has also been rated as India's #1 Most Trusted Brand across all categories for four consecutive years from 2003 to 2007. It is the only brand to be ranked in the top 3 from 2001-2011.

### **Voluntary Retirement Scheme for the employees at the Hyderabad Factory**

In order to drive efficiency and cost effectiveness, your Company offered Voluntary Retirement Scheme to the employees working at the manufacturing unit at Hyderabad. All the employees working at the factory have availed of the benefit of the said scheme and accordingly, the manufacturing operations in the Hyderabad Factory have been discontinued since September 29, 2011.

Such discontinuation of operations at the Hyderabad Factory will not impact the toothpowder business as your Company has adequate capacity to cater to the demand of the market.

### **New Projects**

To support the growth momentum and to cater to the increasing requirement of the products, your Company has acquired a plot of land from Gujarat Industrial Development Corporation on long-term lease for setting up a new Toothpaste manufacturing facility. The new manufacturing facility is expected to be operational in the year 2013.

Your Company has also acquired in April 2012 a plot of land from Sri City Private Limited on long-term lease for setting up a new Toothbrush manufacturing facility in Andhra Pradesh. The new manufacturing facility is expected to be operational in the year 2013.

## **Sustainability**

Your Company recognizes that a broad approach to sustainability, encompassing its long commitment to environment quality and extending to the long-term well-being of the people and communities it serves, is the true expression of its values. Considering this, in 2010, your Company developed a plan that will guide its sustainability initiative for the next five years with key goals in all three of its sustainability focus areas: People, Performance and Planet with focused measurable goals that align with company's business objectives. Your Company believes that integrating sustainability into its everyday operations will help in making better business decisions and improve people's lives. The sustainability strategy will also continue to increase consumer loyalty, provide a competitive advantage and help ensure long-term shareholder value.

### **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 level rise. During 2011-12, innovative products like Colgate Sensitive Pro-Relief (the only product that provides instant relief from hypersensitivity), variants of Plax Mouth Wash with sensorial and functional benefits, were successfully launched further enhancing the broad range of oral care benefits that Colgate provides to the consumers. Your Company will continue to remain focused on driving innovation in future.

### **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 judgements 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 8<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 “Mission Zero Cavity” involving dental professionals spread across 1090 towns. The total dentists who participated in the program were 22,146. 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 more than 3.6 million 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 partnering with IDA, to spread oral health awareness among school-going children in urban and rural schools. Till date, 105 million school children in 2,34,756 schools in urban and rural areas have benefitted from this Program. In addition, your Company also conducts, jointly with IDA, a Teachers’ Training Program to enable teachers to instill good oral care habits among school-going children on an ongoing basis.

In addition, your Company also started an employee program called “Adopt a School” in which the employees of the Company were offered an opportunity to volunteer their time to spread the message of maintaining good oral hygiene in a simple, conversational, interactive manner to primary school children. The program contributed to Colgate’s market development efforts and business goals and reinforced Colgate’s emotional connection with consumers. It helps give back in return to the communities, your Company does business in and demonstrates Colgate’s core value of caring.

The impact of this initiative is that over 1,00,000 children in schools have been covered through this program where it has been conducted by employees.

Since 2002, your Company partnered with Pratham, a

non-profit organization, 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 the 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 four 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.

### **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. 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 it forms part of this Report.

### Directors

Ms. Prabha Parameswaran was appointed as the Managing Director of the Company for five years from February 1, 2012 to succeed Mr. Mukul Deoras who has been elevated as President, New Asia Division of Colgate-Palmolive Company. The appointment of Ms. Prabha is subject to the approval of the shareholders and the Central Government under the provisions of the Companies Act, 1956.

The Board places on record their appreciation of the outstanding contribution made by Mr. Mukul Deoras during his tenure as Managing Director of the Company.

Mr. Niket Ghate was appointed as the Whole-time Director of the Company for five years from October 1, 2011 subject to the approval of the shareholders under the provisions of the Companies Act, 1956.

Mr. K. V. Vaidyanathan retired from the services of the Company on November 30, 2011. He held the position of Whole-time Director of the Company since April 1997 and during this period, he made several significant contributions to the Company's growth and business strategies. The Board places on record their appreciation for the distinguished services rendered by Mr. Vaidyanathan during his tenure with the Company.

Mr. Derrick Samuel retired from the services of the Company and hence stepped down from the Board on January 31, 2012. The Board places on record their appreciation of the outstanding contribution made by Mr. Derrick Samuel during his tenure as director and Chairman of the Board.

Dr. (Ms.) Indu Shahani was appointed as an Additional Director of the Company on January 23, 2012 and she holds office up to conclusion of this Annual General Meeting. A notice in writing, with the requisite deposit has been received from a member proposing Dr. (Ms.) Indu Shahani as a candidate for the office of Director.

Under Article 124 of the Company's Articles of Association, Mr. P. K. Ghosh and Mr. R. A. Shah retire by rotation at the 71<sup>st</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 Board of Directors at their Board Meeting held on March 23, 2011 appointed Messrs. N. I. Mehta & Company as the Cost Auditors for auditing the cost accounts relating to cosmetics and toiletries for the financial year 2011-12. The due date for submission of the cost audit report was September 27, 2011 and the actual date of submission of the report was September 26, 2011.

### 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

P. Parameswaran (Ms.)  
Managing Director

R. A. Shah  
Vice-Chairman

May 30, 2012

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  
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

Your Company continues to lay great emphasis on Corporate Governance. Our pursuit towards achieving good governance is an ongoing process. The Company fully complies with the requirements under Clause 49 of the Stock Exchange Listing Agreement.

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

Your Company believes that good Corporate Governance is essential for 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 six Non-executive Directors including the Chairman of the Board. Five of the six 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. Niket Ghate as Whole-time Director from October 1, 2011, his predecessor continued on the Board till November 30, 2011 to ensure smooth transition. Accordingly, during this transition period of two months, there were 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>	8	3
Mr. P. K. Ghosh	Non-executive	—	—	—
Mr. M. V. Deoras	Non-executive	11 <sup>@</sup>	—	—
Mr. P. E. Alton	Executive	—	—	—
Mr. K. V. Vaidyanathan**	Executive	—	—	—
Mr. J. K. Setna	Non-executive	1	—	—
Mr. V. S. Mehta	Non-executive	—	—	—
Mr. Niket Ghate <sup>#</sup>	Executive	—	—	—
Ms. Prabha Parameswaran***	Executive	—	—	—
Dr. (Ms.) Indu Shahani****	Non-executive	4	—	—

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

\* Resigned/Retired from the Company effective February 1, 2012

\*\* Retired from the services of the Company effective November 30, 2011

\*\*\* Appointed as Managing Director effective February 1, 2012

\*\*\*\* Appointed as an Additional Director effective January 23, 2012

<sup>#</sup> Appointed as a Whole-time Director effective October 1, 2011

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 2011-12, nine Board Meetings were held on May 30, June 6, July 22, September 23, October 31, December 1 and December 12, 2011,

January 23 and March 20, 2012. The last Annual General Meeting of the Company was held on July 22, 2011.

The attendance details of each Director are given below :

Name of Director	No. of Board Meetings attended	Attendance at last AGM
Mr. D. Samuel *	2	Present
Mr. R. A. Shah	9	Present
Mr. P. K. Ghosh	8	Present
Mr. M. V. Deoras	5	Present
Mr. P. E. Alton	9	Present
Mr. K. V. Vaidyanathan**	5	Present
Mr. J. K. Setna	9	Present
Mr. V. S. Mehta	5	Present
Mr. Niket Ghate <sup>#</sup>	5	Not applicable
Ms. Prabha Parameswaran***	1	Not applicable
Dr. (Ms.) Indu Shahani****	2	Not applicable

\* Resigned/Retired from the Company effective February 1, 2012

\*\* Retired from the services of the Company effective November 30, 2011

\*\*\* Appointed as Managing Director effective February 1, 2012

\*\*\*\* Appointed as an Additional Director effective January 23, 2012

# Appointed as a Whole-time Director effective October 1, 2011

### 3. Audit Committee

The Audit Committee was constituted in April, 2000. It consists of five 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 :

- Mr. R. A. Shah, Chairperson
- Mr. P. K. Ghosh
- Mr. J. K. Setna
- Mr. V. S. Mehta
- Dr. (Ms.) Indu Shahani

Mr. Niket Ghate acts as Secretary of the Committee.

The terms of reference of the Audit Committee include :

- To review financial statements and pre-publication announcements before submission to the Board.
- To ensure compliance of internal control systems and action taken on internal audit reports.
- To apprise the Board on the impact of accounting policies, accounting standards and legislation.
- To hold periodical discussion with statutory auditors on the scope and content of the audit.
- To review the Company's financial and risk management policies.

During the financial year 2011-12, six Audit Committee Meetings were held on May 30, July 22, September 23, October 31, 2011 and January 23 and March 20, 2012.

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	6
Mr. J. K. Setna	Member	6
Mr. V. S. Mehta	Member	3
Dr. (Ms.) Indu Shahani	Member	1

#### 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.

##### 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.

Details of remuneration paid to the Directors of the Company during the year ended March 31, 2012 are given below :

	₹ Lacs
a) Salary	5,60.50
b) Benefits	7,66.43
c) Performance linked Incentive/Commission/Bonus	2,04.56
d) Sitting fees	12.65
<b>Total</b>	<b>15,44.14</b>

Note: Each of the three Executive Directors has been appointed for a period of five years. Under the agreement, either party is entitled to determine the appointment at any time by giving ninety days' advance notice in writing 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 consists of four Directors, viz. Mr. P. K. Ghosh, Ms. Prabha Parameswaran, Mr. J. K. Setna and Mr. Niket Ghatge. Mr. P. K. Ghosh, Deputy Chairman and a Non-executive Director heads this Committee. Ms. Prabha Parameswaran was inducted as a Member of the

Committee effective February 1, 2012 in place of Mr. Mukul Deoras. The Committee meets every fortnight or at frequent intervals to consider, *inter-alia*, share transfers, investor complaints, etc.

Mr. Niket Ghatge, Whole-time Director & Company Secretary, is the Compliance Officer.

During the year 2011-12, eleven 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	2	2
Non-receipt of shares lodged for transfer/transmission and on account of capital reduction	2	2
Others	7	7
<b>Total</b>	<b>11</b>	<b>11</b>

All complaints have been resolved to the satisfaction of the complainants except for disputed cases and sub-judice matters, which would be resolved 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
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.
2010-11	July 22, 2011	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.

In the Annual General Meeting held on July 17, 2009, the Company passed a special resolution authorising 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 is 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 Note 32 to the Financial Statements.
- 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 newspapers as required under Clause 49. 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 one-third of the Indian population does not have access to modern Oral Care. The per capita consumption of toothpaste is about 138 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 the Indian Dental Association has started conducting intensive two-month long awareness campaigns in October and November under the banner 'Oral Health Month' annually. 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 effort to spread the message of good oral health and encourage the use of modern and efficacious dentifrice products.

To help 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, market development and expansion activities, the dentifrice market in India and the Company's business will continue to grow strongly in 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, 2012 was 1978.

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 2011	908.90	824.50	928.00	816.00
May 2011	920.60	891.15	937.00	875.00
June 2011	987.50	887.90	1,011.90	716.15
July 2011	1,024.45	971.90	1,032.50	850.00
August 2011	984.70	908.55	1,001.00	889.75
September 2011	1,037.55	964.35	1,056.90	916.60
October 2011	1,004.60	966.40	1,020.00	962.30
November 2011	1,075.90	974.15	1,085.00	962.25
December 2011	1,037.15	984.90	1,059.00	975.00
January 2012	1,000.15	941.75	1,039.00	934.90
February 2012	1,060.65	995.95	1,231.10	984.30
March 2012	1,117.35	1,029.65	1,139.85	1,004.95

## 10. General Shareholder Information

### Annual General Meeting

Date and Time : July 23, 2012 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 financial 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, 2012 to July 23, 2012 (both days inclusive).

### Dividend Payment Date

**Dividend for 2011-12**      **Payment Date**

First Interim                      June 24, 2011

Second Interim                      December 30, 2011

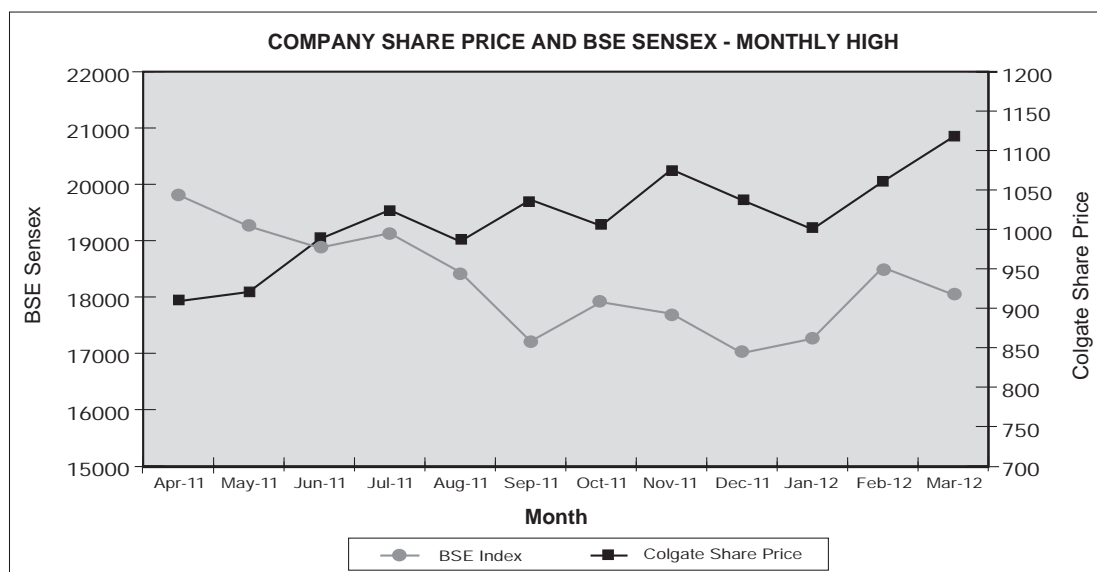
Third Interim                      April 17, 2012

### 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,  
13 AB, Samhita Warehousing Complex,  
2<sup>nd</sup> floor, Sakinaka Telephone Exchange Lane,  
Off Andheri-Kurla Road, Sakinaka, Andheri (E),  
Mumbai 400 072

Tel : 022 – 6772 0300

Fax : 022 – 2859 1568

E-mail : 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 registered 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, 2012)

Category	Number of shares	%
Foreign Collaborators	69356336	51.00
Resident Individuals	28114677	20.67
Foreign Institutional Investors	27477171	20.21
NRIs/OCBs	363860	0.27
Domestic Companies	1685858	1.24
Non-domestic Companies	—	—
Banks and Mutual Funds	1678865	1.23
Financial Institutions	7316050	5.38
<b>Total</b>	<b>135992817</b>	<b>100.00</b>



**Distribution of Shareholding (as at March 31, 2012)**

Description	Holder(s)		Holder(s)	
	Folios	%	Shares	%
1 - 500	108021	88.75	9755718	7.17
501 - 1000	6574	5.40	4754556	3.50
1001 - 2000	4698	3.86	6457366	4.75
2001 - 3000	1683	1.38	4332857	3.19
3001 - 4000	209	0.17	725715	0.53
4001 - 5000	134	0.11	597895	0.44
5001 - 10000	200	0.17	1338787	0.98
10001 & above	191	0.16	108029923	79.44
<b>Total</b>	<b>121710</b>	<b>100.00</b>	<b>135992817</b>	<b>100.00</b>

**Dematerialisation of shares and liquidity**

As on March 31, 2012, 95.90% of the shares were held in dematerialised form and the rest in physical form.

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 2012.

**Plant Locations**
**Aurangabad**

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

**Baddi, Himachal Pradesh**

Plot No. 78, EPIP Phase 1,  
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 :

**Registrars and Share Transfer Agents**

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

Tel : 022 – 6772 0300

Fax : 022 – 2859 1568

E-mail : sharepro@shareproservices.com

An exclusive e-mail ID, **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, 2012.

For Colgate-Palmolive (India) Limited

**P. Parameswaran (Ms.)**

Managing Director

Mumbai, May 30, 2012

## 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, 2012, 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 October 1, 2011 to November 30, 2011, 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  
Phuket, May 30, 2012      Membership No. F-55913

**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 :

- \* Customisation of new and innovative products to expand market and increase consumption.
- \* Certain aspects of supply chain to reduce the cost of materials, to effect import substitution.
- \* Claim substantiation.

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

Customisation 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 customisation of new, innovative and high quality products to meet the ever changing consumer needs and drive growth.

4. Expenditure on R & D : 2011-12  
[₹ Lacs]

a) Capital.....	75.09
b) Recurring .....	5,03.40
c) Total .....	5,78.49
d) Total R & D expenditure as a percentage of total turnover .....	0.22

**Technology Absorption, adaptation and innovation :**

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

- \* The Company has adopted 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 technology/ know-how from Colgate-Palmolive Company, U.S.A., for development and manufacturing of Oral Care/Personal Care products. The technology received by the Company is being absorbed 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 ₹ 99,39.09 Lacs. The particulars of foreign exchange earned/ utilised during the year are given in Note 35 to the Financial Statements.



## 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, 2012, and the related Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 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, 2012;
    - (ii) in the case of the Statement of Profit and Loss, 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

Phuket, May 30, 2012

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 as of and for the year ended March 31, 2012)

- 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 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 and 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 as of and for the year ended March 31, 2012)

- 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 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 and customs duty as at March 31, 2012, 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, 2012 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	<b>Income Tax</b> The Income Tax Act, 1961	Income tax liability for the Financial Years 2005-2006 and 2006-2007 and liability towards tax deducted at source for the Financial Year 2009-2010.	2,140.92	First Appellate Authorities
	<b>Total</b>		<b>2,140.92</b>	
2	<b>Sales Tax</b> As per the Statutes applicable in the following states – New Delhi, Maharashtra, Bihar, Orissa, Kerala, Andhra Pradesh, West Bengal, Uttar Pradesh, Gujarat, Assam and Tripura	Sales tax liability for the Financial Years 1988-1989, 1990-1991, 1993-1994, 1994-1995, 1996-1997 to 2001-2002, 2003-2004 and 2004-2005.  Sales tax liability for the Financial Years 1995-1996, 1998-1999 and 2000-2001 to 2009-2010.	403.20  390.42	Sales Tax Appellate Tribunal of various states  Assessing Authorities and First Appellate Authorities of various states
	<b>Total</b>		<b>793.62</b>	
3	<b>Service Tax</b> The Finance Act, 1994	Service tax liability for the Financial Years 2005-2006 and 2006-2007.  Service tax liability for the Financial Years 2005-2006, 2007-2008 and 2008-2009.  Service tax liability for the Financial Years 2002-2003 and 2004-2005 to 2009-2010.	893.90  635.65  71.00	High Court of Judicature at Bombay  Customs, Excise and Service Tax Appellate Tribunal First Appellate Authorities
	<b>Total</b>		<b>1,600.55</b>	



## 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 as of and for the year ended March 31, 2012)

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	<b>Excise Duty</b> The Central Excise Act, 1944	Excise duty liability for the Financial Year 1994-1995 to 2000-2001 and 2003-2004 to 2007-2008. Excise duty liability for the Financial Years 1998-1999 to 2004-2005 and 2006-2007 to 2011-2012. * 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.	*1,662.62 1,062.30	Customs, Excise and Service Tax Appellate Tribunal First Appellate Authorities
	<b>Total</b>		<b>2,724.92</b>	

- x. The Company has no accumulated losses as at March 31, 2012 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 financial institution or bank 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 and does not have any debentures outstanding as at the year end.
- 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 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

Phuket, May 30, 2012

Membership No. F-55913

## Balance Sheet as at March 31, 2012

			As at March 31, 2011
	Note	₹ Lacs	₹ Lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	13,59.93	13,59.93
Reserves and Surplus	3	421,78.96	370,45.40
		<u>435,38.89</u>	<u>384,05.33</u>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	4	—	5.00
Other Long-term Liabilities	5	76.17	86.62
Long-term Provisions	6	30,06.07	26,87.98
		<u>30,82.24</u>	<u>27,79.60</u>
<b>Current Liabilities</b>			
Trade Payables	7	369,01.33	378,55.24
Other Current Liabilities	8	217,18.03	212,19.20
Short-term Provisions	9	77,19.25	31,42.32
		<u>663,38.61</u>	<u>622,16.76</u>
		<u>1,129,59.74</u>	<u>1,034,01.69</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets :			
– Tangible Assets	10 (A)	254,42.29	255,04.49
– Intangible Assets	10 (B)	—	—
– Capital Work-in-Progress	10 (C)	69,38.25	8,21.43
Non-current Investments	11	47,11.65	29,14.90
Deferred Tax Assets (Net)	12	12,09.97	16,84.34
Long-term Loans and Advances	13	22,53.01	18,27.62
Other Non-current Assets	14	36.48	46.09
		<u>405,91.65</u>	<u>327,98.87</u>
<b>Current Assets</b>			
Current Investments	15	—	9,59.00
Inventories	16	217,67.99	153,69.92
Trade Receivables	17	87,26.57	75,30.45
Cash and Bank Balances	18	309,80.54	395,14.77
Short-term Loans and Advances	19	102,07.41	64,64.50
Other Current Assets	20	6,85.58	7,64.18
		<u>723,68.09</u>	<u>706,02.82</u>
		<u>1,129,59.74</u>	<u>1,034,01.69</u>

The accompanying notes are an integral part of these financial statements.

In terms of our report of even date.

**For Price Waterhouse**

Firm Registration No. 301112E  
Chartered Accountants

**Partha Ghosh**

Partner  
Membership No. F-55913

Phuket, May 30, 2012

**For and on behalf of the Board**

Vice-Chairman	<b>R. A. Shah</b>
Managing Director	<b>P. Parameswaran (Ms.)</b>
Whole-time Finance Director & Chief Financial Officer	<b>P. E. Alton</b>
Whole-time Director & Company Secretary	<b>N. Ghate</b>

Mumbai, May 30, 2012

## Statement of Profit and Loss for the year ended March 31, 2012

	Note	₹ Lacs	₹ Lacs	2010-11 ₹ Lacs
Revenue from Operations (Gross)	22	2,805,54.48		2,382,95.67
Less : Excise Duty		112,31.81		96,84.12
Revenue from Operations (Net)			2,693,22.67	2,286,11.55
Other Income	23		50,68.51	41,24.32
			2,743,91.18	2,327,35.87
<b>Expenses</b>				
Cost of Materials Consumed	24	893,86.98		739,51.88
Purchase of Stock-in-Trade	25	199,69.59		162,29.76
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	(43,34.40)		(29,85.06)
Employee Benefits Expense	27	215,60.77		193,22.33
Finance Costs		1,51.28		1,61.12
Depreciation and Amortisation Expenses	10	39,31.12		34,24.95
Other Expenses	28	848,86.75		706,36.04
			2,155,52.09	1,807,41.02
<b>Profit Before Tax</b>			588,39.09	519,94.85
<b>Tax Expense :</b>				
Current Tax (Net of prior year reversals) (Refer Note 38)		137,17.59		116,59.42
Deferred Tax		4,74.37		77.10
			141,91.96	117,36.52
<b>Profit After Tax</b>			446,47.13	402,58.33
<b>Earnings Per Equity Share (Rupees)</b>	30			
[Face Value of ₹ 1 per Equity Share]				
Basic and Diluted			32.83	29.60

The accompanying notes are an integral part of these financial statements.

In terms of our report of even date.

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

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

Phuket, May 30, 2012

**For and on behalf of the Board**

Vice-Chairman **R. A. Shah**  
Managing Director **P. Parameswaran (Ms.)**  
Whole-time Finance Director & Chief Financial Officer **P. E. Alton**  
Whole-time Director & Company Secretary **N. Ghate**

Mumbai, May 30, 2012



## Cash Flow Statement for the year ended March 31, 2012

	2011-12 ₹ Lacs	2010-11 ₹ Lacs
<b>Cash Flow from Operating Activities :</b>		
<b>Net Profit before Tax</b>	<b>588,39.09</b>	<b>519,94.85</b>
Adjustment for :		
Unrealised Foreign Exchange Loss/(Gain) (Net)	<b>1,52.56</b>	<b>51.06</b>
Depreciation and Amortisation Expenses	<b>39,31.12</b>	<b>34,24.95</b>
Finance Costs	<b>1,51.28</b>	<b>1,61.12</b>
Loss/(Profit) on Sale of Fixed Assets (Net)	<b>(29.15)</b>	<b>6.44</b>
Interest Income	<b>(41,49.75)</b>	<b>(30,14.26)</b>
Dividend from Mutual Funds	<b>(48.04)</b>	<b>—</b>
Loss on Maturity of Long-term Investments	<b>9.00</b>	<b>—</b>
Bad Debts/Advance Written Off	<b>—</b>	<b>2.54</b>
Provisions no Longer Required Written Back	<b>(64.14)</b>	<b>(6,14.18)</b>
<b>Operating Profit before Working Capital Changes</b>	<b>587,91.97</b>	<b>520,12.52</b>
Adjustment for (Increase)/Decrease in Working Capital :		
Inventories	<b>(63,98.07)</b>	<b>(42,22.15)</b>
Trade and Other Receivables	<b>(28,81.76)</b>	<b>(58,71.69)</b>
Trade and Other Payables	<b>(1,20.16)</b>	<b>42,93.42</b>
<b>Cash Generated from Operations</b>	<b>493,91.98</b>	<b>462,12.10</b>
Direct Taxes Paid (Net)	<b>(91,08.05)</b>	<b>(104,20.74)</b>
<b>Net Cash from/(used in) Operating Activities (A)</b>	<b>402,83.93</b>	<b>357,91.36</b>
<b>Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	<b>(102,22.30)</b>	<b>(41,10.53)</b>
Sale of Fixed Assets	<b>59.85</b>	<b>21.19</b>
(Purchase)/Sale of Other Investments	<b>(8,46.75)</b>	<b>(19,16.73)</b>
Inter Corporate and Bank Deposits (Placed)/Refunded (Net)	<b>56,96.49</b>	<b>91,88.63</b>
Interest Received	<b>42,40.41</b>	<b>28,21.91</b>
Dividend from Mutual Funds	<b>48.04</b>	<b>—</b>
<b>Net Cash from/(used in) Investing Activities (B)</b>	<b>(10,24.26)</b>	<b>60,04.47</b>
<b>Cash Flow from Financing Activities :</b>		
Long-term Loans Availed/(Paid) (Net)	<b>—</b>	<b>(4,53.75)</b>
Finance Costs	<b>(1,51.28)</b>	<b>(1,61.12)</b>
Dividend Paid	<b>(325,57.26)</b>	<b>(271,61.28)</b>
Dividend Tax Paid	<b>(70,96.43)</b>	<b>(45,23.20)</b>
<b>Net Cash from/(used in) Financing Activities (C)</b>	<b>(398,04.97)</b>	<b>(322,99.35)</b>
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(5,45.30)</b>	<b>94,96.48</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>161,10.62</b>	<b>66,05.21</b>
<b>Cash and Cash Equivalents taken over on Amalgamation of a Subsidiary Company</b>	<b>—</b>	<b>8.93</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>155,65.32</b>	<b>161,10.62</b>

## Cash Flow Statement for the year ended March 31, 2012 (Contd.)

	As at March 31, 2012 ₹ Lacs	As at March 31, 2011 ₹ Lacs
<b>Cash and Cash Equivalents comprise :</b>		
Bank Balances in :		
– Current Accounts	1,70.17	5,56.44
– Deposit Accounts (with less than 3 months maturity)	153,95.15	155,53.98
Cash on Hand	–	0.20
<b>Cash and Cash Equivalents as at the end of the year</b>	<u><u>155,65.32</u></u>	<u><u>161,10.62</u></u>

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. Previous year’s figures have been reclassified to conform to the current year’s presentation.

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In terms of our report of even date.

**For Price Waterhouse**

Firm Registration No. 301112E  
Chartered Accountants

**Partha Ghosh**

Partner  
Membership No. F-55913

Phuket, May 30, 2012

**For and on behalf of the Board**

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

Mumbai, May 30, 2012

**R. A. Shah**

**P. Parameswaran (Ms.)**

**P. E. Alton**

**N. Ghate**

## Notes to the Financial Statements for the year ended March 31, 2012

### Note 1 : Significant Accounting Policies

#### 1.1 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.

#### 1.2 Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles in India requires, the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual and the estimates are recognised in the periods in which the actuals are known/materialise.

#### 1.3 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.

##### 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:

Assets	Useful Lives
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

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.

##### Intangible Assets

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

##### 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).

#### 1.4 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term 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.

#### 1.5 Inventories

Inventories of raw and packing materials, work-in-progress and finished goods are valued at lower

## Notes to the Financial Statements for the year ended March 31, 2012

### Note 1 : Significant Accounting Policies (Contd.)

of cost and net realisable value. Cost of work-in-progress 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.

#### 1.6 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 is recognised on cost plus basis for support services rendered.

#### 1.7 Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a 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 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.

#### 1.8 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 such as Provident Fund, Superannuation Fund etc. and contribution to these plans are charged to the Statement of Profit and Loss. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The interest rates payable by the Trust to the beneficiaries every year is 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 interest as per the notified rate. The Company also provides for retirement/post-retirement benefits in the form of gratuity, pensions and compensated absences. Such benefits are provided for on the basis of an 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 Statement of Profit and Loss as income or expense.

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

#### 1.9 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 Statement of Profit and Loss. 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 Statement of Profit and Loss. Non-monetary foreign currency items are carried at cost.

#### 1.10 Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.



## Notes to the Financial Statements for the year ended March 31, 2012

	As at March 31, 2012 ₹ Lacs	As at March 31, 2011 ₹ Lacs
<b>Note 2 : Share Capital</b>		
<b>Authorised</b>		
1,37,00,00,000 (Previous Year : 1,37,00,00,000)	<u>137,00.00</u>	<u>137,00.00</u>
Equity Shares of ₹ 1 each		
<b>Issued, Subscribed and Paid-up</b>		
13,59,92,817 (Previous Year : 13,59,92,817)	<u>13,59.93</u>	<u>13,59.93</u>
Equity Shares of ₹ 1 each fully paid-up		

### (A) Shares held by Ultimate Holding Company and its Subsidiaries

- (i) 5,44,76,347 (Previous Year : 5,44,76,347) Equity Shares are held by Colgate-Palmolive Company, U.S.A., the Ultimate Holding Company.
- (ii) 1,48,79,426 (Previous Year : 1,48,79,426) Equity Shares are held by Colgate-Palmolive (Asia) Pte. Ltd., Singapore, Subsidiary of the Ultimate Holding Company.
- (iii) 563 (Previous Year : 563) Equity Shares are held by Norwood International Incorporated, U.S.A., Subsidiary of the Ultimate Holding Company.

### (B) Reconciliation of Shares Outstanding

	As at March 31, 2012		As at March 31, 2011	
	Number of Shares	₹ Lacs	Number of Shares	₹ Lacs
Balance at the beginning of the year	13,59,92,817	13,59.93	13,59,92,817	13,59.93
Issued during the year	—	—	—	—
Balance at the end of the year	<u>13,59,92,817</u>	<u>13,59.93</u>	<u>13,59,92,817</u>	<u>13,59.93</u>

### (C) Details of Shareholders holding more than 5% of the aggregate Shares in the Company

	As at March 31, 2012		As at March 31, 2011	
	Number of Shares	% of holding	Number of Shares	% of holding
Colgate-Palmolive Company, U.S.A.	5,44,76,347	40.06	5,44,76,347	40.06
Colgate-Palmolive (Asia) Pte. Ltd., Singapore	1,48,79,426	10.94	1,48,79,426	10.94
Life Insurance Corporation of India (LIC)*			74,93,944	5.51
Oppenheimer Developing Market Fund	73,20,782	5.38	68,34,185	5.03

\* The holding of LIC has decreased from 5.51% as at March 31, 2011 to 4.68% (representing 63,62,015 shares) as at March 31, 2012.

### (D) Rights, Preference and Restriction attached to Shares

The Company has one class of Equity Shares having par value of ₹ 1 per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## Notes to the Financial Statements for the year ended March 31, 2012

	As at March 31, 2012 ₹ Lacs	As at March 31, 2011 ₹ Lacs
<b>Note 3 : Reserves and Surplus</b>		
<b>Securities Premium Account</b>		
Balance at the beginning of the year	12,79.93	12,79.93
Add : Received during the year	—	—
Balance at the end of the year	<u>12,79.93</u>	<u>12,79.93</u>
<b>General Reserve</b>		
Balance at the beginning of the year	249,66.11	207,76.32
Add : General Reserve and Balance in Statement of Profit and Loss taken over on Amalgamation of a Subsidiary Company [Refer Note (A) below]	—	3,16.85
Add : Transfer from Statement of Profit and Loss	44,64.71	40,25.83
Less : Adjustment as per the Scheme of Amalgamation [Refer Note (A) below]	—	1,52.89
Balance at the end of the year	<u>294,30.82</u>	<u>249,66.11</u>
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	107,99.36	91,94.98
Add : Balance taken over on Amalgamation [Refer Note (B) below]	—	2,59.38
Add : Profit for the year	446,47.13	402,58.33
Less : Appropriations		
– First Interim Dividend	108,79.43	135,99.28
– Second Interim Dividend	122,39.35	67,99.64
– Third Interim Dividend	108,79.43	95,19.50
– Dividend Tax	55,15.36	49,69.08
– Transfer to General Reserve	44,64.71	40,25.83
Balance at the end of the year	<u>114,68.21</u>	<u>107,99.36</u>
	<u>421,78.96</u>	<u>370,45.40</u>

(A) During the previous year, 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 toothpowder, 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:

- i) 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.
- ii) General Reserve and Surplus in the Statement of Profit and Loss aggregating ₹ 2,56.27 Lacs as on April 1, 2009 of CCH has been transferred to General Reserve.
- iii) 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.

## Notes to the Financial Statements for the year ended March 31, 2012

### Note 3 : Reserves and Surplus (Contd.)

- (B) During the previous year, the Profit of the erstwhile CCH for the period April 1, 2009 to March 31, 2010 is credited to the Statement of Profit and Loss 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 Statement of Profit and Loss of the Company	<u>2,59.38</u>

	As at March 31, 2012 ₹ Lacs	As at March 31, 2011 ₹ Lacs
<b>Note 4 : Long-term Borrowings</b>		
Loan from third party (Unsecured) (to be repaid on December 31, 2012)	—	5.00
	<u>—</u>	<u>5.00</u>

### Note 5 : Other Long-term Liabilities

Payable under Voluntary Retirement Scheme	76.17	86.62
	<u>76.17</u>	<u>86.62</u>

### Note 6 : Long-term Provisions

Provision for Employee Benefits :		
– Gratuity	3,65.15	—
– Pension	30.23	23.82
– Compensated Absences	11,14.31	10,95.49
Other Provision :		
Indirect Tax Matters	14,96.38	15,68.67
	<u>30,06.07</u>	<u>26,87.98</u>

### (A) Indirect Tax Matters

Opening Balance (net of advance payments)	15,68.67	20,43.83
Add : Provision made	51.85	3,68.99
Add/Less : (Payments)/Refunds	(8.15)	49.10
Less : Provision Utilised/Reversed	<u>(1,15.99)</u>	<u>(8,93.25)</u>
Closing Balance (net of advance payments)	<u>14,96.38</u>	<u>15,68.67</u>

Indirect Tax Matters 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 matters depends upon 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.

## Notes to the Financial Statements for the year ended March 31, 2012

	As at March 31, 2012 ₹ Lacs	As at March 31, 2011 ₹ Lacs
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### Note 7 : Trade Payables

Trade Payables	369,01.33	378,55.24
	<u>369,01.33</u>	<u>378,55.24</u>

(A) 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.

### Note 8 : Other Current Liabilities

Current maturity of Long-term Debt	5.00	—
Unpaid Dividends* :		
– Third Interim Dividend	108,79.43	95,19.50
– Others	8,18.07	7,31.21
Unpaid Balance for Share Capital Reduction (Year 2007)	80.58	86.42
Dividend Tax	—	15,81.07
Others :		
Employee Benefits Payable	38,40.95	37,41.41
Payable under Voluntary Retirement Scheme	52.68	22.93
Payable towards Statutory Liabilities	50,84.59	48,16.95
Advance from Customers	4,23.28	2,63.22
Payable towards purchase of Fixed Assets	5,33.45	4,56.49
	<u>217,18.03</u>	<u>212,19.20</u>

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

### Note 9 : Short-term Provisions

Taxation [net of advance tax payments ₹ 533,67.32 Lacs (Previous Year : ₹ 436,49.73 Lacs)]	75,92.47	29,96.12
Compensated Absences	1,26.78	1,46.20
	<u>77,19.25</u>	<u>31,42.32</u>



## Notes to the Financial Statements for the year ended March 31, 2012

### Note 10 : Fixed Assets

Particulars	Gross Block				Depreciation/Amortisation				Net Book Value		
	As at March 31, 2011	Cost Taken Over on Amalgamation [Refer Note 3(A)]	Additions	Disposals/ Transfers	As at March 31, 2012	Up to March 31, 2011	Depreciation Taken Over on Amalgamation [Refer Note 3(A)]	For the Year	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
(A) Tangible Assets											
Land - Leasehold (Refer Note (i) below)	3,74.21	-	-	-	3,74.21	44.90	-	5.73	50.63	3,23.58	3,29.31
Buildings (Refer Note (ii) below)	142,87.81	-	1,72.36	-	144,60.17	47,52.46	-	5,21.51	52,73.97	91,86.20	95,35.35
Plant and Machinery	305,85.10	-	35,14.29	5,20.13	335,79.26	153,39.82	-	32,32.54	4,98.33	155,05.23	152,45.28
Furniture and Fixtures	12,87.63	-	21.92	16.68	12,92.87	12,13.16	-	45.27	13.74	48.18	74.47
Office Equipment	23,82.07	-	1,91.05	29.79	25,43.33	20,61.99	-	1,26.07	23.83	3,79.10	3,20.08
Total Tangible Assets	489,16.82	-	38,99.62	5,66.60	522,49.84	234,12.33	-	39,31.12	5,35.90	254,42.29	255,04.49
Total Tangible Assets Previous Year	443,85.74	11,97.81	35,27.57	1,94.30	489,16.82	196,90.96	4,63.09	34,24.95	1,66.67	234,12.33	
(B) Intangible Assets											
Goodwill	27,07.61	-	-	-	27,07.61	27,07.61	-	-	27,07.61	-	-
Trademarks	22.20	-	-	-	22.20	22.20	-	-	22.20	-	-
Copyrights	13,52.90	-	-	-	13,52.90	13,52.90	-	-	13,52.90	-	-
Technical Know-how	49,83.70	-	-	-	49,83.70	49,83.70	-	-	49,83.70	-	-
Total Intangible Assets	90,66.41	-	-	-	90,66.41	90,66.41	-	-	90,66.41	-	-
Total Intangible Assets Previous Year	90,66.41	-	-	-	90,66.41	90,66.41	-	-	90,66.41	-	-
Total	579,83.23	-	38,99.62	5,66.60	613,16.25	324,78.74	-	39,31.12	5,35.90	254,42.29	255,04.49
Total Previous Year	534,52.15	11,97.81	35,27.57	1,94.30	579,83.23	287,57.37	4,63.09	34,24.95	1,66.67	324,78.74	
(C) Capital Work-in-Progress [Refer Note (iii) below]											
Total										69,38.25	8,21.43
										323,80.54	263,25.92

- (i) 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.
- (ii) 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.
- (iii) Capital Work-in-Progress includes ₹ 42,62.55 Lacs (Previous Year : ₹ Nil) for Land allotted by Gujarat Industrial Development Corporation for Company's toothpaste factory at Sanand, which is under development.

## Notes to the Financial Statements for the year ended March 31, 2012

	As at March 31, 2012 ₹ Lacs	As at March 31, 2011 ₹ Lacs
<b>Note 11 : Non-current Investments</b>		
<b>Long-term and Non-Trade (Listed but not Quoted)</b>		
Investment in Bonds :		
6.70% (Tax-Free) Indian Railway Finance Corporation Bonds (Series-68B) of face value of ₹ 12,00.00 Lacs	12,16.73	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	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
7.51% (Tax-Free) Secured, Redeemable, Non-Convertible Bonds of Power Finance Corporation Limited (Series-79A) of face value of ₹ 8,00.00 Lacs	8,00.00	—
8.20% (Tax-Free) Secured, Redeemable, Non-Convertible Bonds of Power Finance Corporation Limited (Series-I) of face value of ₹ 9,96.75 Lacs	9,96.75	—
	<u>47,11.65</u>	<u>29,14.90</u>
<b>(A) Aggregate book value of Investments in Note 11 :</b>		
Listed but not Quoted	<u>47,11.65</u>	<u>29,14.90</u>
	<u>47,11.65</u>	<u>29,14.90</u>
<b>Note 12 : Deferred Tax Assets [Net]</b>		
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	2,50.20	76.33
Accrual for expenses allowable only on payment	26,73.28	34,00.05
Less : Deferred Tax Liability on Timing Difference between book and tax depreciation	17,13.51	17,92.04
	<u>12,09.97</u>	<u>16,84.34</u>
<b>Note 13 : Long-term Loans and Advances</b>		
<i>Secured and Considered Good</i>		
Loans to Employees	4,08.67	3,32.92
<i>Unsecured and Considered Good</i>		
Capital Advances	6,10.87	4,05.01
Deposits	12,33.47	9,37.94
Gratuity	—	1,51.75
	<u>22,53.01</u>	<u>18,27.62</u>
<b>Note 14 : Other Non-current Assets</b>		
Deposits with banks (with maturity more than 12 months)	36.48	46.09
	<u>36.48</u>	<u>46.09</u>

## Notes to the Financial Statements for the year ended March 31, 2012

	As at March 31, 2012 ₹ Lacs	As at March 31, 2011 ₹ Lacs
<b>Note 15 : Current Investments</b>		
Investment in Bonds :		
Non-Trade (Listed but not Quoted)		
9.25% (Tax-Free) Secured, Redeemable, Non-Convertible Bonds of	—	9,59.00
HUDCO - Gujarat Punarnirman (Series-1C) of face value of ₹ 9,50 Lacs.	<u>—</u>	<u>9,59.00</u>
	<u>—</u>	<u>9,59.00</u>
This investment is considered as Long-term in accordance with Accounting Standard - 13 (Accounting for Investments).		
<b>(A) Aggregate book value of Investments in Note 15 :</b>		
Listed but not Quoted	<u>—</u>	9,59.00
	<u>—</u>	<u>9,59.00</u>
<b>(B) Aggregate book value of Investments in Note 11 and Note 15 :</b>		
Listed but not Quoted	<u>47,11.65</u>	38,73.90
	<u>47,11.65</u>	<u>38,73.90</u>
<b>Note 16 : Inventories</b>		
Raw and Packing Materials	49,28.10	35,47.71
Work-in-Progress	8,33.73	10,36.30
Finished Goods	103,49.57	77,73.62
Stock-in-Trade [includes in transit ₹ 5,59.27 Lacs (Previous Year : ₹ 2,04.55 Lacs)]	47,87.99	23,05.20
Stores and Spares	8,68.60	7,07.09
	<u>217,67.99</u>	<u>153,69.92</u>
<b>(A) Details of Inventory</b>		
(i) Work-in-Progress :		
Soaps, Cosmetics and Toilet Preparations	<u>8,33.73</u>	10,36.30
	<u>8,33.73</u>	<u>10,36.30</u>
(ii) Manufactured Finished Goods :		
Soaps, Cosmetics and Toilet Preparations	<u>103,49.57</u>	77,73.62
	<u>103,49.57</u>	<u>77,73.62</u>
(iii) Stock-in-Trade :		
Soaps, Cosmetics and Toilet Preparations	12,95.54	6,99.92
Tooth Brushes and Shave Brushes	34,92.32	15,96.94
Others	0.13	8.34
	<u>47,87.99</u>	<u>23,05.20</u>

## Notes to the Financial Statements for the year ended March 31, 2012

	As at March 31, 2012 ₹ Lacs	As at March 31, 2011 ₹ Lacs
<b>Note 17 : Trade Receivables</b>		
<i>Unsecured and Considered Good</i>		
Outstanding for a period exceeding six months from the date they are due for payment	8,53.73	—
Others	<u>78,72.84</u>	<u>75,30.45</u>
	<u>87,26.57</u>	<u>75,30.45</u>
<b>Note 18 : Cash and Bank Balances*</b>		
Cash and Cash Equivalents :		
Bank Balances in :		
– Current Accounts	1,70.17	5,56.44
– Deposit Accounts (with less than 3 months maturity)	153,95.15	155,53.98
Cash on Hand	—	0.20
	<u>155,65.32</u>	<u>161,10.62</u>
Other Bank Balances :		
Deposit Accounts (with maturity more than 3 months but less than 12 months)	36,37.14	130,67.02
Earmarked balances with Banks in :		
– Unpaid Dividend Account - Third Interim Dividend	108,79.43	95,19.50
– Unpaid Dividend Account	8,18.07	7,31.21
– Unpaid Share Capital Reduction Account (Year 2007)	80.58	86.42
	<u>154,15.22</u>	<u>234,04.15</u>
	<u>309,80.54</u>	<u>395,14.77</u>
* Deposits with banks having maturity more than 12 months of ₹ 36.48 Lacs (Previous Year : ₹ 46.09 Lacs) is classified as Other Non-current Assets (Refer Note 14)		
<b>Note 19 : Short-term Loans and Advances</b>		
<i>Secured and Considered Good</i>		
Loan to a Director	—	21.16
Loans to Employees	78.61	1,17.08
<i>Unsecured and Considered Good</i>		
Loans and Advances to Related Parties [Refer Note (A) below]	58.01	27.30
Inter-Corporate Deposits	70,73.00	33,30.00
Balances with Government Authorities	13,00.78	9,94.10
Advances to Suppliers	8,55.89	7,91.39
Prepaid Expenses	3,80.68	2,51.85
Employee Advances	2,07.83	1,89.54
Deposits	70.96	5,47.24
Fringe Benefit Advance Tax [net of Provision for Tax : ₹ Nil (Previous Year : ₹ 3,85.22 Lacs)]	1,81.65	1,94.84
	<u>102,07.41</u>	<u>64,64.50</u>



## Notes to the Financial Statements for the year ended March 31, 2012

	As at March 31, 2012 ₹ Lacs	As at March 31, 2011 ₹ Lacs
<b>Note 19 : Short-term Loans and Advances (Contd.)</b>		
<b>(A) Loans and Advances to Related Parties includes receivable from :</b>		
Colgate-Palmolive Company, U.S.A.	21.29	—
Colgate-Palmolive Management Services (H.K.) Limited	21.69	16.86
Colgate Sanxiao (Consumer Products) Company Limited	9.11	5.07
Colgate-Palmolive Italia S.r.l., Italy	5.92	—
Colgate-Palmolive, Temizlik, Urunleri, Turkey	—	3.01
Colgate-Palmolive (Thailand) Ltd.	—	1.16
Colgate-Palmolive Son Hai Ltd., Vietnam	—	0.70
Colgate-Palmolive Services, Poland	—	0.50
	<u>58.01</u>	<u>27.30</u>
<b>Note 20 : Other Current Assets</b>		
<i>Unsecured and Considered Good</i>		
Interest Accrued on Investments/Deposits	6,42.80	7,33.46
Insurance Claims Receivable	42.78	30.72
	<u>6,85.58</u>	<u>7,64.18</u>
<b>Note 21 : Contingent Liabilities and Commitments</b>		
(To the extent not provided for)		
<b>(A) Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts :		
– Excise and Related Matters	39,40.70	41,91.42
– Service Tax Matters	4,78.15	5,30.49
– Income Tax Matters	3,10.93	3,10.93
– Provident Fund Matters	7.37	7.37
– Commercial Matters	1,69.13	1,55.41
Future cash flow in respect of the above, if any, is determinable only on receipt of judgements/decisions pending with the relevant authorities.		
<b>(B) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances of ₹ 6,10.87 Lacs (Previous Year : ₹ 4,05.01 Lacs)]	19,38.52	20,55.21

## Notes to the Financial Statements for the year ended March 31, 2012

	2011-12 ₹ Lacs	2010-11 ₹ Lacs
<b>Note 22 : Revenue from Operations</b>		
Sale of Products :		
– Finished Goods	2,335,82.29	1,974,45.50
– Stock-in-Trade	400,34.54	342,94.39
Other Operating Revenue :		
– Service Income (Refer Note 1.6)	67,95.19	64,11.46
– Scrap Sales	1,42.46	1,44.32
Revenue from Operations (Gross)	2,805,54.48	2,382,95.67
Less : Excise duty [Refer Note (A) below]	112,31.81	96,84.12
Revenue from Operations (Net)	2,693,22.67	2,286,11.55

**(A)** 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 'Increase/(Decrease) in Excise Duty on Finished Goods' in Note 26.

### **(B) Details of Sale of Products**

(i) Sale of Finished Goods		
Soaps, Cosmetics and Toilet Preparations	2,335,82.29	1,974,45.50
	2,335,82.29	1,974,45.50
(ii) Sale of Stock-in-Trade		
Soaps, Cosmetics and Toilet Preparations	77,99.70	68,53.53
Tooth Brushes and Shave Brushes	319,80.12	271,07.95
Others	2,54.72	3,32.91
	400,34.54	342,94.39

### **Note 23 : Other Income**

Interest :		
– On Bank Deposits	28,57.86	22,75.85
– On Investments	3,32.12	2,28.20
– Others	9,59.77	5,10.21
Dividend from Mutual Funds	48.04	–
Cash Discount	2,12.03	1,51.84
Exchange Gain (Net)	–	35.31
Provisions no Longer Required Written Back	64.14	6,14.18
Bad Debts Recovered	2.10	–
Profit on Sale of Fixed Assets (Net)	29.15	–
Miscellaneous Income	5,63.30	3,08.73
	50,68.51	41,24.32

## Notes to the Financial Statements for the year ended March 31, 2012

	2011-12 ₹ Lacs	2010-11 ₹ Lacs
<b>Note 24 : Raw and Packing Materials Consumed</b>		
Raw and Packing Materials Consumed :		
Opening Stock	35,47.71	23,89.52
Add : Stock taken over on Amalgamation of a Subsidiary Company [Refer Note 3(A)]	—	74.34
Add : Purchases	907,67.37	750,35.73
Less : Closing Stock	49,28.10	35,47.71
	<u>893,86.98</u>	<u>739,51.88</u>

### (A) Details of Raw and Packing Materials Consumed

Chemicals	379,35.03	309,75.60
Tubes and Containers	231,73.93	198,43.37
Oils	133,21.28	79,53.62
Cartons	122,89.81	104,71.95
Others	26,66.93	47,07.34
	<u>893,86.98</u>	<u>739,51.88</u>

### (B) Value of imported and indigenous Raw and Packing Materials consumed

	2011-12		2010-11	
	Value ₹ Lacs	% to Total Consumption	Value ₹ Lacs	% to Total Consumption
Raw and Packing Materials :				
Imported at landed cost	103,76.31	12	61,98.42	8
Indigenously obtained	790,10.67	88	677,53.46	92
	893,86.98	100	739,51.88	100

	2011-12 ₹ Lacs	2010-11 ₹ Lacs
<b>Note 25 : Purchase of Stock-in-Trade</b>		
Soaps, Cosmetics and Toilet Preparations	32,58.92	33,12.73
Tooth Brushes and Shave Brushes	166,11.47	127,87.64
Others	99.20	1,29.39
	<u>199,69.59</u>	<u>162,29.76</u>

## Notes to the Financial Statements for the year ended March 31, 2012

	₹ Lacs	2011-12 ₹ Lacs	2010-11 ₹ Lacs
<b>Note 26 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>			
Opening Stock			
Work-in-Progress	10,36.30		6,08.33
Finished Goods	77,73.62		60,27.50
Stock-in-Trade	23,05.20		14,55.51
Add : Stock taken over on Amalgamation of a Subsidiary Company [Refer Note 3(A)]	—		18.07
		111,15.12	81,09.41
Less : Closing Stock			
Work-in-Progress	8,33.73		10,36.30
Finished Goods	103,49.57		77,73.62
Stock-in-Trade	47,87.99		23,05.20
		159,71.29	111,15.12
Increase/(Decrease) in Excise Duty on Finished Goods [Refer Note 22(A)]		5,21.77	20.65
		<u>(43,34.40)</u>	<u>(29,85.06)</u>

### Note 27 : Employee Benefits

Salaries, Wages and Bonus [Refer Note (A) below]	190,43.67	172,19.18
Contribution to Provident, Gratuity and Other Funds	18,46.97	14,42.32
Staff Welfare Expenses	6,70.13	6,60.83
	<u>215,60.77</u>	<u>193,22.33</u>

(A) Voluntary Retirement Scheme was offered to the employees at the toothpowder factory in Hyderabad during the year. All the employees have availed the benefit of the said Scheme (Cost ₹ 8,22 Lacs) and the manufacturing operations have discontinued.

(B) As required by Accounting Standard 15 "Employee Benefits" (AS-15), the disclosures are as under :

	2011-12 ₹ Lacs	2010-11 ₹ Lacs
<b>I. Defined Contribution Plans</b>		
Charge to Statement of Profit and Loss for Defined Contribution Plan :		
– Employers' Contribution to Provident Fund	6,88.60	6,19.81
– Employers' Contribution to Superannuation Fund	2,17.28	2,04.57
– Employers' Contribution to Employees' State Insurance	37.25	36.82
– Employers' Contribution to Employees' Pension Scheme, 1995	1,52.25	1,12.40
(Included in Employee Benefits - Contribution to Provident, Gratuity and Other Funds)		



## Notes to the Financial Statements for the year ended March 31, 2012

### Note 27 : Employee Benefits (Contd.)

#### 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 :

	2011-12	2010-11
Discount Rate (per annum)	8.55%	8.35%
Rate of increase in Compensation levels	10% for first year & 7% thereafter	10% for first two years & 7% thereafter
Rate of Return on Plan Assets (for Funded Scheme)	7.50%	7.50%
Expected Average remaining working lives of employees (years)	15.02	15.85
	₹ Lacs	₹ Lacs

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

Present Value of Obligation at the beginning of the year	28,93.77	24,56.27
Add : Balance taken over on Amalgamation of a Subsidiary Company	—	39.93
Interest Cost	2,58.45	2,25.20
Current Service Cost	2,94.64	2,63.53
Past Service Cost	—	11.86
Benefits Paid	(3,73.02)	(2,18.90)
Actuarial (Gain)/Loss on Obligations	4,61.49	1,15.88
<b>Present Value of Obligation as at the end of the year</b>	<b>35,35.33</b>	<b>28,93.77</b>

#### A)(ii) Changes in the Present Value of Obligation (Non-Funded Scheme)

Present Value of Obligation at the beginning of the year	23.82	1,22.91
Interest Cost	2.31	7.21
Current Service Cost	3.81	8.91
Benefits Paid	—	(1,00.50)
Actuarial (Gain)/Loss on Obligations	0.29	(14.71)
<b>Present Value of Obligation as at the end of the year</b>	<b>30.23</b>	<b>23.82</b>

#### B)(i) Changes in the Fair Value of Plan Assets (For Funded Scheme)

Present Value of Plan Assets at the beginning of the year	30,45.52	25,17.31
Add : Balance taken over on Amalgamation of a Subsidiary Company	—	18.06
Expected Return on Plan Assets	2,27.05	1,93.10
Actuarial Gain/(Loss)	42.35	(43.94)
Contributions	2,28.28	5,79.89
Benefits Paid	(3,73.02)	(2,18.90)
<b>Fair Value of Plan Assets as at the end of the year</b>	<b>31,70.18</b>	<b>30,45.52</b>

## Notes to the Financial Statements for the year ended March 31, 2012

### Note 27 : Employee Benefits (Contd.)

	2011-12	2010-11
<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%	6%
Corporate Bonds	6%	7%
Insurer Managed Funds	87%	82%
Others	1%	5%
	₹ Lacs	₹ Lacs
<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	35,35.33	28,93.77
Fair Value of Plan Assets as at the end of the year	31,70.18	30,45.52
Funded Status	3,65.15	(1,51.75)
Present Value of Unfunded Obligation as at the end of the year	30.23	23.82
<b>Unfunded Liability/(Asset) recognised in Balance Sheet</b>	<b>3,95.38</b>	<b>(1,27.93)</b>
<b>D)(i) Amount recognised in the Balance Sheet (Funded Scheme)</b>		
Present Value of Obligation as at the end of the year	35,35.33	28,93.77
Fair Value of Plan Assets as at the end of the year	31,70.18	30,45.52
<b>Liability/(Asset) recognised in the Balance Sheet</b>	<b>3,65.15</b>	<b>(1,51.75)</b>
[Included in Long-term Provisions (Refer Note 6). Previous Year is included in Long-term Loans and Advances (Refer Note 13)]		
<b>D)(ii) Amount recognised in the Balance Sheet (Non-Funded Scheme)</b>		
Present Value of Obligation as at the end of the year	30.23	23.82
<b>Liability/(Asset) recognised in the Balance Sheet</b>	<b>30.23</b>	<b>23.82</b>
[Included in Long-term Provisions (Refer Note 6)]		
<b>E)(i) Expenses recognised in the Statement of Profit and Loss (Funded Scheme)</b>		
Current Service Cost	2,94.64	2,63.53
Past Service Cost	—	11.86
Interest Cost	2,58.45	2,25.20
Expected Return on Plan Assets	(2,27.05)	(1,93.10)
Net actuarial (Gain)/Loss recognised in the year	4,19.14	1,59.82
<b>Total Expenses recognised in the Statement of Profit and Loss</b>	<b>7,45.18</b>	<b>4,67.31</b>
(Included in Employee Benefits - Contribution to Provident, Gratuity and Other Funds)		
<b>E)(ii) Expenses recognised in the Statement of Profit and Loss (Non-Funded Scheme)</b>		
Current Service Cost	3.81	8.91
Interest Cost	2.31	7.21
Net actuarial (Gain)/Loss recognised in the year	0.29	(14.71)
<b>Total Expenses recognised in the Statement of Profit and Loss</b>	<b>6.41</b>	<b>1.41</b>
(Included in Employee Benefits - Contribution to Provident, Gratuity and Other Funds)		
<b>F) Expected Contribution to be paid for next year</b>		
Expected Contribution to be paid for next year		
– Funded	1,50.00	1,50.00
– Unfunded	—	—

## Notes to the Financial Statements for the year ended March 31, 2012

### Note 27 : Employee Benefits (Contd.)

#### G) Details of Present Value of Obligation, Plan Assets and Experience Adjustments

	2011-12 ₹ Lacs	2010-11 ₹ Lacs	2009-10 ₹ Lacs	2008-09 ₹ Lacs	2007-08 ₹ Lacs
Present Value of Obligation					
– Funded	<b>35,35.33</b>	28,93.77	24,56.27	22,33.38	17,59.37
– Unfunded	<b>30.23</b>	23.82	1,22.91	1,07.54	81.23
Fair Value of Plan Assets	<b>31,70.18</b>	30,45.52	25,17.31	18,11.38	14,05.16
(Surplus)/Deficit	<b>3,95.38</b>	(1,27.93)	61.87	5,29.54	4,35.44
Experience Adjustments :					
(Gain)/Loss on Funded Plan Liabilities	<b>5,49.63</b>	1,10.16	(1,38.54)	74.47	2,85.43
Gain/(Loss) on Funded Plan Assets	<b>42.35</b>	(43.94)	99.54	(1,02.75)	(0.64)
(Gain)/Loss on Unfunded Plan Liabilities	<b>0.80</b>	(13.10)	3.24	14.94	12.34

- III. The Guidance Note issued by Actuarial Society of India on Implementing AS-15 issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that Provident Funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be Defined Benefit Plans in accordance with paragraph 26(b) of AS-15. Pursuant to the Guidance Note, the actuarial valuation carried out as at March 31, 2012 has determined the liability in respect of the shortfall of interest earnings of Fund as Nil. As per the actuarial valuation report, the interest shortfall liability being “Other Long-term Employee Benefits”, detailed disclosures as prescribed in the Accounting Standard are not required.

#### IV. Other Employee Benefit Plan

The liability for Compensated Absences as at the year end is ₹ **12,41.09 Lacs** (Previous Year : ₹ 12,41.69 Lacs).

	As at March 31, 2012	As at March 31, 2011
Included in :		
Long-term Provisions (Refer Note 6)	<b>11,14.31</b>	10,95.49
Short-term Provisions (Refer Note 9)	<b>1,26.78</b>	1,46.20
	<b><u>12,41.09</u></b>	<u>12,41.69</u>

## Notes to the Financial Statements for the year ended March 31, 2012

	₹ Lacs	2011-12 ₹ Lacs	2010-11 ₹ Lacs
<b>Note 28 : Other Expenses</b>			
Consumption of Stores and Spares [Refer Note (B) below]		<b>10,57.85</b>	9,41.61
Processing Charges		<b>3,75.39</b>	3,01.90
Power and Fuel		<b>17,06.73</b>	14,45.92
Freight and Forwarding Charges		<b>88,37.27</b>	71,82.62
Rent		<b>9,70.04</b>	8,04.81
Rates and Taxes		<b>14,61.46</b>	11,28.45
Insurance		<b>2,20.69</b>	2,27.49
Repairs and Maintenance :			
– Plant and Machinery	<b>10,31.98</b>		8,75.22
– Buildings	<b>56.03</b>		60.70
– Others	<b>49.42</b>		30.14
		<b>11,37.43</b>	9,66.06
Advertising		<b>262,95.65</b>	226,41.02
Sales Promotion		<b>149,14.78</b>	122,90.36
Directors' Fees		<b>12.65</b>	10.95
Auditors' Remuneration :			
– As Auditors	<b>71.50</b>		71.50
– Other Services	<b>19.25</b>		19.10
– Reimbursement of Expenses	<b>2.05</b>		1.78
		<b>92.80</b>	92.38
Sales Taxes absorbed		<b>3.98</b>	1,20.68
Royalty		<b>140,95.15</b>	113,09.49
Bad Debts/Advance Written Off		–	2.54
Loss on Sale of Fixed Assets (Net)		–	6.44
Exchange Loss (Net)		<b>2,98.62</b>	–
Travel and Conference Expenses		<b>25,33.45</b>	23,95.07
Outside Services		<b>31,80.46</b>	29,86.96
Miscellaneous		<b>76,92.35</b>	57,81.29
		<b>848,86.75</b>	706,36.04

**(A)** Research and Development expenses of the year for the Company aggregates ₹ **5,03.40 Lacs** (Previous Year : ₹ 4,32.71 Lacs)

**(B) Value of imported and indigenous Stores and Spare Parts consumed**

	2011-12		2010-11	
	Value ₹ Lacs	% to Total Consumption	Value ₹ Lacs	% to Total Consumption
Stores and Spare Parts :				
Imported at landed cost	<b>3,57.68</b>	<b>34</b>	2,55.47	27
Indigenously obtained	<b>7,00.17</b>	<b>66</b>	6,86.14	73
	<b>10,57.85</b>	<b>100</b>	9,41.61	100



## Notes to the Financial Statements for the year ended March 31, 2012

	<b>2011-12</b>	2010-11
	<b>₹ Lacs</b>	₹ Lacs
<b>Note 29 : Lease Accounting</b>		
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	<b>3,48.67</b>	2,82.28
Greater than 1 year but less than 5 years	<b>3,73.89</b>	1,64.68
Greater than 5 years	—	—
Lease payments recognised in Statement of Profit and Loss are included in "Miscellaneous" under Other Expenses in Note 28.	<b>5,33.11</b>	5,32.65

### Note 30 : Earnings Per Share

Profit After Taxation (₹ Lacs)	<b>446,47.13</b>	402,58.33
Weighted average number of shares (Nos.)	<b>13,59,92,817</b>	13,59,92,817
Nominal Values of shares outstanding (₹)	<b>1</b>	1
Basic and Diluted Earnings Per Share (₹)	<b>32.83</b>	29.60

### Note 31 : Segment Information

In accordance with the requirements of Accounting Standard-17 "Segment Reporting", the Company has identified Business Segment as its primary segment. 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

<b>Particulars</b>	<b>2011-12</b>	2010-11
	<b>₹ Lacs</b>	₹ Lacs
1. Segment Revenue from Operations	<b>2,625,27.48</b>	2,222,00.09
Unallocated Income	<b>67,95.19</b>	64,11.46
Other Income	<b>50,68.51</b>	41,24.32
	<b><u>2,743,91.18</u></b>	<b><u>2,327,35.87</u></b>
2. Segment Results	<b>535,43.70</b>	476,83.68
Add : Unallocated results	<b>3,78.16</b>	3,47.97
Add : Other Income	<b>50,68.51</b>	41,24.32
Less : Interest and Financial charges	<b>1,51.28</b>	1,61.12
Total Profit before Tax	<b><u>588,39.09</u></b>	<b><u>519,94.85</u></b>

## Notes to the Financial Statements for the year ended March 31, 2012

### Note 31 : Segment Information (Contd.)

Particulars	2011-12 ₹ Lacs	2010-11 ₹ Lacs
<b>3. Capital Employed</b>		
Segment Assets	837,75.50	781,17.44
Add : Unallocated Corporate Assets	291,84.24	252,84.25
Total Assets	1,129,59.74	1,034,01.69
Segment Liability	491,05.97	491,16.97
Add : Unallocated Corporate Liability	203,14.88	158,79.39
Total Liability	694,20.85	649,96.36
Segment Capital Employed	346,69.53	290,00.47
Add : Unallocated Capital Employed	88,69.36	94,04.86
Total Capital Employed	435,38.89	384,05.33
<b>4. Capital Expenditure</b>		
Segment Capital Expenditure	99,86.21	40,84.56
Add : Unallocated Capital Expenditure	2,36.09	25.97
Total Capital Expenditure	102,22.30	41,10.53
<b>5. Depreciation/Amortisation</b>		
Segment Depreciation	37,40.56	32,11.27
Add : Unallocated Depreciation	1,90.56	2,13.68
Total Depreciation	39,31.12	34,24.95
<b>6. Significant Non Cash Expenditure (excluding depreciation)</b>	—	2.54

### Secondary Reportable Segment

The Company has identified Geographical Segment as its secondary segment.

	India		Outside India		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Revenue from Operations</b>						
External	2,593,83.58	2,199,20.12	31,43.90	22,79.97	2,625,27.48	2,222,00.09
Internal Segment	—	—	—	—	—	—
TOTAL	2,593,83.58	2,199,20.12	31,43.90	22,79.97	2,625,27.48	2,222,00.09
Carrying amount of segment assets	837,75.50	781,17.44	—	—	837,75.50	781,17.44
Capital Expenditure	99,86.21	40,84.56	—	—	99,86.21	40,84.56

## Notes to the Financial Statements for the year ended March 31, 2012

### Note 32 : Disclosure of Related Parties

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

<b>i) Ultimate Holding Company</b>	:	Colgate-Palmolive Company, U.S.A.
<b>ii) Group Companies where common control exists</b>	:	Colgate-Palmolive (Malaysia) Mktg. SDN BHD, Malaysia
	:	Colgate-Palmolive East Africa Ltd., Kenya
	:	Colgate-Palmolive Morocco Limited
	:	Colgate-Palmolive Pty. Ltd., South Africa
	:	Colgate-Palmolive (Thailand) Ltd.
	:	Colgate-Palmolive (H.K.) Ltd., Hongkong
	:	Colgate-Palmolive Management Services (H.K.) Limited
	:	Colgate-Palmolive (China) 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 Cameroun S.A., Cameroun
	:	Colgate-Palmolive Romania srl.
	:	Mission Hills S.A. DE C.V.
	:	Colgate-Palmolive (Eastern) Pte Ltd., Singapore
	:	Colgate-Palmolive Industria E Commercio Ltda, Brazil
	:	Colgate-Palmolive (Asia) Pte. Ltd. Singapore
	:	Norwood International Incorporated, U.S.A.
	:	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
	:	Colgate-Palmolive Gabon
	:	Colgate-Palmolive Italia S.r.l., Italy
	:	Colgate-Palmolive France
	:	Colgate Philippines Inc.
<b>iii) Key Management Personnel</b>	:	M.V. Deoras (Upto January 31, 2012)
	:	P. Parameswaran (Ms.) (effective February 1, 2012)
	:	M.A. Elias (Upto November 30, 2010)
	:	P.E. Alton (Effective September 1, 2010)
	:	K. V. Vaidyanathan (Upto November 30, 2011)
	:	N. Ghate (effective October 1, 2011)
<b>iv) Relatives of Key Management Personnel</b>	:	Mrs. Pratima Elias (Upto November 30, 2010)

## Notes to the Financial Statements for the year ended March 31, 2012

### Note 32 : Disclosure of Related Parties (Contd.)

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

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		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Purchase of Goods/Materials</b>										
Colgate Sanxiao (Consumer Products) Company Limited	-	-	18,51.30	10,68.64	-	-	-	-	18,51.30	10,68.64
Colgate-Palmolive (Thailand) Ltd.	-	-	6,75.21	5,32.29	-	-	-	-	6,75.21	5,32.29
Colgate-Palmolive Company, U.S.A.	1,40.53	2,14.65	-	-	-	-	-	-	1,40.53	2,14.65
Others	-	-	2,07.89	59.38	-	-	-	-	2,07.89	59.38
Sub-Total	1,40.53	2,14.65	27,34.40	16,60.31	-	-	-	-	28,74.93	18,74.96
<b>Sale of Goods/Materials</b>										
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	11,95.24	7,47.07	-	-	-	-	11,95.24	7,47.07
Colgate-Palmolive Bt Ltd., Blantyre, Malawi	-	-	83.71	1,43.53	-	-	-	-	83.71	1,43.53
Colgate-Palmolive Zambia Inc.	-	-	81.09	1,35.34	-	-	-	-	81.09	1,35.34
Colgate-Palmolive Tanzania Limited	-	-	1,95.12	84.47	-	-	-	-	1,95.12	84.47
Others	-	-	4,02.66	1,49.51	-	-	-	-	4,02.66	1,49.51
Sub-Total	-	-	19,57.82	12,59.92	-	-	-	-	19,57.82	12,59.92
<b>Purchase of Assets/Spares</b>										
Colgate-Palmolive (China) Co. Ltd., China	-	-	-	62.45	-	-	-	-	-	62.45
Colgate-Palmolive Company, U.S.A.	-	1.16	-	-	-	-	-	-	-	1.16
Sub-Total	-	1.16	-	62.45	-	-	-	-	-	63.61
<b>Services Rendered</b>										
Colgate-Palmolive Company, U.S.A.	67,08.62	64,96.53	-	-	-	-	-	-	67,08.62	64,96.53
Others	-	-	26.88	30.39	-	-	-	-	26.88	30.39
Sub-Total	67,08.62	64,96.53	26.88	30.39	-	-	-	-	67,35.50	65,26.92
<b>Services Received</b>										
Colgate-Palmolive Company, U.S.A.	35,30.42	28,01.26	-	-	-	-	-	-	35,30.42	28,01.26
Sub-Total	35,30.42	28,01.26	-	-	-	-	-	-	35,30.42	28,01.26
<b>Reimbursement of Expenses Charged by us/(on us)</b>										
Colgate-Palmolive Company, U.S.A.	(22,19.53)	(25,16.73)	-	-	-	-	-	-	(22,19.53)	(25,16.73)
(Includes ₹ 5,19.51 Lacs (Previous Year : ₹ 8,84.26 Lacs) for stock options/grants to employees of the Company)										
Others	-	-	6.72	56.47	-	-	-	-	6.72	56.47
Sub-Total	(22,19.53)	(25,16.73)	6.72	56.47	-	-	-	-	(22,12.81)	(24,60.26)

₹ Lacs

## Notes to the Financial Statements for the year ended March 31, 2012

### Note 32 : Disclosure of Related Parties (Contd.)

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		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	₹ Lacs									
<b>Dividend Paid/Proposed</b>										
Colgate-Palmolive Company, U.S.A.	136,19.09	119,84.80	-	-	-	-	-	-	136,19.09	119,84.80
Colgate-Palmolive (Asia) Pte. Ltd., Singapore	-	-	37,19.86	32,73.47	-	-	-	-	37,19.86	32,73.47
Norwood International Incorporated, U.S.A.	-	-	0.14	0.12	-	-	-	-	0.14	0.12
<b>Sub-Total</b>	<b>136,19.09</b>	<b>119,84.80</b>	<b>37,20.00</b>	<b>32,73.59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173,39.09</b>	<b>152,58.39</b>
<b>Royalty</b>										
Colgate-Palmolive Company, U.S.A.	120,50.38	96,73.58	-	-	-	-	-	-	120,50.38	96,73.58
<b>Sub-Total</b>	<b>120,50.38</b>	<b>96,73.58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,50.38</b>	<b>96,73.58</b>
<b>Remuneration</b>										
P. Parameswaran (Ms.)	-	-	-	-	61.29	-	-	-	61.29	-
M.V. Deoras	-	-	-	-	5,00.26	4,99.73	-	-	5,00.26	4,99.73
M.A. Elias	-	-	-	-	-	3,43.74	-	-	-	3,43.74
K.V. Vaidyanathan	-	-	-	-	3,02.16	2,79.27	-	-	3,02.16	2,79.27
P.E. Alton	-	-	-	-	6,09.05	2,66.03	-	-	6,09.05	2,66.03
N. Ghate	-	-	-	-	58.73	-	-	-	58.73	-
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,31.49</b>	<b>13,88.77</b>	<b>-</b>	<b>-</b>	<b>15,31.49</b>	<b>13,88.77</b>
<b>Dividend</b>										
	-	-	-	-	0.03	0.19	-	0.34	0.03	0.53
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.03</b>	<b>0.19</b>	<b>-</b>	<b>0.34</b>	<b>0.03</b>	<b>0.53</b>
<b>Repayment of Loan</b>										
	-	-	-	-	21.16	1.20	-	-	21.16	1.20
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21.16</b>	<b>1.20</b>	<b>-</b>	<b>-</b>	<b>21.16</b>	<b>1.20</b>
<b>Interest on Loan received</b>										
	-	-	-	-	0.24	0.65	-	-	0.24	0.65
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.24</b>	<b>0.65</b>	<b>-</b>	<b>-</b>	<b>0.24</b>	<b>0.65</b>
<b>Outstanding Receivable net of Payable</b>										
Colgate-Palmolive East Africa Ltd., Kenya	-	-	3,20.96	1,39.74	-	-	-	-	3,20.96	1,39.74
Colgate-Palmolive Cameroun S.A., Cameroun	-	-	65.80	-	-	-	-	-	65.80	-
Colgate-Palmolive Bt Ltd., Blantyre, Malawi	-	-	75.60	1,05.19	-	-	-	-	75.60	1,05.19
Colgate-Palmolive Temizlik, Urunleri, Turkey	-	-	-	3.01	-	-	-	-	-	3.01
Colgate-Palmolive Tanzania Limited	-	-	77.37	21.84	-	-	-	-	77.37	21.84
<b>Others</b>	<b>-</b>	<b>-</b>	<b>1,42.77</b>	<b>1,37.33</b>	<b>-</b>	<b>21.16</b>	<b>-</b>	<b>-</b>	<b>1,42.77</b>	<b>1,58.49</b>
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>6,82.50</b>	<b>4,07.11</b>	<b>-</b>	<b>21.16</b>	<b>-</b>	<b>-</b>	<b>6,82.50</b>	<b>4,28.27</b>
<b>Outstanding Payable net of Receivable</b>										
Colgate-Palmolive Company, U.S.A.	23,85.56	44.74	-	-	-	-	-	-	23,85.56	44.74
Colgate-Palmolive (Thailand) Ltd.	-	-	2,56.81	30.86	-	-	-	-	2,56.81	30.86
Colgate Sanxiao (Consumer Products) Company Limited	-	-	3,11.86	2,35.80	-	-	-	-	3,11.86	2,35.80
Colgate-Palmolive Temizlik, Urunleri, Turkey	-	-	1,16.17	-	-	-	-	-	1,16.17	-
<b>Others</b>	<b>-</b>	<b>-</b>	<b>84.09</b>	<b>14.74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84.09</b>	<b>14.74</b>
<b>Sub-Total</b>	<b>23,85.56</b>	<b>44.74</b>	<b>7,68.93</b>	<b>2,81.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,54.49</b>	<b>3,26.14</b>



## Notes to the Financial Statements for the year ended March 31, 2012

	2011-12 ₹ Lacs	2010-11 ₹ Lacs
<b>Note 33 : Value of imports calculated on C.I.F. basis</b> (Figures for the previous year are on payment basis)		
Raw Materials	85,51.25	49,11.00
Stock-in-Trade	24,52.72	12,24.49
Capital Goods	29,40.35	7,70.58
Spares	6,08.99	4,39.18

<b>Note 34 : Expenditure in Foreign Currency</b> (Figures for the previous year are on payment basis)		
Travelling	39.45	51.13
Royalty (Net of tax)	120,50.38	96,97.47
Services Received	36,04.52	38,35.64
Others	41,38.89	27,43.88

<b>Note 35 : Earnings in Foreign Exchange</b> (Figures for the previous year are on payment basis)		
Exports at F.O.B. Value	31,43.90	19,96.18
Services Rendered	67,95.19	51,38.79

### Note 36 : Net Dividends remitted in foreign currency to non-resident shareholders

For the year	Nature of Dividend	No. of Equity Shares	2011-12 ₹ Lacs	2010-11 ₹ Lacs
<b>Colgate-Palmolive Company, U.S.A. :</b>				
2009-2010	Third Interim	5,44,76,347	—	27,23.82
2010-2011	First Interim	5,44,76,347	—	54,47.63
2010-2011	Second Interim	5,44,76,347	—	27,23.82
2010-2011	Third Interim	5,44,76,347	38,13.34	—
2011-2012	First Interim	5,44,76,347	43,58.11	—
2011-2012	Second Interim	5,44,76,347	49,02.87	—
			<b>130,74.32</b>	<b>108,95.27</b>
<b>Colgate-Palmolive (Asia) Pte Ltd., Singapore :</b>				
2009-2010	Third Interim	1,48,79,426	—	7,43.97
2010-2011	First Interim	1,48,79,426	—	14,87.94
2010-2011	Second Interim	1,48,79,426	—	7,43.97
2010-2011	Third Interim	1,48,79,426	10,41.56	—
2011-2012	First Interim	1,48,79,426	11,90.35	—
2011-2012	Second Interim	1,48,79,426	13,39.15	—
			<b>35,71.06</b>	<b>29,75.88</b>
<b>Norwood International Incorporated, U.S.A. :</b>				
2009-2010	Third Interim	563	—	0.03
2010-2011	First Interim	563	—	0.06
2010-2011	Second Interim	563	—	0.03
2010-2011	Third Interim	563	0.04	—
2011-2012	First Interim	563	0.05	—
2011-2012	Second Interim	563	0.05	—
			<b>0.14</b>	<b>0.12</b>

## Notes to the Financial Statements for the year ended March 31, 2012

### Note 37 : Derivative Instruments

Details of foreign currency balances not hedged :

Particulars	Foreign Currency Denomination	2011-12		2010-11	
		Foreign Currency Amount in Lacs	Indian Rupees Equivalent in Lacs	Foreign Currency Amount in Lacs	Indian Rupees Equivalent in Lacs
Current Assets (Trade Receivables)	USD	49.65	25,29.18	83.33	37,29.06
Current Assets	USD	1.14	58.07	0.61	27.30
(Short-term Loans and Advances)	EUR	0.06	4.10	—	—
Current Liabilities	USD	36.00	18,33.86	39.02	17,46.34
(Trade Payables)	EUR	0.02	1.37	0.73	46.32
	GBP	0.08	6.20	0.02	1.62
	JPY	7.69	5.14	—	—
	SEK	53.27	3,86.38	48.95	3,30.01
Current Liabilities (Others)	USD	0.33	16.81	—	—

**Note 38 :** Reversal in Current Tax pertaining to prior year includes reversals for Fringe Benefit Tax of ₹ **1,90.19 Lacs** (Previous Year : ₹ 7,49.02 Lacs).

**Note 39 :** Appointment of P. Parameswaran (Ms.) as the Managing Director of the Company effective February 1, 2012, is pending receipt of approval from the Central Government and approval of the Shareholders of the Company will be sought at the ensuing Annual General Meeting. During the year, an aggregate remuneration of ₹ 61.29 Lacs has been paid to her.

**Note 40 :** The financial statements for the year ended March 31, 2011 were prepared as per the then applicable, erstwhile Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Signature to Notes 1 to 40

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

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

Phuket, May 30, 2012

**For and on behalf of the Board**

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

Mumbai, May 30, 2012

**R. A. Shah**  
**P. Parameswaran (Ms.)**  
**P. E. Alton**  
**N. Ghate**

# PERFORMANCE AT A GLANCE

## NET SALES



## PROFIT AFTER TAX (PAT)



## EARNINGS PER SHARE (EPS) DIVIDEND PER SHARE (DPS)



## DELIVERING SHAREHOLDER VALUE

Year	Equity Shares	Cost/Value
		₹
1978- Original Purchase-IPO	250	6,250
1982-1994- Bonus	12550	-
1994- Rights	1280	25,600
Holding & Original Cost	14080	31,850
Holdings & Market Value on May 30, 2012	14080	16,656,640
Dividend Revised*		2,651,819*
* Includes Deemed Dividend of ₹ 9 per share		
Compounded Annual Return of 28% since the IPO		
*Subject to tax where applicable		

## YEAR-END SHARE PRICE







Colgate Research Centre,  
Main Street, Hiranandani Gardens,  
Powai, Mumbai-400 076  
Tel: 022-6709 5050  
[www.colgate.co.in](http://www.colgate.co.in)

