

## Contents

Board of Directors	2
Ten-year Highlights	3
Notice	5
Report of the Directors	14
Corporate Governance Report	18
Auditors' Report on Corporate Governance	24
Auditors' Report to the Shareholders	26
Balance Sheet	28
Profit and Loss Account	29
Cash Flow Statement	30
Summary of Significant Accounting Policies	31
Schedules to the Accounts	32
Statement pursuant to Section 212	46
<b>Subsidiary Accounts</b>	
Colgate-Palmolive (Nepal) Private Limited	47
Camelot Investments Company Limited	57
Passion Trading & Investment Company Limited	72
Multimint Leasing & Finance Limited	73
Jigs Investments Limited	74
<b>Consolidated Accounts</b>	
Consolidated Auditors' Report	75
Consolidated Balance Sheet	76
Consolidated Profit and Loss Account	77
Consolidated Cash Flow Statement	78
Summary of Significant Accounting Policies	79
Schedules to the Consolidated Accounts	80

## Board of Directors

	<i>Chairman</i>	S. Peter Dam
	<i>Vice-Chairman</i>	R. A. Shah
	<i>Deputy Chairman</i>	P. K. Ghosh
	<i>Managing Director</i>	G. Dalziel
	<i>Whole-time Director</i>	M. A. Elias
	<i>Whole-time Director</i>	K. V. Vaidyanathan
	<i>Whole-time Director</i>	V. Kaushik
		V. S. Mehta
		J. K. Setna
	<i>Company Secretary</i>	K. V. Vaidyanathan
Management Committee	<i>Managing Director</i>	G. Dalziel
	<i>Finance</i>	M. A. Elias
	<i>Legal</i>	K. V. Vaidyanathan
	<i>Marketing</i>	V. Kaushik
	<i>New Geographies</i>	A. B. Ganu
	<i>Sales</i>	V. Hegde
	<i>R &amp; D</i>	R. Kohli
	<i>Information Technology</i>	A. Pande
	<i>Manufacturing</i>	P. Richardson
	<i>Human Resources</i>	D. Roy
Audit Committee	<i>Chairperson</i>	R. A. Shah
		P. K. Ghosh
		J. K. Setna
	<i>Secretary</i>	K. V. Vaidyanathan
Shareholders'/Investors' Grievance Committee	<i>Chairperson</i>	P. K. Ghosh
		G. Dalziel
		V. Kaushik
		J. K. Setna
		K. V. Vaidyanathan
	<i>Solicitors</i>	Crawford Bayley & Co.
	<i>Auditors</i>	Arthur Andersen & Associates Chartered Accountants
	<i>Registered Office</i>	Colgate Research Centre Main Street, Hiranandani Gardens Powai, Mumbai 400 076
	<i>Factories</i>	Sewri Fort Road, Mumbai 400 015 Waluj Industrial Area, MIDC, Aurangabad 431 136
	<i>Warehouses</i>	Kolkata and Chennai
	<i>Registrars &amp; Share Transfer Agents</i>	Sharepro Services

## Ten-year Highlights

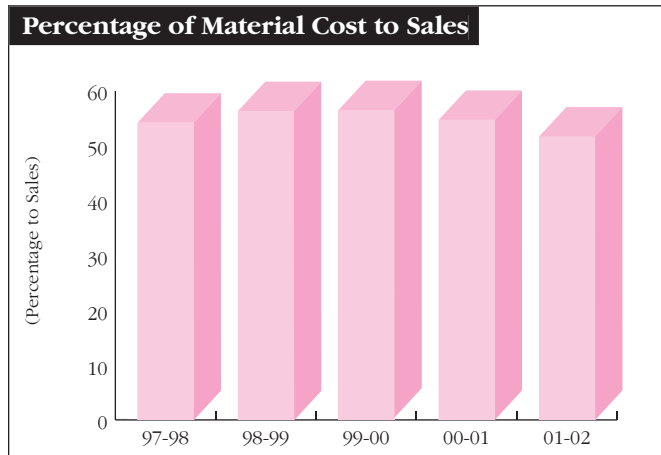
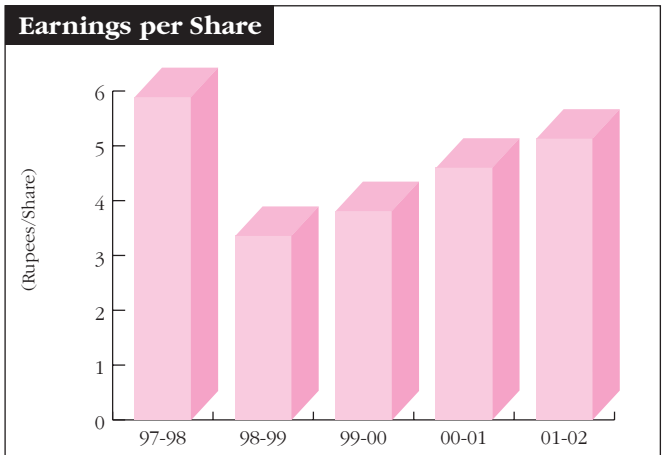
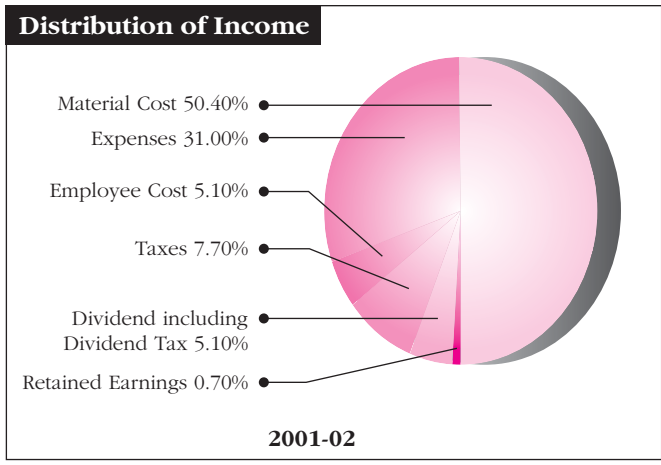
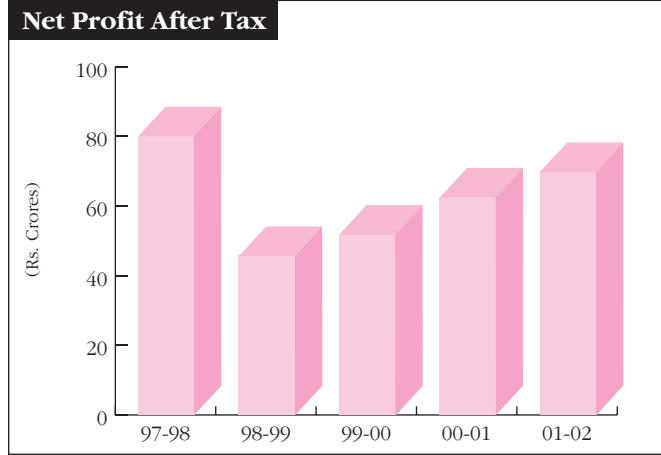
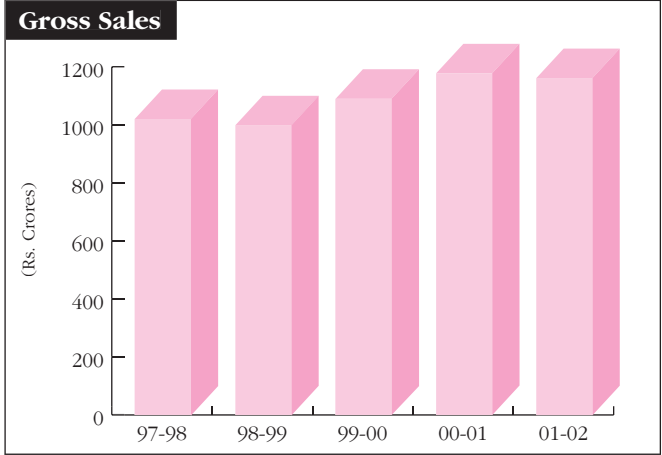
(Rs. Lacs)

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
<b>A. Operating Results :</b>										
Sales	494,70	601,97	681,46	850,11	960,60	1,019,73 #	998,22 #	1,089,58 #	1,176,88	1,160,89
Other Income	4,31	10,40	29,40	14,84	17,61	12,48 #	16,31 #	22,89 #	29,51	30,95
Total Income	499,01	612,37	710,86	864,95	978,21	1,032,21 #	1,014,53 #	1,112,47 #	1,206,39	1,191,84
Net Profit after Tax	48,36	58,80	71,79	76,30	78,92	80,07	45,67	51,79	62,50	69,79
Cash Profits	53,67	63,92	82,70	94,72	98,58	101,24	70,30	75,00	82,72	91,94
<b>B. Financial Position :</b>										
Fixed Assets (Net)	45,87	46,52	144,02	151,73	160,41	194,46	226,17	215,58	196,93 #	172,31
Current Assets (Net)	47,84	68,14	57,88	49,13	84,89	83,17	58,47	80,31	31,26 #	56,86
Others (Net)	21,95	81,66	30,69	43,68	16,89	20,51	14,23	11,08	23,97 #	27,72
TOTALASSETS	115,66	196,32	232,59	244,54	262,19	298,14	298,87	306,97	252,16	256,89
Share Capital	50,30	123,19	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99
Reserves and Surplus	64,20	71,53	95,00	106,02	122,18	157,37	157,75	164,26	103,12	111,65
SHAREHOLDERS' FUNDS	114,50	194,72	230,99	242,01	258,17	293,36	293,74	300,25	239,11	247,64
Loan Funds	1,16	1,60	1,60	2,53	4,02	4,78	5,13	6,72	13,05	9,25
TOTALCAPITALEMPLOYED	115,66	196,32	232,59	244,54	262,19	298,14	298,87	306,97	252,16	256,89
<b>C. Equity Share Data :</b>										
Earnings Per Share (Rs.)*	3.56	4.32	5.28	5.61	5.80	5.89	3.36	3.81	4.60	5.13
Dividend Per Share (Rs.)*	2.22	3.41	4.49	4.80	4.50	3.00	3.00	3.00	8.25 *	4.25
Number of Shares (in lacs)	5,03	12,32	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60
Number of Shareholders (in '000s)	106	132	195	229	235	238	241	230	222	215

# Restated

\* Adjusted for Bonus/Rights issues

\* Including one-time special dividend of Rs. 4.75 per share



## Notice

NOTICE is hereby given that the Sixty-first Annual General Meeting of COLGATE-PALMOLIVE (INDIA) LIMITED will be held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg, (U-1, Juhu Development Scheme), Vile Parle (West), Mumbai 400 056 on Monday, August 19, 2002 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2002 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors.

2. To appoint a Director in place of Mr. J. K. Setna, who retires by rotation and being eligible, offers himself for re-appointment.

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

“RESOLVED that Mr. Vikram S. Mehta be and is hereby appointed a Director of the Company.”

4. 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 Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to the approval of the Central Government, the approval of the Company be and is hereby accorded to the appointment of Mr. Graeme Dalziel as Managing Director of the Company for a period of five years effective April 1, 2002 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Dalziel, a copy whereof initialled by the Vice-Chairman for the purpose of identification is placed before the meeting with 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. Dalziel, subject to the applicable provisions of the Act, or any amendment thereto or any re-enactment thereof.

RESOLVED further that in the event of absence or inadequacy of profits in any financial year, Mr. Dalziel 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.”

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

“RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the approval of the Company be and is hereby accorded to the re-appointment of Mr. K. V. Vaidyanathan as a Whole-time Director of the Company for a period of five years effective April 1, 2002 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Vaidyanathan, a copy whereof initialled by the Vice-Chairman for the purpose of identification is placed before the Meeting with liberty to the Board of Directors or Managing Director, to alter and vary such terms and conditions, including remuneration within, however, the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.”

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

“RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the approval of the Company be and is hereby accorded to the re-appointment of Mr. Moses A. Elias as a Whole-time Director of the Company for a period of five years effective April 1, 2002 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Elias, a copy whereof initialled by the Vice-Chairman for the purpose of identification is placed

before the Meeting with liberty to the Board of Directors or Managing Director to alter and vary such terms and conditions, including remuneration within, however, the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.”

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 Section 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. PriceWaterhouse, Chartered Accountants, Mumbai, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in place of Messrs. Arthur Andersen & Associates, Chartered Accountants, the retiring Auditors of the Company, on such remuneration as may be fixed by the Board of Directors of the Company (“the Board”).

RESOLVED further that the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution.”

By Order of the Board

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

June 20, 2002

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 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 items 3 to 7 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 Friday, August 9, 2002 to Monday, August 19, 2002 (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, 912, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021.
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. To avoid the incidence of fraudulent encashment of the dividend warrants, Members are requested to intimate the Registrars and Share Transfer Agents of the Company under the signature of the Sole/First joint holder the following information so that the Bank Account Number and Name and Address of the Bank can be printed on the Dividend Warrant, if and when issued :
- a) Name of Sole/First joint holder and Folio Number
- b) Particulars of Bank Account viz.
- i) Name of the Bank
- ii) Name of the Branch
- iii) Complete address of the Bank with Pin Code number
- iv) Account type, whether Savings or Current Account
- v) Bank Account number allotted by the Bank
7. 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). Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.
8. 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.

9. Members holding shares in Demat form may please note that the bank account details given by them to their Depository Participants (DPs) and passed on to the Company by such DPs would be printed on the dividend warrants of the concerned members. However, if any member wants to receive dividend in any other bank account, he/she should change/correct the bank account details with their concerned DPs. The Company would not entertain any request from such shareholders for deletion/change in the bank account details to be printed on the dividend warrants on the basis of information furnished by the DPs to the Company.
10. All unclaimed dividends upto the First Interim Dividend for 1995-96 paid by the Company on September 29, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants upto the said period are requested to claim the amount from The Registrar of Companies, Hakoba Compound, Second Floor, Dattaram Lad Marg, Kala Chowkie, Mumbai 400 033.
11. 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.
12. At the ensuing Annual General Meeting, Mr. J.K. Setna retires

by rotation and being eligible, offers himself for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. Setna are given below :

Mr. Setna is a Chartered Accountant with a Bachelor of Commerce degree from the University of Bombay. Mr. Setna joined Ingersoll-Rand (India) Limited (a 74% subsidiary of Ingersoll-Rand Company, the multinational diversified machinery manufacturer of New Jersey, U.S.A.) in 1957 and was appointed Corporate Secretary in 1958, elected to the Board of Directors in 1965 and designated as Area Controller, Asia Pacific Region, Ingersoll-Rand International in 1966. Mr. Setna took over as the Chairman and President of Ingersoll-Rand (India) in 1968. He retired as President in December 1988 at the age of 60 and then as Chairman in September 1993. In October 1993, he joined the Board of Tata Sons Limited.

Mr. Setna is a trustee of the N. M. Wadia Charities and its associated Trusts and also a Director on the Board of Governors of Escorts, Heart Institute & Research Centre. He is a special permanent invitee to the Executive Council of Indo-American Chamber of Commerce.

Presently Mr. Setna is the Chairman/Director of the following companies :

Name of Company	Designation	Chairman/Membership of Audit Committee/ Shareholders'/Investors' Grievance Committee/ Remuneration Committee of Board
Colgate-Palmolive (India) Ltd.	Director	Member - Audit Committee Member - Shareholders'/Investors' Grievance Committee
TELCO Construction Equipment Company Ltd.	Chairman	Chairman - Remuneration Committee
Tata Housing Development Company Ltd.	Chairman	—
Camphor & Allied Products Ltd.	Director	—
Information Technology Park Ltd.	Director	—
Rallis India Ltd.	Director	Member - Audit Committee Member - Remuneration Committee
Tata Engineering & Locomotive Company Ltd.	Director	Member - Audit Committee
Tata Sons Ltd.	Director	Chairman - Audit Committee Member - Remuneration Committee
Tata Honeywell Ltd.	Director	—
Tata Infotech Ltd.	Director	Member - Audit Committee
Tata International Ltd.	Director	Member - Audit Committee
Universal Ferro & Allied Chemicals Ltd.	Director	—
Pazchem Limited *	Director	—
Sitel India (Private) Ltd.	Chairman	—

\* Foreign Body Corporate

## Annexure to the Notice

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

#### Item 3

The Board of Directors of the Company (“the Board”) at their meeting held on October 25, 2001, appointed Mr. Vikram S. Mehta as an Additional Director. Pursuant to Section 260 of the Companies Act, 1956 (“the Act”), Mr. Mehta holds office only upto the date of the 61st 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. Mehta as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

The particulars of Mr. Mehta as required under Clause 49 of the Listing Agreement are given below :

Mr. Mehta is Chairman of the Shell Group of Companies in India

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

Mr. Mehta, who completed his Bachelors in Mathematics (Hons.) from Delhi University, holds a Master’s Degree in Energy Economics from Fletchers School, Tufts and Harvard University in USA as well as a Masters in Economics (Hons.) from Oxford University, UK. His brilliant academic qualifications, coupled with his deep business perspective will bring added value to the Company.

Mr. Mehta is the Chairman/Director of the following companies :

Name of Company	Designation	Chairman/Membership of Audit Committee/ Shareholders’/Investors’ Grievance Committee/ Remuneration Committee of Board
Colgate-Palmolive (India) Ltd.	Director	—
Shell Company of India	Chairman	—
Shell India Production Development	Chairman	—
Shell India Pvt. Ltd.	Chairman	—
Shell Renewables India Pvt. Ltd.	Chairman	—
Bharat Shell Limited	Chairman	—
Machino Basell India Ltd.	Director	—
Shell India eServices Pvt. Ltd.	Chairman	—
Hazira Port Pvt. Ltd.	Chairman	—
Hazira LNG Pvt. Ltd.	Chairman	—
Shell Gas LPG India Ltd.	Chairman	—
Shell Hazira Gas Pvt. Ltd.	Chairman	—



The Board is of the view that his appointment as Director will be in the best interest of the Company. The Board has no hesitation in commending his appointment.

None of the Directors, except Mr. Mehta, is concerned or interested in the resolution at Item No. 3.

#### Item 4

Consequent upon relocation of Mr. Derrick Samuel to Colgate-Palmolive, Australia, the Board of Directors of the Company ("the Board") at its meeting held on February 6, 2002 appointed Mr. Graeme Dalziel as Managing Director of the Company for a period of five years effective April 1, 2002, subject to the approvals of the Central Government and shareholders of the Company.

Mr. Dalziel, a Business Administration Graduate, joined Colgate, U.K. in December 1972 and held increasingly responsible marketing positions in the U.K., Zambia, South Africa and India. He held the position of Marketing Director in Colgate-Palmolive (India) Limited from 1984 to 1987. In 1987 he was transferred to Global Business and worked both in the Worldwide New Products Group and in Body Care as Equity Director, Palmolive. In 1992 he was named Marketing Director, Colgate-Palmolive, Italy and in 1995 he was promoted to Vice President of Marketing – Colgate-Palmolive, France. Mr. Dalziel was the Vice-President and General Manager of Colgate-Palmolive, Portugal, before coming to India. Under his leadership, Colgate-Palmolive, Portugal, had delivered strong consistent sales growth and record margins and profitability. Fundamental to Mr. Dalziel's success was his ability to build a highly motivated and effective management team which had fully aligned behind focussed priorities. He has also been a major contributor to the European Management Forum and most recently has led the development of the Revised European Division's Vision, Values and Operating Principles.

Mr. Dalziel's strong management skills, his proven marketing ability and his previous experience in India make him well qualified to lead the Indian operations.

Mr. Dalziel does not hold any other directorship.

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

The remuneration payable to Mr. Dalziel shall be determined by

the Board from time to time within, however, the maximum limits set forth below :

- a) Salary :  
Upto Rs. 6,00,000/- per month.
- b) Commission or Performance Linked Incentive or Bonus :  
Not exceeding 1 % of the net profit of the Company in any financial year as the Board may determine from time to time but shall not exceed the amount equivalent to the salary for the relevant period; it may be paid pro-rata on a monthly basis at the absolute discretion of the Board.
- c) Perquisites :  
He shall be entitled to furnished/non-furnished accommodation, gas, electricity, water, medical reimbursement, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-tax Rules, 1962, being restricted to Rs.15 lakhs per annum.  
In addition to the perquisites referred to above, he will be eligible to the following perquisites which shall not be included in the computation of the ceiling on perquisites.
  - i) Children's Education :  
Reimbursement of actual expenses on education of children for a maximum of two children, studying in or outside India.
  - ii) Holiday Passage for children :  
Entitlement to cost of return airfare for children studying abroad to visit India, twice in a year by economy class.
  - iii) Leave Travel Concession :  
For self and family once in a year to 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.
  - iv) Reimbursement of expenses incurred on joining duty and for returning to home country after completion of tenure :  
Actual expenses incurred on travel, temporary living

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

d) 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.

e) Minimum Remuneration :

In the event of absence or inadequacy of profits in any year, Mr. Dalziel will be paid the aforesaid remuneration and perquisites as minimum remuneration during 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, Mr. Dalziel will have all the requisite powers and authorities to enable him 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 giving to the other ninety days' notice in writing.

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 Saturdays, upto and including the day of this Meeting.

The above terms and conditions may also be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Dalziel, is concerned or interested in the resolution at Item 4.

**Item 5**

Mr. K. V. Vaidyanathan is a lawyer with varied professional experience and expertise in a broad spectrum of corporate laws, economic laws and intellectual property rights and is also a Member of the Institute of Company Secretaries of India. He joined the Company as Company Secretary in 1991 and was appointed a Whole-time Director of the Company for a period of five years from April 1, 1997. He has made several significant contributions to the Company's growth and implementation of investment plans and business strategies. His contributions have been invaluable.

In recognition of his accomplishments, the Board of Directors of the Company ("the Board") has re-appointed him a Whole-time Director of the Company for a further period of five years from April 1, 2002, subject to the approval of the shareholders. The Board is of the opinion that his re-appointment as a Whole-time Director of the Company would be in the best interest of the Company. The Board has no hesitation in commending his appointment.

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

Name of Company	Designation	Membership of Audit Committee/ Shareholders'/Investors' Grievance Committee of Board
Colgate-Palmolive (India) Ltd.	Whole-time Director	Secretary – Audit Committee Member – Shareholders'/Investors' Grievance Committee
Colgate-Palmolive (Nepal) Private Ltd.	Director	—
Jigs Investments Ltd.	Director	—
Multimint Leasing & Finance Ltd.	Director	—
Passion Trading & Investment Co. Ltd.	Director	—

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

The remuneration payable to Mr. Vaidyanathan shall be determined by the Board or Managing Director from time to time within, however, the maximum limits set forth below :

1. Salary :

Upto Rs. 2,50,000/- per month.

2. 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.

3. 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 Rs.10 lacs per annum.

4. 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, the remuneration payable to him by way of salary and perquisites shall not exceed the maximum limit prescribed under Schedule XIII of 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 limit prescribed under Schedule XIII of the Companies Act, 1956.

The re-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. Vaidyanathan ceasing to be a Director of the Company.

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 Saturdays, upto and including the day of this Meeting.

The above terms and conditions may also be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Vaidyanathan, is concerned or interested in the resolution at item 5.

**Item 6**

Mr. Moses A. Elias is a Member of both the Institute of Chartered Accountants of India and the Institute of Cost & Works Accountants of India. He joined the Company in 1976 as Budget Manager and thereafter held positions of increasing responsibilities in Colgate-Palmolive Company's subsidiaries at Zambia and Boston (U.S.A.), at the Corporate Headquarters in New York and in the Asia Pacific Region including joint venture activities in Vietnam, South Korea and Indonesia. He has wide and varied experience in international finance and business development operations. Prior to his transfer to the Company in April, 1996, he was Finance Director, Asia Business Development Group of Colgate-Palmolive Company, USA. He has made several significant contributions to the Company's growth and implementation of investment plans and business strategies. His contributions have been invaluable.

Mr. Elias was appointed a Whole-time Director of the Company for a period of five years from April 1, 1997. In recognition of his extensive exposure and experience, the Board of Directors of the Company ("the Board") has re-appointed him a Whole-time Director of the Company for a further period of five years from April 1, 2002, subject to the approval of the shareholders. The Board is of the opinion that his re-appointment as a Whole-time Director of the Company would be in the best interest of the Company. The Board has no hesitation in commending his appointment.

Mr. Elias is a Director of the following companies :

Name of Company	Designation	Membership of Audit Committee/ Shareholders'/Investors' Grievance Committee of Board
Colgate-Palmolive (India) Ltd.	Whole-time Director	—
Colgate-Palmolive (Nepal) Private Ltd.	Director	—

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

The remuneration payable to Mr. Elias shall be determined by the Board or Managing Director from time to time within, however, the maximum limits set forth below:

1. Salary :

Upto Rs. 6,00,000/- per month.

2. 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.

3. Perquisites:

He shall be entitled to furnished/non-furnished accommodation, gas, electricity, medical reimbursement, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-tax Rules, 1962, being restricted to Rs.15 lacs per annum.

4. 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.

5. Mr. Elias being an expatriate, in addition to the perquisites stipulated above, he shall also be entitled to :

a) Leave Travel Concession :

For self and family once a year to 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; and

b) Reimbursement of expenses incurred on returning to home country :

Actual expenses incurred on travel and on packing, forwarding, loading/unloading, as well as freight, insurance, customs duty, clearing expenses and local transportation in connection with the moving of personal effects for self and family. Such expenses may be reimbursed at the time of his finally leaving the employment of the Company. In case he joins another affiliate of the Colgate Group, the said affiliate will bear these expenses.

In the event of absence or inadequacy of profits in any financial year, the remuneration payable to him by way of salary and perquisites shall not exceed the maximum limit prescribed under Schedule XIII of 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 limit prescribed under Schedule XIII of the Companies Act, 1956.

The re-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. Elias ceasing to be a Director of the Company.

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 Saturdays, upto and including the day of this Meeting.

The above terms and conditions may also be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Elias, is concerned or interested in the resolution at Item 6.

#### **Item 7**

The present auditors of the Company, Messrs. Arthur Andersen & Associates, Chartered Accountants, have expressed their unwillingness to be re-appointed as Auditors of the Company on their retirement at this Annual General Meeting. Messrs. PriceWaterhouse, Chartered Accountants, by their letter dated June 14, 2002 have signified their consent to act as Auditors of the Company, if appointed, and to hold office as such from the conclusion of this meeting until the conclusion of the next Annual General Meeting. The letter dated June 14, 2002 received from Messrs. PriceWaterhouse would be available for inspection by

the Members at the Registered Office of the Company during business hours on any working day, excluding Saturdays, upto and including the date of this Meeting.

None of the Directors is concerned or interested in the resolution at Item 7.

By Order of the Board

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

Date: June 20, 2002

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, 2002.

### Financial Results

	(Rs. in Crores)	
	2001-02	2000-01
Total Revenue	1,191.84	1,206.39
Sales (Including Excise Duty)	1,160.89	1,176.88
Other Income	30.95	29.51
Profit before Taxation	114.69	105.80
Provision for Taxation	44.90	43.30
Profit after Taxation	69.79	62.50
Balance brought forward	1.96	69.34
Profit available for Appropriation	71.75	131.84
Appropriation :		
Dividend	57.79	47.60
One-time Special Dividend	—	64.59
Dividend Tax	3.47	11.44
General Revenue	6.98	6.25
Balance carried forward	3.51	1.96
	71.75	131.84

### Business Performance

The year in retrospect was difficult for the Indian industry in general and the FMCG sector in particular. The overall economic slow down with continuing sluggishness in agricultural growth has adversely impacted rural demand. Industrial growth was also at its lowest. Increasing competition has aggravated the task. During this trying period, your Company took a number of initiatives with relentless thrust on cost reduction, improvement in efficiency and productivity which have resulted in overall improvement in the Company's working. While the sales during the year remained flat, the net profit recorded a 12 per cent growth to Rs. 69.79 crores. In the context of daunting challenges, the Company's performance may be considered reasonable.

Your Company is continuing to improve its performance because of its management's total focus on key strategic initiatives. A series of steps taken by Marketing and Sales to strengthen the wholesale business and motivate stockists and their sales force besides effectively using "360 degree" marketing techniques in certain markets helped your Company grow its market share. Apart from this, the management has been aggressively examining and reinventing the process by taking full advantage of technology to drive down costs across the organisation to generate additional funds to fuel growth. These initiatives have been successfully implemented by the outstanding work force of the Company to which the Board acknowledges its appreciation and gratitude.

Some of the key achievements are :

- The market share of the Company's flagship brand, Colgate Dental Cream, which was contemporarised, went up by over 2.5 per cent in the first four months of 2002.
- The Herbal toothpaste with a combination of traditional Indian herbs and specially developed with Colgate's successful international technology mustered a market share of over 2 per cent.
- The economy toothpaste re-launched to cater to the economy segment has now garnered a market share of over 4.5 per cent.
- The toothbrushes being marketed under the brand name Colgate recorded an impressive market share growth of over 4 per cent during the first four months of 2002 as against the corresponding period of 2001.
- Colgate Fresh Energy Gel re-launched with a refreshing flavour in a unique first-of-its-kind transparent tube and backed by a highly successful "Talk to Me" advertising campaign continues to excel.
- Cash generation during the year continued to be strong, driven by an efficient collection system and enhanced capability of supply chain.

### Best Employers Study

In the "Best Employers in India 2002" study conducted by Hewitt Associates, a global management consulting and outsourcing firm, in conjunction with Business Today, your Company has been ranked as one of the top ten Best Employers in India. The study analyzes leading HR systems and philosophies and determines how this effectively meets employee needs and drives business results.

The Best Employers study recognises companies that are committed to their employees. It provides an insight into how companies can achieve competitive advantage by aligning people with organisational goals. Most importantly, the study reveals that your Company has highly satisfied employees who are fully committed to their organisation. It is also evident from the results of the study that your Company has taken a series of steps to create an environment in the Company which makes Colgate the Best Place to Work.

### Responsibility Statement

The Directors 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 the 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 or Loss 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.

### Dividend

For the financial year 2001-02, a first interim dividend of Rs. 2.50 per share was paid on March 4, 2002 and the second interim dividend of Rs.1.75 (subject to tax) per share was paid on May 31, 2002. Having paid the aggregate dividend of 42.5 per cent for the financial year 2001-02 as against the dividend of 35 per cent (excluding one-time special dividend of 47.5 per cent) for the financial year 2000-01, your Directors do not recommend final dividend for the year.

### Dereservation of Toothpaste

The Government needs to be complimented for announcing dereservation of toothpaste hitherto reserved for exclusive manufacture in the small scale sector. Oral health is essential to overall health. It is widely accepted that prevention through better oral hygiene practices is better than a curative approach. With a critically low dentist to population ratio and only about 40 per cent of the population in India using any form of modern dentifrice, there is a clear need to accelerate oral health care coverage. Dereservation is likely to provide access to necessary resources required to increase penetration and grow the market.

## Supply Chain Initiatives

During the year, numerous initiatives were taken in the area of supply chain to further reinforce your Company's competitive advantage in the market. In the area of purchase, the Company's Suppliers' certification gained momentum and key suppliers were certified. This will result in the elimination of duplicate quality control checks, reduced inventories and joint initiatives to reduce waste in the systems. Purchase of commodity item through e-auction is another initiative which yielded significant savings and suppliers rationalisation.

In the operational area, a tie-up with Indian Railways yielded good results in moving stocks in safe and secured condition to Eastern India.

Environmental, occupational health and safety management continued to be a key focus and your Company has taken a number of initiatives and training process across all its facilities which had a positive effect on the safety record of the Company.

## Information Technology

Your Company has continued to make the IT investments in various strategic areas to improve operational efficiencies and leverage quality information to enhance decision effectiveness.

Stockists at Colgate's major towns are now connected on-line with the Company which will help plan better to gain competitive advantage. The downstream distribution system has been further augmented which enabled your Company to pilot successfully a Palmtop-based system for stockists' salesmen at Bangalore. This will be extended to other locations.

The SAP enterprise-wide software has been further upgraded to facilitate the management to analyse data and take quick decisions.

Your Company has launched its website, [www.colgate.co.in](http://www.colgate.co.in), to provide on-line information. This website profiles the Company and its products besides offering targeted information for investors, consumers and dental profession. The Colgate Hygiene section offers consumers valuable oral health tips as well as information on Colgate's on-going oral health awareness.

## Colgate # 1 Brand

Colgate has, once again, been rated the # 1 brand across all categories in the annual survey of India's Top Brands conducted by Taylor Nelson Sofres-MODE for A&M. Leading with a Power

Score from 53.91 in the last Annual Survey to 56.2 in 2001, this is the eighth time in the nine surveys that Colgate has been ranked the country's # 1 Brand since the survey was introduced in 1992. Colgate continues to be a brand that cuts across all barriers topping 12 out of 14 segments and commanding the top slot on brand loyalty with 82 per cent of all those who recognise the brand, also claiming to use it.

The Company's most successful "Mera Colgate" campaign struck a special chord with the consumers reaffirming the core brand values of caring and protection. The survey results showing the increase in Colgate Power Scores and the widening brand leadership over all other brands, are an independent external validation of the Company's commitment to deliver superior quality products consistently and its tight focus on brand building activity.

## Gujarat Earthquake Relief

A devastating earthquake hit large parts of Gujarat State on January 26, 2001 which severely impacted the region with loss of life and property on an unprecedented scale. Besides supporting the efforts of FICCI in providing relief measures, your Company first distributed medicines and blankets to those affected. This was followed by sending Colgate Oral Hygiene products to the victims. Thereafter, the Company distributed a complete household utensil kit with a cooking stove to help rehabilitate needy families.

## Corporate Governance

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

## Employee Relations

Relations between the employees and the management continued to be cordial during the year.

Information as per Section 217(2A) of the Companies Act, 1956 ("the Act") read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.





## Corporate Governance Report

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. Given below is the report on Corporate Governance.

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

Colgate-Palmolive (India) Limited believe that good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholders' value. In this pursuit, your Company's philosophy on Corporate Governance is guided by a strong emphasis on transparency, accountability and integrity and has been practising the principles of Corporate Governance over the years. All employees are bound by a Code of Conduct which sets forth Company's policies on important issues, including our relationship with consumers, shareholders and Government.

### 2. Composition of Board

The Board of Directors has a mix of Executive and Non-executive Directors. The Board comprises of four Whole-time Directors – the Managing Director and three Executive Directors and five Non-executive Directors including the Chairman of the Board. Four of the five Non-executive Directors are independent Directors. Accordingly, the composition of the Board is in conformity with the listing agreement.

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	No. of memberships of other Board Committees	No. of other Board Committees of which the Director is a Chairperson
Mr. S. Peter Dam	Non-executive	21*	–	–
Mr. R. A. Shah	Non-executive	27*	9	3
Mr. P. K. Ghosh	Non-executive	–	–	–
Mr. G. Dalziel	Executive	–	–	–
Mr. M. A. Elias	Executive	1	–	–
Mr. K. V. Vaidyanathan	Executive	4	–	–
Mr. V. Kaushik	Executive	–	–	–
Mr. J. K. Setna	Non-executive	13*	8	2
Mr. V. S. Mehta**	Non-executive	11*	–	–
Mr. T. C. T. Hsu	Non-executive	1***	–	–

\* including Foreign Bodies Corporate and Private Limited Companies.

\*\* appointed as Director effective October 25, 2001.

\*\*\* ceased to be a Director effective August 17, 2001.

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

During the year 2001-02, 11 Board Meetings were held on

April 30, May 22, June 18, July 18, July 27, August 29, October 25, December 14, 2001, January 23, February 6 and February 15, 2002. The last Annual General Meeting of the Company was held on August 29, 2001.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. S. Peter Dam	2	Present
Mr. R. A. Shah	8	Absent
Mr. P. K. Ghosh	7	Present
Mr. D. Samuel*	11	Present
Mr. M. A. Elias	10	Present
Mr. K. V. Vaidyanathan	11	Present
Mr. V. Kaushik	9	Present
Mr. J. K. Setna	8	Present
Mr. V. S. Mehta*	1	-
Mr. T. C. T. Hsu**	1	Present

\* Mr. Derrick Samuel resigned as the Managing Director with effect from close of business hours on March 31, 2002. Mr. Graeme Dalziel has been appointed as the Managing Director with effect from April 1, 2002. Mr. V. S. Mehta was appointed as an Additional Director with effect from October 25, 2001.

\*\* Ceased to be Director effective August 17, 2001.

**3. Audit Committee**

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

The composition of the Audit Committee is as under :

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

The terms of reference of the Audit Committee include:

- a) To review financial statements and pre-publication announcements before submission to the Board.
- b) To ensure compliance of internal control systems and action taken on internal audit reports.
- c) To apprise the Board on the impact of accounting policies, accounting standards and legislation.

- d) To hold periodical discussions with statutory auditors on the scope and content of the audit.
- e) To review the Company's financial and risk management policies.

During the financial year 2001-02, Five Audit Committee Meetings were held on April 28, June 18, July 27, October 25, 2001 and January 23, 2002. Mr. R. A. Shah attended all the meetings of the Committee. Mr. P. K. Ghosh could not attend the committee meetings held on July 27 and October 25, 2001. Mr. J. K. Setna could not attend the committee meeting held on April 28, 2001.

**4. Remuneration of 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 remuneration policy is directed towards rewarding performance. It is aimed at attracting and retaining high calibre 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. The Company has not constituted a remuneration committee.

Details of remuneration paid to Directors of the Company during the year ended March 31, 2002 are given below:

	Rs. Lacs
a) Salary	163.57
b) Benefits including bonus	42.04
c) Performance Linked Incentive/Commission	103.37
d) Sitting fees	3.45
<b>Total</b>	<b>312.43</b>

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

The Board constituted a Shareholders'/Investors' Grievance Committee in April, 2000. The Committee consists of five Directors. Mr. P. K. Ghosh, Deputy Chairman and Non-executive Director heads this Committee. The Committee meets at frequent intervals to consider, inter alia, share transfers, shareholders' complaints etc.

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

During the year 2001-02, eight complaints were received from shareholders/investors. All complaints have generally been solved to the satisfaction of the complainants except for dispute cases and sub-judice matters, which would be solved on final disposal by the Courts.

All valid share transfers received during the year 2001-02 have been acted upon by the Company and the number of pending share transfers as on March 31, 2002 were 101. These have since been acted upon.

#### 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
1998-99	Sept. 23, 1999	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
1999-00	Aug. 10, 2000	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2000-01	Aug. 29, 2001	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.

A special resolution was approved by shareholders by way of postal ballot on December 14, 2001 to make loans/investments in excess of the limits prescribed under Section 372A of the Companies Act, 1956. The postal ballot process was conducted in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The postal ballot was scrutinized by Mr. S. B. Prabhu, Partner, M/s. Ford, Rhodes, Parks & Co., Chartered Accountants.

No Special Resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.

#### 7. Disclosures

a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

There are no materially significant related party transactions which may have potential conflict with the interests of the Company at large. However, attention is drawn to Schedule 19 to the Accounts.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

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.

#### 8. Means of Communication

The quarterly, half-yearly and full year results are published in Free Press Journal and Navshakti. These are not sent individually to the shareholders. 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.

#### 9. Management Discussion and Analysis Report

(within the limits set by the Company's competitive position)

The Company is engaged in oral care and personal care business. The oral care business accounts for over ninety per cent of the Company's turnover. Like other fast moving consumer goods, the growth of toothpaste and toothpowder market almost remained flat during the year. About half of the population does not have access to modern dental care. The per capita consumption of toothpaste is about 80 gms., one of the lowest in the world. Further, there is a critically low dentist population ratio (1:35000) which results in low oral hygiene consciousness and widespread dental and periodontal diseases. This provides good opportunity to expand market and encourage people to use modern dentifrice to improve oral hygiene. With a view to achieving this objective, the Company launched Colgate-Cibaca Top toothpaste in the economy-segment which mustered a market share of over 4.5 percent. The Company has also taken a series of steps jointly with Indian Dental Association to educate people on the importance of oral hygiene.

In response to the representations made by the Industry Association and the National Chambers of Commerce, the Government has recently dereserved toothpaste which was hitherto reserved for exclusive manufacture in the small scale sector. Dereservation will provide access to necessary resources required to increase penetration and grow the

market. The decision to dereserve the manufacture of toothpaste is a welcome step in the right direction.

The outlook for the industry is positive given the size of the opportunity. We are hopeful that through the combination of market development and expansion activity, there will be healthy market growth over the next few years.

The Company has good internal control systems, the adequacy of which has been reported by its auditors in their report as required under the Manufacturing & Other Companies (Auditor's Report) Order, 1988. The discussion on financial performance of the Company is covered in the Directors' Report. The segment-wise performance is available in Schedule 18 to the Audited Accounts of the Company. There has been no material development on the Human Resource/Industrial Relations front during the year. The number of people employed as on March 31, 2002 was 1253.

#### 10. General Shareholder Information

##### Annual General Meeting

Date and Time : August 19, 2002 at 3.30 p.m.

Venue : Shri Bhaidas Maganlal Sabhagriha  
Swami Bhaktivedanta Marg  
(U-1 Juhu Development Scheme)  
Vile-Parle (West), Mumbai 400 056

##### Financial Calendar

The Company follows April - March as its financial year. The results for every quarter beginning from April is declared in the month following the quarter except for the last quarter, for which the results were declared in June as permitted under the listing agreement.

##### Date of Book Closure

August 9, 2002 to August 19, 2002 (both days inclusive).

##### Dividend Payment Date

Dividend	Payment Date
I Interim 2001-02	March 4, 2002
II Interim 2001-02	May 31, 2002

##### Listing on Stock Exchanges

The Company's shares are listed on The Stock Exchange, Mumbai.

**Stock Code**

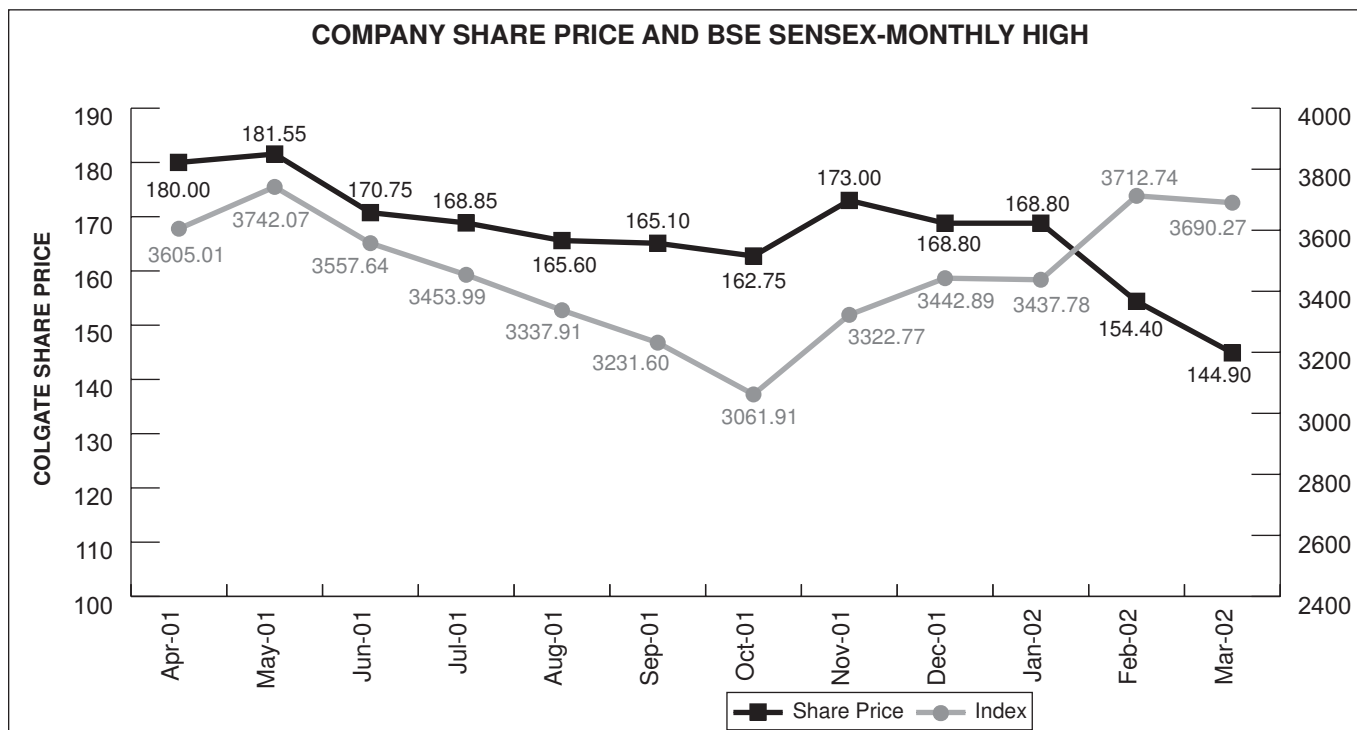
The Stock Exchange, Mumbai (physical & demat) - Code : 500 830

**Market Price Data**

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

Month	Mumbai Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April, 2001	180.00	153.25	186.85	148.15
May, 2001	181.55	168.00	184.00	160.50
June, 2001	170.75	160.05	176.00	158.00
July, 2001	168.85	159.00	172.40	157.05
August, 2001	165.60	160.55	170.00	158.00
September, 2001	165.10	151.80	165.80	150.50
October, 2001	162.75	156.15	166.80	154.05
November, 2001	173.00	161.45	176.60	159.50
December, 2001	168.80	160.85	170.00	159.10
January, 2002	168.80	151.35	170.50	150.60
February, 2002	154.40	142.55	158.35	141.15
March, 2002	144.90	137.90	151.10	137.15

**Performance in comparison to BSE Sensex**



### Registrars and Share Transfer Agents

Sharepro Services  
912, Raheja Centre  
Free Press Journal Marg  
Nariman Point, Mumbai 400 021  
Tel. : 022 - 282 8043  
Fax : 022 - 282 5484

### Share Transfer System

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

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

Physical shares received for dematerialisation are processed and completed within a period of 15 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.

### Distribution of Shareholding (as at March 31, 2002)

Category	Number of shares	%
Foreign Collaborators	69356336	51.00
Resident Individuals	50155121	36.89
Foreign Institutional Investors	4330500	3.18
NRIs/OCBs	290718	0.21
Domestic Companies	1345092	0.99
Non-domestic Companies	1380	0.00
Banks and Mutual Funds	1853228	1.36
Financial Institutions	8660442	6.37
<b>Total</b>	<b>135992817</b>	<b>100.00</b>

### Dematerialisation of shares and liquidity

About 33.07% of the shares have been dematerialised as on March 31, 2002. The equity shares of Colgate-Palmolive (India) Limited are very actively traded in The Stock Exchange, Mumbai and the National Stock Exchange.

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 conversion

There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as at end March, 2002.

## Plant Locations

The Company's plants are located at :

### *Mumbai :*

6, Sewri Fort Road  
Mumbai 400 015

### *Aurangabad :*

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

## Address for investor correspondence

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

Sharepro Services  
912, Raheja Centre  
Free Press Journal Marg  
Nariman Point, Mumbai 400 021  
Tel. : 022-282 8043  
Fax : 022-282 5484

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## Auditors' Report

on Corporate Governance - March 31, 2002

To  
The Board of Directors of  
**Colgate-Palmolive (India) Limited**

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Colgate-Palmolive (India) Limited ("the Company"), for the year ended March 31, 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the 'Guidance Note on Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an 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 and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further 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.

Arthur Andersen & Associates  
*Chartered Accountants*

Farokh T. Balsara  
*Partner*

*Mumbai, June 20, 2002*



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

**A. Conservation of Energy :**

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

**B. Technology Absorption, Research & Development (R & D) :**

1. Specific areas in which R & D carried out by the Company :

- Development of new products to expand market and increase consumption.
- All aspects of supply chain to reduce the cost of materials and to effect import substitution.
- Quality improvements of raw materials, packaging suppliers, etc.
- Claim substantiation

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

Development of high quality cost effective consumer preferred products. Continuous improvement in process of product manufacture, development of low cost raw material and packaging suppliers in order to generate funds for driving growth.

3. Future plan of action :

The Company continues to focus on developing new, innovative and high quality products to drive growth. Focus on reducing the cost of products will also continue to fund growth.

4. Expenditure on R & D :

	2001-02
	(Rs. in Lacs)
a) Capital .....	311.40
b) Recurring .....	374.13
c) Total .....	685.53
d) Total R & D expenditure as a percentage of total turnover .....	0.6

**Technology absorption, adaptation and innovation :**

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

- \* The Company has developed the first clear tube for its product, Colgate Gel, in India.
- \* The Company has developed a low cost high quality toothpaste and toothbrush and launched under the Colgate-Cibaca Top brand name.
- \* The Company has developed a high quality toothpaste, using a unique technology - Gantrez - to provide a range of Oral care benefits. The product has been launched under the Colgate Total brand name.
- \* The Company has developed a range of toothbrushes for children and launched under the brand name, Colgate Kool Looks.
- \* The Company has developed a number of local suppliers to substitute imported items.
- \* The Company has developed a Herbal toothpaste, combining the oral care science of Colgate with nature's best herbs for healthier teeth and gums.

2. Benefits derived as a result of the above efforts :

Market expansion through increase in market size and consumption, as well as reduction of the cost of products to the consumer.

3. Imported Technology :

The Company has renewed the Technical Know-how Agreement with Colgate-Palmolive Company, U.S.A. in July 2000 to continue to use their technology and upgradation thereof for manufacture of toilet soap. The technology licensed to the Company is being absorbed and adapted to the demands of the local market.

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

During the year, the Company was able to generate export earnings of Rs. 15,05.47 lacs. The particulars of foreign exchange earned/utilised during the year are given in Schedule 22 to the Accounts.

## Auditors' Report to the Shareholders

1. We have audited the accompanying Balance Sheet of COLGATE-PALMOLIVE (INDIA) LIMITED ("the Company") at March 31, 2002 and the statements of Profit and Loss Account and Cash Flows for the year then ended, prepared in conformity with accounting principles generally accepted in India. 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 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. 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.
  4. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements :
    - a. give the information required by the Companies Act, 1956 ("the Act"), in the manner so required; and
    - b. give a true and fair view of the state of affairs of the Company at March 31, 2002 and of its Profit and Cash Flows for the year then ended, in conformity with the accounting principles generally accepted in India.
- Further, the Balance Sheet and the statement of Profit and Loss comply with the accounting standards referred to in Section 211(3C) of the Act and are in agreement with the books of account. In our opinion, the Company has maintained proper books of account as required by law insofar as appears from our examination of those books.
5. On the basis of information and explanations given to us, and representations obtained by the Company and taken on record by the Board of Directors, as on March 31, 2002 none of the directors are disqualified from being appointed as directors in terms of Section 274(1)(g) of the Act.
  6. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of Section 227(4A) of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Arthur Andersen & Associates  
Chartered Accountants

Farokh T. Balsara  
Partner

Mumbai, June 20, 2002

## Annexure to Auditors' Report

1. The Company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets. The Company has a policy of verifying its fixed assets over a period of 3 years, which in our opinion, is reasonable in relation to the size of the Company and the nature of its business. Further, we are informed that no material discrepancies were noted during such verification.
2. The fixed assets of the Company have not been revalued during the year.
3. The inventories of finished goods, raw and packing materials, stores and spare parts (excluding goods-in-transit) of the Company have been physically verified by management during the year. In our opinion, the frequency of such verification is reasonable.
4. In our opinion, and according to the information and explanations given to us, the Company is in the process of strengthening the procedures of physical verification of inventories to make them reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies between the physical and book inventories were not material and the same have been properly dealt with in the books of account.
6. In our opinion, the valuation of inventories is fair and proper, in accordance with generally accepted accounting

- principles and is on a basis consistent with the prior year.
7. We are informed that the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Act and/or from companies under the same management as defined under Section 370(1B) of the Act.
  8. The Company has granted unsecured loans to a company listed in register maintained under Section 301 of the Act. In our opinion, the rates of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
  9. Loans or advances in the nature of loans have been given to employees and other parties, who are repaying the principal and interest amounts as stipulated, except in case of an interest-free loan given to a subsidiary which is partly provided for and for which no repayment terms have been stipulated.
  10. In our opinion, the internal control procedures of the Company relating to purchase of stores, raw materials, plant and machinery, equipment and other similar assets, and for the sale of goods, are adequate and commensurate with the size of the Company and the nature of its business.
  11. In our opinion, and according to the explanations given to us, the transactions for purchase of goods and materials, and sale of goods, materials and services made in pursuance of contracts or arrangements listed in the register maintained under Section 301 of the Act, and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials and services or prices at which transaction for similar goods, materials or services have been made with other parties.
  12. We are informed that the Company has a reasonable system to determine unserviceable or damaged stores, raw materials and finished goods. In our opinion, adequate provision has been made in the books of account for the loss arising on account of unserviceable or damaged stores, raw materials and finished goods.
  13. The Company has not accepted any deposits from the public to which the provisions of Section 58A of the Act and the rules framed thereunder apply.
  14. In our opinion, based on the information and explanations provided to us by the Company, reasonable records have been maintained for sale and disposal of scrap. We are informed that the Company does not have any realisable by-products.
  15. In our opinion, the Company has an internal audit system, which is commensurate with its size and the nature of its business.
  16. We have broadly reviewed the books of account maintained by the Company in respect of the products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209(1)(d) of the Act. In our opinion, based on the information and explanations given to us, the prescribed accounts and records have been made and maintained by the Company. However, we have not made a detailed examination of the cost records to determine whether they are accurate or complete.
  17. On the basis of our examination of the books of account, during the year, the Company has been regular in depositing the Provident Fund and Employees' State Insurance dues with the appropriate authorities.
  18. According to the records of the Company, there were no amounts due at March 31, 2002 in respect of undisputed income-tax, wealth-tax, sales-tax, customs duty and excise duty which were outstanding for a period of more than six months from the date they became payable.
  19. On the basis of our examination of the books of account, and according to the information and explanations given to us, no personal expenses have been charged to the Profit and Loss Account for the year ended March 31, 2002.
  20. The Company is not a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
  21. We are informed that the Company has a reasonable system of determining damaged goods in respect of its trading activities. In our opinion, adequate provision has been made in the books of account for the loss arising in respect of such items.

Arthur Andersen & Associates  
Chartered Accountants

Farokh T. Balsara  
Partner

Mumbai, June 20, 2002

## Balance Sheet

as at March 31, 2002

	Schedule	Rs. Lacs	Rs. Lacs	As at March 31, 2001 Rs. Lacs
<b>Sources of Funds</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	135,99.28		135,99.28
Reserves and Surplus	2	111,64.92		103,12.00
			247,64.20	239,11.28
<b>Loan Funds</b>				
Unsecured Loans	3		9,24.68	13,05.00
Deferred Tax Liability (Net)	4		25,81.12	31,11.96
<b>Total</b>			<b>282,70.00</b>	<b>283,28.24</b>
<b>Application of Funds</b>				
<b>Fixed Assets (Net)</b>				
Capital Work-in-Progress and Advances	5	169,71.75		191,35.53
		2,59.36		5,57.76
			172,31.11	196,93.29
<b>Investments</b>				
	6		53,52.66	55,08.46
<b>Current Assets, Loans and Advances</b>				
Interest Accrued		1,96.32		4,36.04
Inventories	7	73,12.13		86,44.10
Sundry Debtors	8	72,99.84		45,25.71
Cash and Bank Balances	9	98,76.34		75,05.63
Loans and Advances	10	108,66.51		153,77.20
		355,51.14		364,88.68
<i>Less :</i>				
<b>Current Liabilities and Provisions</b>				
Liabilities	11	247,13.66		198,30.86
Provisions	12	51,51.25		135,31.33
		298,64.91		333,62.19
<b>Net Current Assets</b>			<b>56,86.23</b>	<b>31,26.49</b>
<b>Total</b>			<b>282,70.00</b>	<b>283,28.24</b>

The accompanying Schedules (1 to 22) and Accounting Policies form an integral part of the financial statements.

For Arthur Andersen & Associates  
Chartered Accountants

Farokh T. Balsara  
Partner

Mumbai, June 20, 2002

*Vice-Chairman*  
*Deputy Chairman*  
*Managing Director*  
*Whole-time Director*  
*Whole-time Director*  
*Director*  
*Director*  
*Whole-time Director &*  
*Company Secretary*

R. A. Shah  
P. K. Ghosh  
G. Dalziel  
M. A. Elias  
V. Kaushik  
J. K. Setna  
V. S. Mehta  
K. V. Vaidyanathan

## Profit and Loss Account

for the year ended March 31, 2002

	Schedule	Rs. Lacs	Rs. Lacs	Previous Year Rs. Lacs
<b>Income</b>				
Sales		1,160,89.21		1,176,88.26
Other Income	13	30,94.93		29,51.41
			1,191,84.14	1,206,39.67
<b>Expenditure</b>				
Cost of Goods Sold	14	600,15.01		644,25.78
Employee Costs	15	60,27.11		53,94.49
Excise Duty		47,76.76		54,23.24
Other Expenses	16	346,80.97		327,94.18
Depreciation/Amortisation	5	22,14.90		20,21.69
			1,077,14.75	1,100,59.38
<b>Profit before Taxation</b>				
			114,69.39	105,80.29
Current Year Tax		50,20.84		43,99.44
Deferred Tax benefit		(5,30.84)		(69.44)
			44,90.00	43,30.00
<b>Profit after Taxation</b>				
			69,79.39	62,50.29
Balance Brought Forward			1,95.54	69,34.07
<b>Profit Available for Appropriation</b>				
			71,74.93	131,84.36
<b>Appropriation :</b>				
First Interim Dividend			33,99.82	—
Second Interim Dividend – Proposed			23,79.87	—
Final Dividend			—	47,59.75
One-time Special Dividend			—	64,59.66
Dividend Tax			3,46.78	11,44.38
Transfer to General Reserve			6,97.94	6,25.03
Balance Carried Forward			3,50.52	1,95.54
			71,74.93	131,84.36
<b>Earnings per Equity Share (Rupees)</b>				
(Face value of Rs. 10/- per equity share)	21			
Basic & diluted			5.13	4.60

The accompanying Schedules (1 to 22) and Accounting Policies form an integral part of the financial statements.

For Arthur Andersen & Associates	<i>Vice-Chairman</i>	R. A. Shah
<i>Chartered Accountants</i>	<i>Deputy Chairman</i>	P. K. Ghosh
	<i>Managing Director</i>	G. Dalziel
Farokh T. Balsara	<i>Whole-time Director</i>	M. A. Elias
<i>Partner</i>	<i>Whole-time Director</i>	V. Kaushik
	<i>Director</i>	J. K. Setna
	<i>Director</i>	V. S. Mehta
	<i>Whole-time Director &amp;</i>	
Mumbai, June 20, 2002	<i>Company Secretary</i>	K. V. Vaidyanathan

## Cash Flow Statement

for the year ended March 31, 2002

	2001-02 Rs. Lacs	Previous year Rs. Lacs
<b>Cash Flow from Operating Activities :</b>		
<b>Net Profit before Tax</b>	114,69.39	105,80.29
Adjustment for:		
Foreign exchange (Gain)/Loss	6.27	(81.98)
Depreciation and Amortisation	22,14.90	20,21.69
Interest expense	56.56	28.26
Provision for under utilised fixed assets	9,40.00	3,90.00
(Gain)/Loss on retirement of fixed assets (Net)	73.67	(3,44.18)
Dividend income	(6,80.00)	(3,87.81)
Interest income	(17,12.18)	(10,90.84)
Profits on sale of investments	(1,75.15)	-
<b>Operating Profit before Working Capital Changes</b>	121,93.46	111,15.43
Adjustment for changes in Assets and Liabilities :		
(Increase)/Decrease in Inventories	13,31.97	(12,12.42)
(Increase)/Decrease in Sundry Debtors	(27,74.13)	(1,60.48)
(Increase)/Decrease in Loans and Advances	19,16.70	11,16.76
Increase/(Decrease) in Current Liabilities and Provisions	36,79.88	53,68.83
<b>Cash Generated from Operations</b>	163,47.88	162,28.12
Direct taxes paid	(38,71.50)	(44,18.77)
<b>Net Cash from Operating Activities</b>	124,76.38	118,09.35
<b>Cash Flow from Investing Activities :</b>		
Purchase of fixed assets	(8,23.13)	(13,92.78)
Sale of fixed assets	56.75	11,90.08
Purchase of Investments	(52,53.86)	(44,00.01)
Sale of Investments	55,84.82	-
Inter-Corporate deposits	25,94.00	(50,70.00)
Sale of Commercial Papers of Corporations	-	1,96.87
Interest Received	19,51.86	9,45.30
Dividend Income	6,80.00	3,87.81
<b>Net Cash used in Investing Activities</b>	47,90.44	(81,42.73)
<b>Cash Flow from Financing Activities :</b>		
Proceeds from long term loans	(4,52.15)	5,27.15
Sales tax deferral	71.83	1,05.57
Interest paid	(56.69)	(28.13)
Dividend paid	(129,61.67)	(40,61.98)
Dividend tax paid	(14,91.16)	(4,48.78)
<b>Net Cash used in Financing Activities</b>	(148,89.84)	(39,06.17)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	23,76.98	(2,39.55)
<b>Cash &amp; Cash Equivalents, beginning of the year</b>	75,05.63	76,63.20
	98,82.61	74,23.65
Foreign Exchange Gain/(Loss)	(6.27)	81.98
<b>Cash &amp; Cash Equivalents, end of the year</b>	98,76.34	75,05.63

Note: Cash & Cash Equivalents at the end of the year include Rs. 18,45.97 lacs (Previous year : Rs. 1,88.41 lacs) on account of un-claimed Dividends.  
The accompanying Schedules (1 to 22) and Accounting Policies form an integral part of the financial statements.

For Arthur Andersen & Associates

Chartered Accountants

Farokh T. Balsara

Partner

Mumbai, June 20, 2002

Vice-Chairman

Deputy Chairman

Managing Director

Whole-time Director

Whole-time Director

Director

Director

Whole-time Director &

Company Secretary

R. A. Shah

P. K. Ghosh

G. Dalziel

M. A. Elias

V. Kaushik

J. K. Setna

V. S. Mehta

K. V. Vaidyanathan

## Summary of Significant Accounting Policies

### Basis of Accounting

The financial statements are prepared under the historical cost convention, on accrual basis of accounting, in conformity with accounting principles generally accepted in India and comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956. The significant accounting policies are as follows :

### Revenue Recognition

Sales are recognised on despatch to customers and are recorded net of trade discounts, rebates and sales taxes, but including excise duty.

### Fixed Assets

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

### Depreciation and Amortisation

Depreciation is provided, pro-rata to the period of use, on straight-line method, at the higher of the rates, based on estimated useful lives of the assets or those stipulated in Schedule XIV to the Companies Act, 1956 as follows :

Buildings	1.63%	Dies and Moulds	33.33%
Factory Building	3.34%	Furniture &	
Plant and Machinery		Office Equipment	20.00%
- Single shift	4.75%	Computers	20.00%
- Triple shift	10.34%	Vehicles	20.00%

Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortised over the period of lease. Goodwill and Trademarks are amortised over a period of 40 years. Copyrights and Design are amortised over a period of 14 years. Technical Know-how is amortised over a period of 21 years.

### Investments

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

### Inventories

Inventories of raw and packing materials, work-in-progress and finished goods are valued at lower of cost or net realisable value. Cost of work-in-progress and finished goods includes materials, labour and manufacturing overheads. 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.

### Research and Development

Revenue expenditure on research and development is charged to the Profit and Loss Account in the year in which it is incurred. Capital expenditure on research and development is reflected as additions to Fixed Assets.

### Retirement and Leave Encashment Benefits

The Company provides for retirement benefits to employees (comprising payments to gratuity fund, provident fund and superannuation fund) and leave encashment entitlements, in accordance with the policies of the Company. Annual contributions to the provident and superannuation funds are charged to the Profit and Loss Account as incurred. Liabilities in respect of gratuity and leave encashment are provided for on the basis of an independent actuarial valuation.

### Foreign Currency Transactions

Foreign currency transactions are accounted at exchange rates prevailing on the date of the transaction. All foreign currency assets and liabilities, if any, as at the Balance Sheet date are translated into rupees at the applicable exchange rates prevailing at that date. All exchange differences are dealt with in the Profit and Loss Account, except those relating to acquisition of fixed assets, which are adjusted in the cost of the fixed assets.

### Taxation

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on assessable income. The Company provides for deferred tax based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current tax provision. The effect on deferred taxes of a change in tax rates is recognised in income in the period that includes the enactment date.

## Schedules to the Accounts

	Rs. Lacs	As at March 31, 2002 Rs. Lacs	As at March 31, 2001 Rs. Lacs
<b>Schedule 1 : Share Capital</b>			
<b>Authorised</b>			
13,70,00,000 Equity Shares of Rs.10 each		137,00.00	137,00.00
<b>Issued, Subscribed and Paid-up</b>			
13,59,92,817 Equity Shares of Rs. 10 each fully paid		135,99.28	135,99.28
Of the above :			
(i) 6,93,56,336 Shares are held by Colgate-Palmolive Company, U.S.A., the Holding Company.			
(ii) 11,18,85,735 Shares of Rs.10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.			
<b>Schedule 2 : Reserves and Surplus</b>			
<b>Capital Reserve</b>			
Consideration for vacating rented godown	6.50		6.50
Special Capital Incentive from State Government	20.00		20.00
		26.50	26.50
<b>Share Premium Account</b>			
		12,79.93	12,79.93
<b>General Reserve</b>			
Balance, beginning of the year	88,10.03		81,85.00
Add : Transfer from Profit and Loss Account	6,97.94		6,25.03
		95,07.97	88,10.03
<b>Profit and Loss Account Balance</b>			
		3,50.52	1,95.54
		111,64.92	103,12.00
<b>Schedule 3 : Unsecured Loans</b>			
Loans		1,60.00	6,12.15
Sales Tax Deferral		7,64.68	6,92.85
		9,24.68	13,05.00
<b>Schedule 4 : Deferred Tax Liability</b>			
<b>Deferred Tax (Asset)/Liability</b>			
Timing Difference between book and tax depreciation		31,39.01	33,92.51
Provision for Leave Encashment not deductible for tax purpose		(65.65)	(5.53)
Accrual for expenses allowable only on payment		(4,92.24)	(2,75.02)
		25,81.12	31,11.96



## Schedule 5 : Fixed Assets

	Gross Block				Depreciation/ Amortisation		Net Block	
	As at March 31, 2001 Rs. Lacs	Additions/ Transfers Rs. Lacs	Deductions/ Transfers Rs. Lacs	As at March 31, 2002 Rs. Lacs	For the Year Rs. Lacs	As at March 31, 2002 Rs. Lacs	As at March 31, 2002 Rs. Lacs	As at March 31, 2001 Rs. Lacs
Goodwill & Trademarks	27,29.81	-	-	27,29.81	68.24	5,11.84	22,17.97	22,86.22
Copyrights & Design	13,52.90	-	-	13,52.90	96.64	7,24.77	6,28.13	7,24.77
Technical know-how	49,83.70	-	-	49,83.70	2,37.32	17,79.89	32,03.81	34,41.13
Land-Leasehold (Note i)	86.08	-	-	86.08	0.91	10.28	75.80	76.70
Buildings (Note ii)	69,17.44	12.07	-	69,29.51	1,32.98	7,88.89	61,40.62	62,61.53
Plant & Machinery	110,18.07	8,91.17	59.13	118,50.11	8,28.26	71,81.20	46,68.91	46,61.06
Furniture & Equipment	32,02.55	2,18.30	1,65.43	32,55.42	8,17.10	19,41.00	13,14.42	19,69.23
Vehicles	2,61.88	-	1,26.03	1,35.85	33.45	83.76	52.09	1,04.89
<b>Total</b>	<b>305,52.43</b>	<b>11,21.54</b>	<b>3,50.59</b>	<b>313,23.38</b>	<b>22,14.90</b>	<b>130,21.63</b>	<b>183,01.75</b>	<b>195,25.53</b>
Previous Year	305,87.25	16,06.93	16,41.75	305,52.43	20,21.69	110,26.90		
Less: Provision for under utilised assets							13,30.00	3,90.00
Fixed Assets (net)							169,71.75	191,35.53
Capital Work-in-Progress and Advances							2,59.36	5,57.76
<b>Total</b>							<b>172,31.11</b>	<b>196,93.29</b>

- Notes :
- "Land - Leasehold" comprises of lease rights in respect of the land at Waluj and Aurangabad in the possession of the Company under Lease/Agreements to Lease with the Maharashtra Industrial Development Corporation and City & Industrial Development Corporation of Maharashtra Limited respectively.
  - "Buildings" comprise of : (a) Cost of Premises, including shares and loan stock bonds in a Co-operative Society, (b) 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 in favour of the Company, formal transfer of lease rights in the said land. 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, (c) Factory buildings at Waluj, (d) a residential building at Aurangabad and (e) Research Centre at Powai, Mumbai.

<b>As at</b>	<b>As at</b>
<b>March 31, 2002</b>	<b>March 31, 2001</b>
<b>Rs. Lacs</b>	<b>Rs. Lacs</b>

## Schedule 6 : Investments (Unquoted, unless otherwise stated)

### A. In Government Securities - Short Term

11.55% Government of India Stock of the face value of Rs. Nil (Previous Year : Rs. 500 lacs)	—	5,04.35
10.85% Government of India Stock of the face value of Rs. Nil (Previous Year : Rs. 500 lacs)	—	5,02.73
12.08% Government of India Stock of the face value of Rs. Nil (Previous Year : Rs. 500 lacs)	—	5,05.50
Treasury Bills of the face value of Rs. Nil (Previous Year : Rs. 1000 lacs)	—	9,44.25
	—	<u>24,56.83</u>

	As at March 31, 2002 Rs. Lacs	As at March 31, 2001 Rs. Lacs
<b>B. In Wholly-owned Subsidiaries at Cost - Long Term</b>		
4,50,000 (Previous Year : 4,50,000) Equity Shares of Rs. 10 each fully paid in Camelot Investments Company Limited	45.00	45.00
3,500 (Previous Year : 3,500) Equity Shares of Rs. 10 each fully paid in Multimint Leasing & Finance Limited	0.35	0.35
3,020 (Previous Year : 3,020) Equity Shares of Rs. 10 each fully paid in Jigs Investments Limited	0.30	0.30
302 (Previous Year : 302) Equity Shares of Rs. 100 each fully paid in Passion Trading & Investment Company Limited	0.30	0.30
17,00,000 (Previous Year : 17,00,000) Equity Shares of Nepalese Rs. 100 each fully paid in Colgate-Palmolive (Nepal) Private Limited	10,62.50	10,62.50
	<u>11,08.45</u>	<u>11,08.45</u>
<b>C. Other Investments at Cost - Long Term (Listed but not quoted)</b>		
9.00% (Tax-Free) Secured, Redeemable, Non-Convertible Bonds of Indian Railway Finance Corporation Ltd. (Railway Bonds - Sixth 'B' Series) of the face value of Rs. 300 lacs - Quoted	—	3,00.95
8.75% (Tax-Free) Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of Konkan Railway Corporation Ltd. (5A Series) of the face value of Rs. 500 lacs	5,00.00	5,00.00
Deep Discount, Secured, Rated, Taxable, Redeemable, Non-Convertible Debentures of GE Capital Services India (Debentures Series G-5) of the face value of Rs. 1,300 lacs	—	11,42.23
7.80% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Indian Railway Finance Corporation Limited (Railway Bonds - 36th Series) of the face value of Rs. 1,500 lacs	15,00.00	—
9.25% Redeemable, Non-Convertible Bonds of Hudco-Gujarat Punarnirman Special Tax Free Bonds Series - 1 of the face value of Rs. 700 lacs	7,00.00	—
10.5% (Tax Free) Redeemable, Non-Convertible Bonds of Hudco Series V D of the face value of Rs. 1,500 lacs	15,44.21	—
	<u>42,44.21</u>	<u>19,43.18</u>
<b>Total</b>	<u>53,52.66</u>	<u>55,08.46</u>
Aggregate book value of Investments :		
Unquoted	11,08.45	38,66.23
Listed but not quoted	42,44.21	16,42.23
<b>Schedule 7 : Inventories</b>		
Stores and Spares	2,51.84	2,33.06
Raw and Packing Materials	10,85.24	15,65.07
Work-in-Process	3,14.30	1,66.75
Finished Goods	56,60.75	66,79.22
	<u>73,12.13</u>	<u>86,44.10</u>

	As at March 31, 2002 Rs. Lacs	As at March 31, 2001 Rs. Lacs
<b>Schedule 8 : Sundry Debtors</b>		
Unsecured : Considered good		
Over Six Months	2,03.83	5,75.78
Others	70,96.01	39,49.93
	<u>72,99.84</u>	<u>45,25.71</u>
<b>Schedule 9 : Cash and Bank Balances</b>		
Cash on hand	11.37	12.81
Balances with Scheduled Banks		
On Current Accounts	51,40.07	50,99.39
On Deposit Accounts	28,78.93	22,05.02
On Unpaid Dividend Accounts	18,45.97	1,88.41
	<u>98,76.34</u>	<u>75,05.63</u>
<b>Schedule 10 : Loans and Advances</b>		
Secured :		
Loans to Employees [include amounts due from an Officer of the Company Rs. 32.15 lacs; (Previous Year : Rs. 33.42 lacs) – maximum amounts due during the year : Rs. 33.42 lacs (Previous Year : Rs. 34.86 lacs)]	1,97.94	2,58.11
Unsecured : Considered good		
Loan to Wholly-owned Subsidiary	3,60.00	18,79.53
Inter-Corporate Deposits	65,76.00	91,70.00
Advances recoverable in cash or in kind or for value to be received [include amounts due from a wholly-owned subsidiary : Rs. 6,45.97 lacs (Previous Year : Rs. 56.78 lacs)]	17,91.18	17,50.07
Balances with Excise authorities	1,14.56	1,52.77
Deposits – Others	18,26.83	21,66.72
Unsecured : Considered Doubtful		
Loan to a Wholly-owned Subsidiary	5,40.00	—
Less : Provision [see Schedule 22(9)]	<u>(5,40.00)</u>	<u>—</u>
	<u>108,66.51</u>	<u>153,77.20</u>
<b>Schedule 11 : Liabilities</b>		
Acceptances	1,11.70	—
Sundry Creditors [Schedule 22(10)]	227,55.99	196,42.32
[include amounts due to a wholly-owned subsidiary : Rs. 1.77 lacs (Previous Year : Rs. 9.35 lacs)]		
Unclaimed Dividends	18,45.97	1,88.41
Interest accrued but not due	—	0.13
	<u>247,13.66</u>	<u>198,30.86</u>

	Rs. Lacs	As at March 31, 2002 Rs. Lacs	As at March 31, 2001 Rs. Lacs
<b>Schedule 12 : Provisions</b>			
Taxation (net of advance tax payments)		19,03.31	7,53.97
Second Interim Dividend – Proposed		23,79.87	—
Final Dividend – Proposed		—	112,19.41
Dividend Tax		—	11,44.38
Others		8,68.07	4,13.57
		<u>51,51.25</u>	<u>135,31.33</u>
		2001-02 Rs. Lacs	Previous Year Rs. Lacs
<b>Schedule 13 : Other Income</b>			
Interest			
On Bank Deposits [TDS Rs. 48.60 lacs (Previous Year : Rs. 30.70 lacs)]		1,90.35	1,58.42
From Others [TDS Rs. 2,89.45 lacs (Previous Year : Rs.2,06.27 lacs)]		15,21.83	9,32.42
Cash Discount		87.57	86.97
Profit on sale of Investments (Net)		1,75.15	—
Profit on sale of Assets (Net)		—	3,44.18
Dividend from wholly-owned subsidiary		6,80.00	3,87.81
Miscellaneous Income [TDS Rs. 8.42 lacs (Previous Year : Rs. 0.79 lacs)]		4,40.03	10,41.61
		<u>30,94.93</u>	<u>29,51.41</u>
<b>Schedule 14 : Cost of Goods Sold</b>			
Opening Stock			
Work-in-Process	1,66.75		2,66.10
Finished Goods	66,79.22		49,65.99
		<u>68,45.97</u>	<u>52,32.09</u>
Raw and Packing Materials Consumed			
Opening Stock	15,65.07		19,71.86
Add : Purchases	178,19.79		206,05.33
	<u>193,84.86</u>		<u>225,77.19</u>
Less : Closing Stock	10,85.24		15,65.07
	<u>182,99.62</u>		<u>210,12.12</u>
Less : Sale of Materials	23,90.81		22,23.46
		<u>159,08.81</u>	<u>187,88.66</u>
		227,54.78	240,20.75
Purchased Finished Goods		432,35.28	472,51.00
Less : Closing Stock			
Work-in-Process	3,14.30		1,66.75
Finished Goods	56,60.75		66,79.22
		<u>59,75.05</u>	<u>68,45.97</u>
		<u>600,15.01</u>	<u>644,25.78</u>

	Rs. Lacs	2001-02 Rs. Lacs	Previous Year Rs. Lacs
<b>Schedule 15 : Employee Costs</b>			
Salaries, Wages and Bonus		46,02.99	44,86.48
Contribution to Provident, Gratuity and other Funds		10,78.43	5,42.18
Staff Welfare Expenses		3,45.69	3,65.83
		<u>60,27.11</u>	<u>53,94.49</u>
<b>Schedule 16 : Other Expenses</b>			
Consumption of Stores and Spares		1,97.44	2,53.36
Processing Charges		1,60.56	2,11.22
Power and Fuel		7,23.97	6,57.99
Freight and Forwarding Charges		20,72.51	22,10.31
Rent		3,97.55	3,07.98
Rates and Taxes		1,02.21	61.27
Insurance		1,41.37	1,31.12
Interest		56.56	28.26
Repairs			
Plant and Machinery	4,99.98		5,68.25
Buildings	3.04		31.31
Others	83.50		69.70
		<u>5,86.52</u>	<u>6,69.26</u>
Advertising		230,99.04	213,95.14
Directors' Fees		3.45	2.91
Payment to Auditors			
Audit Fees	23.00		20.00
Tax Audit Fees	4.00		3.00
Taxation Matters	6.79		—
Other Services	16.50		7.31
Service Tax	2.51		1.52
Out-of-Pocket Expenses	2.50		2.59
		<u>55.30</u>	<u>34.42</u>
Sales Taxes Absorbed		8,37.23	7,04.17
Royalty		1,65.92	2,67.26
Bad Debts Written Off		3,04.00	1,54.59
Loss on Sale of Fixed Assets (Net)		73.67	—
Miscellaneous Expenses		57,03.67	57,04.92
		<u>346,80.97</u>	<u>327,94.18</u>

## Schedule 17 : Contingencies & Commitments

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) **Rs. 53.67 lacs** (Previous Year : Rs. 77.62 lacs).
2. Contingent liabilities not provided for in respect of :
  - (i) Guarantees given by the Company **Rs. 9,02.75 lacs** (Previous Year : Rs. 10,84.06 lacs)
  - (ii) Counter Guarantees given to the Bankers **Rs. 60.12 lacs** (Previous Year : Rs. 1,34.86 lacs)
  - (iii) Cheques Discounted by Bankers **Rs. 8,02.43 lacs** (Previous Year : Rs. 13,24.25 lacs)

## Schedule 18 : Segment Information

Segment information for the year ended March 31, 2002

### (i) Information about Primary Business Segments (Rupees lacs)

	Oral Care	Personal Care	Others	Unallocated	Total
<b>Revenue</b>					
External	1,078,81.72	79,20.12	2,87.37	-	1,160,89.21
Inter Segment	-	-	-	-	-
Total Revenue	1,078,81.72	79,20.12	2,87.37	-	1,160,89.21
<b>Result</b>					
Segment result	158,89.59	(6,50.10)	25.83	-	152,65.32
Unallocated expenditure net of unallocated income	-	-	-	(63,06.70)	(63,06.70)
Operating Profit	-	-	-	-	89,58.62
Interest Expense	-	-	-	(56.56)	(56.56)
Interest Income	-	-	-	17,12.18	17,12.18
Dividend income and profit on sale of investments	-	-	-	8,55.15	8,55.15
Profit before Taxation	-	-	-	-	114,69.39
Provision for Taxation	-	-	-	-	44,90.00
Profit after Tax	-	-	-	-	69,79.39
<b>Other Information</b>					
Segment Assets	341,39.99	25,29.69	61.73	214,03.50	581,34.91
Segment Liabilities	233,69.13	20,63.41	35.06	79,03.11	333,70.71
Capital Expenditure	5,26.89	23.82	-	5,70.83	11,21.54
Depreciation and Amortisation	9,17.11	3,05.94	-	9,91.85	22,14.90
Non-cash other than Depreciation and Amortisation	16,16.26	5,22.99	0.75	-	21,40.00

### (ii) Information about Secondary Business Segments (Rupees lacs)

	India	Outside India	Total
<b>Revenue by Geographical Segment</b>			
External	1,144,86.72	16,02.49	1,160,89.21
Inter Segment	-	-	-
Total	1,144,86.72	16,02.49	1,160,89.21
Carrying amount of segment assets	581,34.91	-	581,34.91
Capital Expenditure	11,21.54	-	11,21.54

- (iii) The Company is organised into two main business segments namely, Oral Care and Personal Care. These business segments have been identified in line with AS 17 "Segment Reporting".
- (iv) Segment Revenue, Results and Capital Employed include amounts identifiable to each segment. Other unallocable expenditure includes revenues and expenses which are not directly identifiable to the individual segments as well as expenses which relate to the Company as a whole.

## Schedule 19 : Related Party Disclosures

### Disclosure of Related party transactions as per AS 18

<b>Holding Company</b>	: Colgate-Palmolive Company, U.S.A.
<b>Wholly-owned Subsidiaries</b>	: Colgate-Palmolive (Nepal) Pvt. Ltd. : Camelot Investments Co. Ltd. : Passion Trading and Investment Co. Ltd. : Multimint Leasing and Finance Ltd. : Jigs Investments Ltd.
<b>Group Companies</b>	: Colgate-Palmolive (Malaysia) Mktg. SDN BHD : Colgate-Palmolive, Poland Sp.z.o.o. : Colgate-Palmolive, Russia : Colgate-Palmolive, Philippines, Inc. : Colgate-Palmolive, East Africa Ltd., Kenya : Colgate-Palmolive, Morocco : Colgate-Palmolive Pty Ltd., South Africa : Colgate-Palmolive Pty Ltd., Australia : Colgate-Palmolive (Thailand) Ltd. : Colgate-Palmolive HK Ltd., Hongkong : Colgate-Palmolive (Guangzhou) Co. Ltd., China : Colgate-Palmolive Son Hai Ltd., Vietnam : Colgate-Palmolive, Tmizlik : Colgate-Palmolive, Senegal S.A. : Colgate Sanxiao, China
<b>Vendors where Key Managerial Personnel have significant influence</b>	: Quantum Market Research Pvt. Ltd.
<b>Key Managerial Personnel</b>	: Derrick Samuel : Moses Elias : Vikram Kaushik : K. V. Vaidyanathan
<b>Relatives of Key Managerial Personnel</b>	: Dr. (Mrs.) L. Vaidyanathan : Mrs. Pratima Kotyan

The Company has entered into transactions with the holding company, wholly-owned subsidiaries, various group companies and other related parties as follows :

<b>Holding Company</b>	<b>Nature of Transactions</b>	<b>Rs. Lacs</b>
	Dividends	29,47.64
	Royalty and Technical Fees	3,12.82
	Purchase of Assets	45.75
	I.T., R & D and other services received	2,19.92
	I.T., R & D and other services rendered	(2,53.99)
	Purchase of goods	14.46
	<b>Balance outstanding as at year end</b>	
	Receivables	1,45.62
	Payables	(15,68.61)

**Schedule 19 : Related Party Disclosures (Contd.)**

	<b>Rs. Lacs</b>
<b>Wholly-owned Subsidiaries</b>	
Purchase of goods	78,87.72
Sale of goods	(51.80)
Inter Company Loan Repayment	(9,79.53)
Interest received	(34.55)
Dividend received	(6,80.00)
<b>Balance outstanding as at year end</b>	
Receivables	51.80
Payables	6,47.75
Loans	9,00.00
Provision for doubtful loan [see Schedule 22(9)]	(5,40.00)
<b>Group Companies</b>	
Purchase of goods	1,27.41
Sale of goods	(4,49.53)
Sale of Fixed Assets	(1.32)
Reimbursement of expenses	2.14
I.T. services received	8,64.56
I.T. services rendered	(75.16)
<b>Balance outstanding as at year end</b>	
Receivables	60.04
Payables	(1,75.50)
<b>Vendors where Key Managerial Personnel have significant influence</b>	
Market Research services	27.43
<b>Balance outstanding as at year end</b>	-
<b>Key Managerial Personnel</b>	
Remuneration	3,08.98
Rent of Leased premises	1.00
Sale of vehicle	1.60
Dividends	0.01
<b>Balance Outstanding as at year end</b>	
Loans	32.17
Deposits	14.00
<b>Relatives of Key Managerial Personnel</b>	
Rent of Leased residential premises	7.62
Dividends	0.01
<b>Balance outstanding as at year end</b>	-

**Schedule 20 : Lease Accounting**

(a) 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 : Rs. 2,94.11 lacs

Greater than 1 year but not later than 5 years : Rs. 3,66.40 lacs

Later than 5 years : Rs. Nil

(b) Lease payments recognised in Profit and Loss Account is Rs. 2,25.66 lacs, included in Other Expenses.

**Schedule 21 : Earnings per Equity Share**

Basic earning per share is calculated by dividing the net profit for the year attributable to the equity shareholders by the weighted average of the number of equity shares outstanding during the year (13,59,92,817 shares). The basic earnings per share and diluted earnings per share are the same.



**Schedule 22 : Supplementary Information**

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

	Unit	2001-02		Previous Year	
		Quantity	Value Rs. Lacs	Quantity	Value Rs. Lacs
Chemicals	M.T.	24,112	64,53.58	26,000	83,33.00
Tubes and Containers	Gross	15,68,981	49,45.42	14,75,753	46,60.82
Oils	M.T.	5,462	37,38.82	7,126	47,43.00
Cartons	Gross	10,54,671	15,69.02	10,57,002	10,21.44
Caps	Gross	5,39,207	1,05.91	6,08,956	1,33.00
Others			14,86.87		21,20.86
<b>Total</b>			<b>182,99.62</b>		<b>210,12.12</b>

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

	2001-02		Previous Year	
	Value Rs. Lacs	% to Total Consumption	Value Rs. Lacs	% to Total Consumption
Raw and Packing Materials :				
Imported at landed cost	21,14.90	12	25,23.45	12
Indigenously obtained	161,84.72	88	184,88.67	88
<b>Total</b>	<b>182,99.62</b>	<b>100</b>	<b>210,12.12</b>	<b>100</b>
Stores and Spare Parts :				
Imported at landed cost	48.32	24	90.69	36
Indigenously obtained	1,49.12	76	1,62.67	64
<b>Total</b>	<b>1,97.44</b>	<b>100</b>	<b>2,53.36</b>	<b>100</b>

**3. Value of imports calculated on C.I.F. basis :**

	2001-02 Rs. Lacs	Previous Year Rs. Lacs
Raw Materials	14,40.72	14,12.57
Finished Goods	1,53.94	79.40
Capital Goods	2,09.81	3,42.02
Spares	47.47	1,05.86

**4. Expenditure in foreign currency (on cash basis) :**

	2001-02 Rs. Lacs	Previous Year Rs. Lacs
Travelling	68.25	78.13
Royalty (Net of tax)	1,71.28	2,38.72
Others (Net)	15,19.21	7,63.27

**5. Earnings in foreign currency :**

	2001-02 Rs. Lacs	Previous Year Rs. Lacs
Exports at F.O.B. Value	15,05.47	14,61.38
Interest on EEFC Account	—	26.35
Others	3,29.15	81.43

**Schedule 22 : Supplementary Information (Contd.)**

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

For	Nature of Dividend	No. of Equity Shares	2001-02 Rs. Lacs	Previous year Rs. Lacs
1999-00	Final	6,93,56,336	—	20,80.69
2000-01	Final	6,93,56,336	57,21.89	—
2001-02	First Interim	6,93,56,336	17,33.90	—
			<u>74,55.79</u>	<u>20,80.69</u>

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

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

		Unit	Annual capacity on three-shift basis		Actual Production
			Licensed	Installed	
Cosmetics and Toilet Preparations	2001-02	M.T.	See Note (i) below	23,265	21,851
	2000-01	M.T.	"	23,265	22,071
Distilled Fatty Acid	2001-02	M.T.	24,000	24,000	3,679
	2000-01	M.T.	24,000	24,000	5,374
Toilet Soap	2001-02	M.T.	Not Applicable See Note (ii) below	20,000	6,109
	2000-01	M.T.	"	20,000	8,515
Glycerine	2001-02	M.T.	Not Applicable See Note (ii) below	3,000	237
	2000-01	M.T.	"	3,000	430
Toothbrushes and Shave Brushes	2001-02	Doz.	Not Applicable See Note (iii) below	Not Applicable	1,26,868
	2000-01	Doz.	"	"	1,35,469
Dicalcium Phosphate	2001-02	M.T.	Not Applicable See Note (iv) below	4,000	3,118
	2000-01	M.T.	"	4,000	3,102

- Notes : (i) The industrial undertaking was established prior to the enactment of the Industries (Development & Regulation) Act, 1951 ("The Industries Act"). The Company, therefore, did not require any industrial license at the time of establishment of its undertaking, but required registration under the Industries Act which was obtained in 1954. In 1957, the Company was granted a license for substantial expansion for manufacture of toothpaste, face cream and snow, talcum and face powders, oils and shampoos and other requirements. In 1966, Government recognised Company's toothpaste mixing capacity as 1,550 tonnes per annum based on actual production at that time and advised the Company that its industrial undertaking was exempt from the provisions of the Industries Act. The Company applied for endorsement of its productive capacity on its Registration Certificate in pursuance of Government Notification dated July 5, 1975. In February 1979, Government endorsed annual productive capacity of 771 tonnes in respect of tooth powder and advised the Company that the productive capacities of other items shall be as specified in the industrial license granted in 1957. The installed capacity was last assessed by the Company in 1980 at 4,500 tonnes for tooth powder and 11,000 tonnes for toothpaste. The Company has filed a writ petition in the High Court for a declaration that it has not effected any unauthorised "substantial expansion" as contemplated in Section 13(1)(d) of the Industries Act. The petition has been admitted by the High Court which has passed an order restraining the Government (pending the hearing and final disposal of the petition) from adopting any proceeding against the Company for alleged contravention of the provisions of the Industries Act.
- (ii) Since the manufacture of toilet soap and glycerine are delicensed, the Company has obtained registrations from the Government of India for an annual capacity of 30,000 tonnes in respect of toilet soap and 3,000 tonnes in respect of glycerine. Distilled fatty acid and glycerine are used for captive consumption except to the extent sold.

**Schedule 22 : Supplementary Information (Contd.)**

- (iii) The bristling operations for toothbrushes and shave brushes are carried out under manufacturing arrangements with third parties.
- (iv) Dicalcium Phosphate, which is a delicensed item, is used for captive consumption, except to the extent sold.
- (v) The installed capacity as shown above has been certified by the Management and not verified by the Auditors, being a technical matter.
- (vi) Soap noodles manufactured and sold during the year - 11.9 M.Tons (Previous year : Nil)

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

	2001-02				Previous Year			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Doz.	Rs. Lacs	Doz.	Rs. Lacs	Doz.	Rs. Lacs	Doz.	Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	60,02,660	56,21.44	49,52,148	48,14.42	41,54,732	35,73.52	60,02,660	56,21.44
Toothbrushes and Shave Brushes	23,87,280	10,45.17	16,52,370	8,30.74	21,03,210	10,85.90	23,87,280	10,45.17
Others		12.61		15.59		3,06.57		12.61
<b>Total</b>		<b>66,79.22</b>		<b>56,60.75</b>		<b>49,65.99</b>		<b>66,79.22</b>

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

	Unit	2001-02		Previous Year	
		Quantity	Value	Quantity	Value
			Rs. Lacs		Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	Doz.	6,78,56,927	1,068,23.00	7,07,81,516	1,098,77.00
Toothbrushes and Shave Brushes	Doz.	1,13,82,333	90,75.09	96,64,010	76,16.00
Others			1,91.12		1,95.26
<b>Total</b>			<b>1,160,89.21</b>		<b>1,176,88.26</b>

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

	2001-02		Previous Year	
	Quantity	Value	Quantity	Value
	Doz.	Rs. Lacs	Doz.	Rs. Lacs
Cosmetics and Toilet Preparations	4,15,58,195	381,79.41	4,27,27,080	412,52.63
Toothbrushes and Shave Brushes	1,06,74,128	49,31.55	1,24,66,277	59,09.56
Others		1,24.32	1,14,669	88.81
<b>Total</b>		<b>432,35.28</b>		<b>472,51.00</b>

**Schedule 22 : Supplementary Information (Contd.)**

8. During the year, the Company revised the estimated useful life of furniture and equipment from 15 to 5 years. Consequently, the depreciation charged to Profit and Loss Account in the current year is higher by Rs. 5,70.21 lacs with corresponding reduction in the Profit before tax for the year.
9. The Company has made a provision of Rs. 5,40.00 lacs towards probable diminution in the net realisable value of the loan relating to its wholly-owned subsidiary - Camelot Investments Company Limited, based upon the anticipated repayment potential of the subsidiary.
10. To the best of knowledge and as per the information available with the Management :
- (a) Sundry Creditors include an amount of **Rs. 15,91.18 lacs** (Previous Year : Rs. 9,68.09 lacs) due to small scale industrial undertakings.
- (b) There are no dues to small scale industrial undertakings in excess of Rs. 1 lac outstanding for more than 30 days.

11. (a) Remuneration to the Directors :	2001-02 Rs. Lacs	Previous Year Rs. Lacs
Salaries	1,63.57	1,26.76
Commission	1,03.37	80.81
Contribution to Provident and other Funds	12.06	7.47
Other Perquisites	29.98	19.99
<b>Total</b>	<u><u>3,08.98</u></u>	<u><u>2,35.03</u></u>

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

	2001-02		Previous Year	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
Profit before Taxation		114,69.39		105,80.29
<i>Add :</i>				
(i) Remuneration paid to the Directors	3,08.98		2,35.03	
(ii) Directors' Fees	3.45		2.91	
(iii) Depreciation/Amortisation as per Accounts	22,14.90		-	
(iv) Loss on sale of Fixed Assets	73.67		-	
<i>Less :</i>				
(i) Profit on sale of Investments	1,75.15		-	
(ii) Depreciation/Amortisation as per Sec. 350	1,612.61		-	
(iii) Loss on sale of Fixed Assets as per Sec. 350	1,44.76		-	
		<u>6,68.48</u>		<u>2,37.94</u>
Net Profit for the purpose of Directors' Commission		121,37.87		108,18.23
Commission @ 1% of Net Profit		1,21.38		1,08.18
Restricted to		1,03.37		80.81

12. Revenue expenses amounting to **Rs. 3,74.13 lacs** (Previous year : Rs. 4,09.75 lacs) on Research and Development have been included under the respective heads of expense accounts.
13. Previous year's figures have been reclassified to confirm with current year's presentation, where applicable.

**Schedule 22 : Supplementary Information (Contd.)**

Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956.

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

**I. Registration Details :**

Registration No.	2700
State code	11
Balance Sheet Date	31-03-2002

**II. Capital raised during the year  
(Amount in Rs. Thousands) :**

Public Issue	—
Rights Issue	—
Bonus Issue	—
Private Placement	—

**III. Position of Mobilisation and Deployment of Funds  
(Amount in Rs. Thousands) :**

Total Liabilities	5813491
Total Assets	5813491
<b>Sources of Funds</b>	
Paid up Capital	1359928
Reserves and Surplus	1116492
Secured Loans	—
Unsecured Loans	92468

**Application of Funds**

Net Fixed Assets	1723111
Investments	535266
Net Current Assets	568623
Misc. Expenditure	—
Accumulated Losses	—

**IV. Performance of Company  
(Amount in Rs. Thousands) :**

Turnover (Gross Revenue)	11918414
Total Expenditure	10771475
Profit before Tax	1146939
Profit after Tax	697939
Earnings per Share in Rs.	5.13
Dividend %	42.5

**V. Generic Names of Three Principal Products/  
Services of the Company (as per Monetary Terms) :**

Item Code No. (ITC Code)	330610.02
Product Description	Toothpaste
Item Code No. (ITC Code)	330610.01
Product Description	Tooth Powder
Item Code No. (ITC Code)	960321.00
Product Description	Toothbrush

## Statement pursuant to section 212

of the Companies Act, 1956 relating to subsidiary companies

The Company holds the entire equity share capital of Jigs Investments Limited, Passion Trading & Investment Company Limited, Multimint Leasing & Finance Limited, Camelot Investments Company Limited and Colgate-Palmolive (Nepal) Private Limited, consisting of 3,020 shares of Rs. 10 each, 302 shares of Rs. 100 each, 3,500 shares of Rs. 10 each, 4,50,000 shares of Rs. 10 each and 17,00,000 shares of Nepalese Rs. 100 each, fully paid-up respectively. These Companies are, therefore, wholly-owned subsidiaries of the Company.

Jigs Investments Limited incurred expenditure of Rs. 1,729 for the year (Rs. 5,089 as on March 31, 2002), Passion Trading & Investment Company Limited, incurred expenditure of Rs. 2,379 for the year (Rs. 5,354 as on March 31, 2002), Multimint Leasing & Finance Limited, incurred expenditure of Rs. 1,804 for the

year (Rs. 6,854 as on March 31, 2002) whereas Camelot Investments Company Limited made a profit of Rs. 6.08 lacs for the year (Rs. 27.14 lacs as on March 31, 2002). These have not been dealt with in the books of account of the Company. Colgate-Palmolive (Nepal) Private Limited, made a profit of Nepalese Rs. 1,089.02 lacs for the year (Nepalese Rs. 48.35 lacs as on July 15, 2001) out of which Nepalese Rs. 1.02 lacs has not been dealt with in the books of account of the Company.

Changes in Company's interest in Colgate-Palmolive (Nepal) Private Limited between July 16, 2001 and March 31, 2002 : **NIL**

Material changes between July 16, 2001 and March 31, 2002 in respect of fixed assets, investments, money lent and money borrowed (other than meeting current liabilities) by Colgate-Palmolive (Nepal) Private Limited : **NIL**

Mumbai, June 20, 2002

<i>Vice-Chairman</i>	R. A. Shah
<i>Deputy Chairman</i>	P. K. Ghosh
<i>Managing Director</i>	G. Dalziel
<i>Whole-time Director</i>	M. A. Elias
<i>Whole-time Director</i>	V. Kaushik
<i>Director</i>	J. K. Setna
<i>Director</i>	V. S. Mehta
<i>Whole-time Director &amp; Company Secretary</i>	K. V. Vaidyanathan

## COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

The Members

Colgate-Palmolive (Nepal) Private Limited

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended Ashad 2057-58 (July 15, 2001).

### Financial Results

	<i>Nepalese Rs. in Lacs</i>	
	<u>2057-58</u>	<u>2056-57</u>
Total Revenue	134,78.31	143,68.83
Sales	134,46.33	143,09.68
Other Income	31.98	59.15
Profit before Taxation	10,89.02	6,20.67
Provision for Taxation	-	-
Profit after Taxation	10,89.02	6,20.67
Balance brought forward	47.34	47.17
Profit available for Appropriation	11,36.36	6,67.84
Appropriation :		
Dividends	10,88.00	6,20.50
Balance carried forward	48.36	47.34

### Business Performance

Despite difficult economic conditions prevailing in the country, the local sales of your Company have grown from Rs. 35.46 Lacs to Rs. 3,32.41 Lacs. Profit after tax for the year has recorded a reasonable growth mainly on account of a series of steps taken by your Company to effect cost reductions. As the manufacturing unit of your Company was established pursuant to HMG's permission issued on 2053-11-5 (February 16, 1997), your Company has been advised that they will be eligible to receive tax benefits. Accordingly, no provision for tax has been made for the year.

### Safety and Environmental Considerations

The Company has been striving for continuous improvement in safety performance by establishing various safety measures prescribed by Colgate-Palmolive Company, USA. The effluent treatment plant at Hetauda ensures zero discharge of effluents to the external environment by recycling the effluents. Your Company continues its endeavour to improve the energy conservation and utilisation.

### Toothpaste Finishing Lines

During the year, your Company installed two Finishing Lines for Toothpaste - one as a replacement for the line damaged in the unfortunate blast incident reported last year and the other line was to augment the Toothpaste finishing capacity. These two lines are operating satisfactorily.

### Customs Duty Exemption

As reported last year, substantial amount of refundable customs duty is blocked with HMG. In the recent Budget, the Government has decided to refund the amount through 5-year redeemable Government Bonds which is likely to create an acute imbalance in the Company's working capital.

### Future Outlook

While your Board is optimistic of the Company's future, one needs to recognise the deteriorating security situation in the country, which has caused some anxiety. The deteriorating law and order situation and frequent bundhs have resulted in loss of several production days which could have been averted.

### Dividend

The Directors recommended the declaration of a final dividend for the year ended July 15, 2001 of Rs. 34 per share amounting to Rs. 5,78 Lacs. This, along with the interim dividend of Rs. 30 per share amounting to Rs. 5,10 Lacs, paid on April 10, 2001, aggregates to Rs. 64 per share for the year ended July 15, 2001. The final dividend, if approved, will be paid to those shareholders registered in the books of the Company as on the date of the Annual General Meeting.

## COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

### Information Technology

Your Company has installed SAP integrated software, the leading enterprise-wide resource planning system, in August 2001. This system now covers various aspects of the Company's operations and it is expected to bring in beneficial results through process improvement and operational efficiency.

### Personnel

The Board wishes to place on record its appreciation of the contribution made by the employees at all levels within the Company in achieving high levels of performance. Your Company continues to focus on training and human resource development to attract and develop high quality human resources who can be employed not only in Nepal but also elsewhere.

### Community Development

During the year your Company was very active in providing

various facilities to the community, which included Merit Scholarship for Students and Free Medical Consultancy Services for residents at Hetauda.

### Auditors

The Auditors, M/s. T.R. Upadhy & Co., Chartered Accountants, retire from the office and are eligible for re-appointment.

### Acknowledgements

The Board wishes to express its gratitude to the various agencies of His Majesty's Government of Nepal, Bankers and the Company's business associates for their continued support.

On Behalf of the Board

Directors {  
D. Samuel  
M. A. Elias  
K. V. Vaidyanathan

*Kathmandu, September 10, 2001*



## COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

to the Shareholders of Colgate-Palmolive (Nepal) Private Limited

We have audited the attached Balance Sheet of Colgate-Palmolive (Nepal) Private Limited as at July 15, 2001 (Corresponding to Ashad 31, 2058), the Profit and Loss Account and the Cash Flow Statement for the year from July 16, 2000 to July 15, 2001 (Corresponding to Shrawan 1, 2057 to Ashad 31, 2058) and report that :

- a) we have obtained prompt replies to our queries and explanations asked for;
- b) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement are in compliance with the provisions of the Company Act, 2053 and are in agreement with the books of account maintained by the Company;
- c) in our opinion, the accounts and records of the Company have been accurately maintained in accordance with the law;
- d) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes appearing thereon, give a true and fair view :

- i) in case of Balance Sheet, of the state of affairs of the Company as at July 15, 2001;
  - ii) in case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - iii) in case of the Cash Flow Statement, the cash flows for the year ended on that date.
- e) in our opinion and to the best of our information and according to the explanations given to us, the Board of Directors or any employees of the Company have not acted contrary to legal provisions relating to accounts, nor committed any misappropriation or caused loss or damage to the Company.

For T. R. Upadhya & Co.  
*Chartered Accountants*

T. R. Upadhya  
*Partner*

*Kathmandu, September 10, 2001*

**COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED**

	Schedule	As at July 15, 2001 N Rs. Lacs	As at July 15, 2001 I Rs. Lacs	As at July 15, 2000 N Rs. Lacs	As at July 15, 2000 I Rs. Lacs
<b>Capital &amp; Liabilities</b>					
<b>Capital &amp; Reserve Fund</b>					
Share Capital	1	17,00.00	10,62.50	17,00.00	10,62.50
Reserves Fund and Accumulated Profit	2	48.35	30.22	47.34	29.59
<b>Medium and Long Term Loan</b>					
Secured Loans	3	-	-	-	-
Unsecured Loans		11,73.12	7,33.20	17,15.93	10,72.46
<b>Total</b>		<u>29,21.47</u>	<u>18,25.92</u>	<u>34,63.27</u>	<u>21,64.55</u>
<b>Assets</b>					
<b>Fixed Assets</b>					
Gross Block	4	55,76.51	34,85.32	44,76.98	27,98.11
Less : Depreciation/Amortisation		16,51.35	10,32.09	11,64.00	7,27.50
Net Block		39,25.16	24,53.23	33,12.98	20,70.61
Capital Work-in-Progress		46.51	29.07	7.92	4.95
		39,71.67	24,82.30	33,20.90	20,75.56
<b>Current Assets</b>					
Inventories	5	12,13.17	7,58.23	15,24.58	9,52.86
Trade and other receivables	6	-	-	6,97.21	4,35.76
Cash and Bank Balance	7	5,01.04	3,13.15	11.72	7.33
Prepaid Expenses, Loans, Advances	8	14,65.42	9,15.89	14,05.16	8,78.23
		31,79.63	19,87.27	36,38.67	22,74.18
<i>Less :</i>					
<b>Current Liabilities and Provisions</b>					
Trade and other payables	9	39,62.70	24,76.69	30,95.05	19,34.41
Provisions	10	2,67.13	1,66.96	4,01.25	2,50.78
		42,29.83	26,43.65	34,96.30	21,85.19
<b>Net Current Assets</b>		<u>(10,50.20)</u>	<u>(6,56.38)</u>	<u>1,42.37</u>	<u>88.99</u>
<b>Total</b>		<u>29,21.47</u>	<u>18,25.92</u>	<u>34,63.27</u>	<u>21,64.55</u>
<b>Contingent Liabilities</b>					
<b>Significant Accounting Policies and Notes to the Accounts</b>	13 14				

Per our report attached

For T. R. Upadhyay & Co.  
*Chartered Accountants*

T. R. Upadhyay  
*Partner*

Kathmandu, September 10, 2001

Directors {  
D. Samuel  
M. A. Elias  
K.V. Vaidyanathan

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	Schedule	2000-2001 N Rs. Lacs	2000-2001 I Rs. Lacs	1999-00 N Rs. Lacs	1999-00 I Rs. Lacs
Sales - Exports		131,13.92	81,96.20	142,74.22	89,21.39
Sales - Local		3,32.41	2,07.76	35.46	22.16
Sales		134,46.33	84,03.96	143,09.68	89,43.55
Less : Cost of Sales	11	95,04.91	59,40.55	98,16.97	61,35.61
<b>Gross Profit</b>		39,41.42	24,63.41	44,92.71	28,07.94
Other Income		31.98	19.99	59.15	36.97
<b>Business Expenditure</b>					
Distribution Expenses		45.63	28.52	9.55	5.97
Administrative Expenses	12	20,21.01	12,63.15	23,99.60	14,99.75
<b>Operating Profit</b>		19,06.76	11,91.73	21,42.71	13,39.19
Interest Expenses		1,45.72	91.08	3,77.64	2,36.03
Depreciation/Amortisation		4,87.34	3,04.60	10,46.39	6,53.99
Allocation for Employee Housing		63.68	39.80	35.93	22.46
Provision for Bonus		1,21.00	75.63	62.07	38.79
<b>Profit before Taxation</b>		10,89.02	6,80.62	6,20.67	3,87.92
Provision for Income Tax		-	-	-	-
<b>Profit after Taxation</b>		10,89.02	6,80.62	6,20.67	3,87.92
<b>Appropriation</b>					
<b>Profit available for Appropriation</b>		11,36.35	7,10.22	6,67.84	4,17.40
Interim Dividend (Paid)		5,10.00	3,18.75	-	-
Proposed Dividend		5,78.00	3,61.25	6,20.50	3,87.81
<b>Profit transferred to Balance Sheet</b>		48.35	30.22	47.34	29.59
<b>Significant Accounting Policies &amp; Notes to the Accounts</b>	14				

Per our report attached

For T. R. Upadhyay & Co.  
Chartered Accountants

T. R. Upadhyay  
Partner

Directors {  
D. Samuel  
M. A. Elias  
K.V. Vaidyanathan

Kathmandu, September 10, 2001

**COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED**

	2000-2001		1999-2000	
	N Rs. Lacs	I Rs. Lacs	N Rs. Lacs	I Rs. Lacs
<b>A. Cash Flows from Operating Activities</b>				
Net Profit before Tax and Extraordinary Items	10,89.01	6,80.62	6,20.67	3,87.92
<i>Add : Adjustment for :</i>				
Depreciation/Amortisation	4,87.34	3,04.60	9,39.14	5,86.96
<i>Less : Adjustment for :</i>				
Cash Flow due to changes in Working Capital				
a. Decrease/(Increase) in Current Assets	9,48.37	5,92.73	(8,58.00)	(5,36.25)
b. Increase/(Decrease) in Current Liabilities	7,33.53	4,58.46	2,62.61	1,64.13
Net Cash from Operating Activities	<u>32,58.25</u>	<u>20,36.41</u>	<u>9,64.42</u>	<u>6,02.76</u>
<b>B. Cash Flows from Investing Activities</b>				
Sale/(Purchase) of Fixed Assets and Investments	(11,38.13)	(7,11.33)	1,51.32	94.58
Net Cash from Investing Activities	<u>(11,38.13)</u>	<u>(7,11.33)</u>	<u>1,51.32</u>	<u>94.58</u>
<b>C. Cash Flows from Financing Activities</b>				
a. Payment of long term loans	(5,42.80)	(3,39.25)	(5,24.08)	(3,27.55)
b. Dividend paid and proposed	(10,88.00)	(6,80.00)	(6,20.50)	(3,87.81)
Net Cash from Financing Activities	<u>(16,30.80)</u>	<u>(10,19.25)</u>	<u>(11,44.58)</u>	<u>(7,15.36)</u>
Increase/(Decrease) in Cash A + B + C	4,89.32	3,05.83	(28.84)	(18.02)
Cash and Bank Balances at the beginning of the year	11.72	7.33	40.57	25.36
Cash and Bank Balances at the end of the year	<u>5,01.04</u>	<u>3,13.16</u>	<u>11.72</u>	<u>7.33</u>

**Significant Accounting Policies and Notes to Accounts (Schedule 14)**

Per our report attached

For T. R. Upadhyay & Co.  
*Chartered Accountants*

T. R. Upadhyay  
*Partner*

Kathmandu, September 10, 2001

Directors { D. Samuel  
M. A. Elias  
K.V. Vaidyanathan

## COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	As at July 15, 2001 N Rs. Lacs	As at July 15, 2001 I Rs. Lacs	As at July 15, 2000 NRs. Lacs	As at July 15, 2000 IRs. Lacs
<b>Schedule 1 : Share Capital</b>				
<b>Authorised Capital</b> (60,00,000 Ordinary Shares of N Rs. 100 each)	60,00.00	37,50.00	60,00.00	37,50.00
<b>Issued, Subscribed &amp; Paid-up</b> (17,00,000 Ordinary Shares of N Rs. 100 each)	17,00.00	10,62.50	17,00.00	10,62.50
<b>Schedule 2 : Reserves Fund and Accumulated Profit</b>				
Profit & Loss Account	48.35	30.22	47.34	29.59
	48.35	30.22	47.34	29.59
<b>Schedule 3 : Medium and Long Term Loans</b>				
<b>Unsecured Loans</b>				
Loan from Colgate Palmolive (India) Ltd. (Due within one year Rs. 3,91.04 lacs)	11,73.12	7,33.20	17,15.92	10,72.45
	11,73.12	7,33.20	17,15.92	10,72.45

### Schedule 4 : Fixed Assets

	Gross Block				Depreciation/Amortisation				Net Block	
	As at July 15, 2000 N Rs. Lacs	Additions/ Transfers N Rs. Lacs	Deductions/ Transfers@2 N Rs. Lacs	As at July 15, 2001 N Rs. Lacs	As at July 15, 2000 N Rs. Lacs	For the Year@3 N Rs. Lacs	Deductions/ Transfers N Rs. Lacs	As at July 15, 2001 N Rs. Lacs	As at July 15, 2001 N Rs. Lacs	As at July 15, 2000 N Rs. Lacs
Land - Leasehold @1	48.00 (30.00)	-	-	48.00 (30.00)	6.40 (4.00)	3.30 (2.06)	-	9.70 (6.06)	38.30 (23.94)	41.60 (26.00)
Buildings	16,42.78 (10,26.74)	97.15 (60.72)	-	17,39.93 (10,87.46)	1,87.77 (1,17.36)	88.00 (55.00)	-	2,75.78 (1,72.36)	14,64.15 (9,15.09)	14,55.01 (9,09.38)
Plant & Machinery	24,88.15 (15,55.09)	11,62.82 (7,26.76)	16.97 (10.61)	36,34.00 (22,71.25)	8,56.08 (5,35.05)	4,28.33 (2,67.71)	-	12,84.41 (8,02.76)	23,49.59 (14,68.49)	16,32.07 (10,20.04)
Furniture & Fixtures	63.45 (39.66)	0.45 (0.28)	-	63.90 (39.94)	29.22 (18.26)	7.15 (4.47)	-	36.37 (22.73)	27.53 (17.21)	34.23 (21.39)
Computer	1,98.93 (1,24.33)	4.98 (3.11)	1,27.45 (79.66)	76.46 (47.79)	80.72 (50.45)	-41.36 (-25.85)	-	39.35 (24.59)	37.11 (23.19)	1,18.21 (73.88)
Office Equipment	35.66 (22.29)	4.13 (2.58)	25.57 (15.98)	14.22 (8.89)	3.81 (2.38)	1.94 (1.21)	-	5.74 (3.59)	8.48 (5.30)	31.85 (19.91)
<b>Total</b>	44,76.97 (27,98.11)	12,69.53 (7,93.46)	1,69.99 (1,06.24)	55,76.51 (34,85.32)	11,64.00 (7,27.50)	4,87.36 (3,04.60)	-	16,51.35 (10,32.09)	39,25.16 (24,53.23)	
Total Previous Year	45,62.30 (28,51.44)	2,29.16 (1,43.23)	3,14.48 (1,96.55)	44,76.98 (27,98.11)	1,17.61 (73.51)	10,46.39 (6,53.99)	-	11,64.00 (7,27.50)	-	33,12.97 (20,70.61)
Capital Work-in-Progress									46.51 (29.07)	7.92 (4.95)
<b>Total</b>									39,71.67 (24,82.29)	33,20.89 (20,75.56)

@1 "Land-Leasehold" comprises of lease rights in respect of the land at Hetauda Industrial Estate, Hetauda in the possession of the Company under Lease with the Hetauda Industrial District.

@2 Includes regrouping/adjustment of assets relating to the previous year.

@3 Includes N Rs. 38.91 lacs towards adjustment of excess depreciation charged in earlier years.

@4 Figures in brackets represent Indian Rupees.

**COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED**

	As at July 15, 2001 N Rs. Lacs	As at July 15, 2001 I Rs. Lacs	As at July 15, 2000 NRs. Lacs	As at July 15, 2000 IRs. Lacs
<b>Schedule 5 : Inventories</b>				
Stores, spare parts & loose tools	34.71	21.69	19.50	12.19
<u>Inventory Stock :</u>				
Raw and Packing Materials	9,38.13	5,86.33	12,89.61	8,06.01
Work-in-Process	9.48	5.93	3.81	2.38
Finished Goods	1,94.84	1,21.78	1,64.77	1,02.98
Goods in Transit	36.01	22.51	46.89	29.31
	<u>12,13.17</u>	<u>7,58.24</u>	<u>15,24.58</u>	<u>9,52.87</u>
<b>Schedule 6 : Trade and other receivables</b>	-	-	6,97.21	4,35.76
<b>Schedule 7 : Cash and Bank Balances</b>				
Cash on hand	0.63	0.39	0.09	0.06
Cash at Bank	500.41	3,12.76	11.63	7.27
	<u>5,01.04</u>	<u>3,13.15</u>	<u>11.72</u>	<u>7.33</u>
<b>Schedule 8 : Prepaid Expenses, Loans, Advances</b>				
<u>Loans and Advances :</u>				
Employees	7.14	4.46	2.51	1.57
Others	53.09	33.18	41.40	25.88
Deposits	4.12	2.58	6.64	4.15
Advance VAT and Customs Duty	20,91.16	13,06.98	15,03.07	9,39.42
Margin Money with Bank	19.62	12.26	12.34	7.71
Prepaid Expenses	33.55	20.97	0.24	0.15
Advance Tax	1.47	0.92	-	-
Insurance Claims	3.40	2.13	2,28.49	1,42.81
Others	0.95	0.59	19.85	12.41
Less : Provision for doubtful claims and receivables	(7,49.08)	(4,68.18)	(4,09.38)	(2,55.86)
	<u>14,65.42</u>	<u>9,15.89</u>	<u>14,05.16</u>	<u>8,78.24</u>
<b>Schedule 9 : Current Liabilities</b>				
<u>Short Term Loans :</u>				
Secured - From Standard Chartered Bank Nepal Ltd. (Secured against hypothecation of stocks and receivables)	-	-	7,03.47	4,39.67
Retention Money	4.74	2.96	4.74	2.96
Sundry Creditors	18,92.17	11,82.61	3,70.91	2,31.82
Advance received	14,41.01	9,00.63	12,96.71	8,10.44
Interest payable	46.40	29.00	83.34	52.09
Dividend - Proposed	5,78.00	3,61.25	6,20.50	3,87.81
Others	0.38	0.24	15.39	9.62
	<u>39,62.70</u>	<u>24,76.69</u>	<u>30,95.06</u>	<u>19,34.41</u>
<b>Schedule 10 : Provisions</b>				
Employee Housing Fund	63.68	39.80	38.66	24.16
Bonus	1,21.00	75.63	62.12	38.83
Obsolete and slow moving items	82.45	51.53	3,00.47	1,87.79
	<u>2,67.13</u>	<u>1,66.96</u>	<u>4,01.25</u>	<u>2,50.78</u>

## COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	2000-2001 N Rs. Lacs	2000-2001 I Rs. Lacs	1999-00 NRs. Lacs	1999-00 IRs. Lacs
<b>Schedule 11 : Cost of Sales</b>				
Opening Stock				
Work-in-Process	3.81	2.38	9.39	5.87
Finished Goods	1,64.77	1,02.98	2,38.01	1,48.76
	1,68.58	1,05.36	2,47.40	1,54.63
Raw and Packing Materials Consumed				
Opening Stock	13,36.50	8,35.31	14,32.20	8,95.13
<i>Add</i> : Purchases	91,78.29	57,36.43	96,42.45	60,26.53
	105,14.79	65,71.74	110,74.65	69,21.66
<i>Less</i> : Closing Stock	9,74.14	6,08.84	13,36.50	8,35.31
	95,40.65	59,62.90	97,38.15	60,86.35
	97,09.23	60,68.26	99,85.55	62,40.98
<i>Less</i> : Closing Stock				
Work-in-Process	9.48	5.93	3.81	2.38
Finished Goods	1,94.84	1,21.78	1,64.77	1,02.98
	2,04.32	1,27.71	1,68.58	1,05.36
	95,04.91	59,40.55	98,16.97	61,35.62
<b>Schedule 12 : Administrative Expenses</b>				
Salaries & Wages	2,15.93	1,34.96	1,65.67	1,03.54
Contribution to Provident Fund	16.37	10.23	6.95	4.34
Staff Welfare Expenses	16.36	10.23	10.04	6.28
Consumption of Stores and Spares	19.74	12.34	17.59	10.99
Power, Fuel & Water	89.10	55.69	84.21	52.63
Rent	17.17	10.73	15.84	9.90
Insurance	39.78	24.86	26.01	16.26
Royalty & Technical Service Fees	8,86.26	5,53.91	14,24.71	8,90.44
Bank Charges	9.32	5.83	9.86	6.16
Plant & Machinery Repairs & Upkeep	1,16.11	72.57	1,00.24	62.65
Audit & Tax Audit Fees	1.60	1.00	1.60	1.00
Legal & Retainer Fees	16.20	10.13	-	-
Telephone, Fax, Postage & Courier Charge	26.74	16.71	27.43	17.14
Travelling Expenses	72.20	45.13	53.42	33.39
Advertisement Expenses	78.16	48.85	29.30	18.31
Security Services	20.79	12.99	15.08	9.43
Provision for doubtful claims & receivable	3,39.70	2,12.31	4,09.38	2,55.86
Miscellaneous Expenses	39.48	24.68	2.27	1.42
	20,21.01	12,63.15	23,99.60	14,99.74
<b>Schedule 13 : Contingent Liabilities</b>				
There are Contingent Liabilities in respect of :				
1. Unexpired Letters of Credit	9,32.37	5,82.73	5,02.69	3,14.18
2. Unexpired Bank Guarantees	2,99.00	1,86.88	3,09.80	1,93.63
3. Disputes regarding Income Tax Liabilities for holiday exemption - pending before Hon'ble Supreme Court	79.41	49.63	4.41	2.76
	13,10.78	8,19.24	8,16.90	5,10.57

**Note :**

N Rs. = Nepalese Rupees

I Rs. = Indian Rupees

I Re. 1 = N Rs. 1.60

Figures in Indian Rupees are given as required by the Ministry of Law, Justice and Company Affairs, New Delhi

## COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

### Schedule 14 : Significant Accounting Policies and Notes to Accounts

#### 1. Significant Accounting Policies

##### (a) Basis of Accounting

Financial statements are prepared under the historical cost convention, in accordance with Accounting Standards applicable in Nepal and the requirements of Company Act, 2053.

The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except in case of significant uncertainties relating to income.

##### (b) Fixed Assets

Fixed Assets are recorded at cost. The Company capitalises all costs relating to acquisition and installation of Fixed Assets. Net expenses incurred during pre-operative period are capitalised. Assets costing less than N Rs. 5,000 is charged off in the year of purchase by charge to depreciation.

##### (c) Depreciation & Amortisation

- Depreciation is provided on written down value on all Fixed Assets (except Leasehold Land) at the rates prescribed by the Income Tax Rules, including additional depreciation permitted by the Industrial Enterprises Act, 2049.
- Leasehold Land is amortised over the life of the lease.

##### (d) Inventories

Inventories are valued at lower of cost or net realisable value after providing for the cost of obsolescence. Cost is determined using standard cost method that approximates actual costs. Work-in-Process and Finished Goods inventories include an appropriate portion of overheads, wherever applicable.

##### (e) Financial and Management Information Systems

To practise an Integrated Accounting System which unifies both Financial Books and Costing Records, the books of account and other records have been designed to facilitate compliance of the relevant provisions of the Company Act, 2053 on the one hand, and to meet the internal requirements of information and systems for Planning, Review and Internal Control on the other. To ensure that the Cost Accounts are designed to adopt Costing Systems appropriate to the business carried out by the Company, the basic tenets and principles of Standard Costing, Budgetary Control and Marginal Costing as appropriate has been incorporated into its Costing System.

##### (f) Turnover

Sales are recognised on despatch to customers net of Value Added Tax.

##### (g) Obsolete materials are charged off to consumption in the year in which they are identified.

##### (h) Amount towards Staff Housing and Bonus have been provided as required under Labour Act and Bonus Act respectively.

##### (i) Foreign Currency Transactions

Foreign currency transactions are accounted for at the exchange rates prevailing on the date of the transactions taking place. All exchange differences in respect of foreign currency transactions are dealt with in the Profit & Loss Account (except those relating to acquisition of Fixed Assets, which are adjusted in the cost of the assets). All foreign currency assets and liabilities at the Balance Sheet date are restated at the exchange rates prevailing at that date.

##### (j) Basis of Provision for Debtors, Loans and Advances

The Company provides for outstandings in excess of six months based on careful evaluation of facts of the case and contingency aspects of the matter involved.

##### (k) Previous year's figures have been regrouped/rearranged wherever necessary to facilitate comparison. Figures are rounded off to the nearest of Rupees Lacs.

#### 2. Exports sales of N Rs. 131,13.92 lacs are those made to Colgate-Palmolive (India) Ltd.

#### 3. Under Section 15b of the Industrial Enterprises Act, 2049 a writ petition is being filed before the Honourable Supreme Court for the dispute on tax holiday and therefore no provision for tax has been made including for the current year.

#### 4. Customs Duty Refunds

Customs duty paid on import of raw and packing materials is recoverable against export from His Majesty's Government of Nepal pursuant to statutory enactment. The Company has made necessary applications to the appropriate authorities for its refund as per the rules and waiting for final refund order. However, suitable provisions have been made in the accounts.

#### 5. The Company has on 9th May, 2001 applied to the Registrar of Companies for reduction in share capital from N Rs. 170,000,000 (1,700,000 shares of N Rs. 100 each fully paid) to N Rs. 56,666,600 (566,666 shares of N Rs. 100 each fully paid) by conversion to unsecured loans from Colgate-Palmolive (India) Limited, the parent company. Approval from the Registrar of Companies is awaited.

Per our report attached  
For T. R. Upadhyay & Co.  
*Chartered Accountants*

T. R. Upadhyay  
*Partner*  
Kathmandu, September 10, 2001

Directors {  
D. Samuel  
M. A. Elias  
K. V. Vaidyanathan



## CAMELOT INVESTMENTS COMPANY LIMITED

### Report of the Directors

The Members  
Camelot Investments Company Limited  
Mumbai

Your Directors present their Thirteenth Annual Report and Audited Accounts for the year ended March 31, 2002.

#### Financial Results

	Rupees	
	2001-02	2000-01
Gross Sales	8,92,36,334	6,98,70,378
Other Income	5,48,794	8,76,734
	8,97,85,128	7,07,47,112
Profit before Taxation	7,62,946	17,39,196
Provision for Taxation	1,55,350	1,48,000
Profit after Taxation	6,07,596	15,91,196
Balance brought forward	39,48,686	23,57,490
Less : Deferred Tax	18,41,885	—
Profit Available for Appropriation	27,14,397	39,48,686
Balance carried forward	27,14,397	39,48,686

#### Business Activities

During the year, your Company's sales went up from Rs. 699 lacs to Rs. 892 lacs. However, the net profit has gone down on account of change in the accounting policy relating to depreciation.

Your Company is continuing its efforts to increase its production levels so as to achieve higher volumes. The Government has, however, brought toothbrushes under the excise net during the year, which has negatively affected its operation and made its products expensive.

#### Employee Relations

Relations between the employee and the management continued to be cordial during the year. A long term settlement was signed with the Factory Union on September 28, 2001. The agreement is effective July 1, 2001 and is valid for a period of three and half years.

#### 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 Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption

and foreign exchange outgo is appended hereto and forms part of this Report.

#### Directors

Mr. Arunkumar Pande, Director, retires by rotation and being eligible, offers himself for re-appointment.

#### Auditors

Messrs. Ford, Rhodes, Parks & Company, Chartered Accountants, retire and are eligible for re-appointment as Auditors.

#### Directors' Responsibility Statement

In terms of Section 217(2AA) of the Companies Act, 1956 the Board of Directors confirm :

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made 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 and Loss of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the Directors had prepared the annual accounts for the year ended March 31, 2002 on a going concern basis.

#### Compliance Certificate

In terms of Section 383(A)(1) of the Companies Act, 1956, the certificate issued by a Company Secretary in Whole-time Practice certifying that the Company has complied with all the provisions of the Companies Act, 1956 is attached hereto.

On behalf of the Board

*Directors*

{ P. Saha  
A. Pande

*Mumbai, June 19, 2002*

## CAMELOT INVESTMENTS COMPANY LIMITED

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 efforts innovatively to improve energy conservation and utilisation.

### B. Technology Absorption, Research & Development (R & D)

1. Specific areas in which R & D carried out by the Company :

- Development of new products, improvement in product cycle time and packaging innovation.

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

- Improvement in product quality, process and technology.

3. Future plan of action :

- Development of products to meet consumer needs.

4. Expenditure on R & D :

- |  |   |
|--|---|
| a) Capital   | } No capital expenditure incurred during the year. Revenue expenditure incurred is included in Other Expenses |
| b) Recurring   |   |
| c) Total   |   |
| d) Total R & D expenditure as a percentage of total turnover |   |

### Technology absorption, adaptation and innovation :

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

Super Premium toothbrush “Colgate Sensitive”, a technologically advanced toothbrush was launched during the year.

2. Benefits derived as a result of the above efforts :

Improvement in product quality, process and technology.

3. Imported Technology :

The valuable technical guidance and assistance received by the Company is being absorbed and adapted to the demands of the local market.

### C. Foreign Exchange Earnings and Outgo :

The particulars of foreign exchange utilised during the year are given in Schedule 12 to the Accounts.

## CAMELOT INVESTMENTS COMPANY LIMITED

### Compliance Certificate

To

The Members,

**CAMELOT INVESTMENTS COMPANY LIMITED**

We have examined the registers, records, books and papers of **Camelot Investments Company Limited** ("the Company") as required to be maintained under the Companies Act, 1956 ("the Act") and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2002. In our opinion and to the best of our information and according to the examinations, carried out by us and explanations furnished to us by the Company, its officers, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure "A" to this Certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this Certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met four times on June 15, 2001, September 21, 2001, November 21, 2001 and March 20, 2002 and in respect of these meetings proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year, as it was not required to close the same.
6. The Annual General Meeting for the financial year ended on 31st March, 2001 was held on July 31, 2001 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. Two Extraordinary General Meetings were held on May 2, 2001 and on December 26, 2001 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its Directors

or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the Register maintained under Section 301 of the Companies Act, 1956.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company :
  - (i) has delivered all the share certificates on lodgement thereof for transfer of shares in accordance with the provisions of the Act. There was no allotment/transfer/transmission of securities during the financial year.
  - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) does not have amounts in the unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and hence transferring of the same to the Investor Education and Protection Fund does not arise.
  - (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of Directors, Additional Directors and Directors to fill in the casual vacancies have been duly made.
15. The Company has not appointed any Managing Director/ Whole-time Director/Manager during the financial year, as the provisions of Section 269 of the Companies Act, 1956 does not apply to the Company.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of

## CAMELOT INVESTMENTS COMPANY LIMITED

the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors and complied with the provisions of the Act.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any Preference Shares or Debentures and hence redemption, if any, of Preference Shares or Debentures does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights of dividend, rights shares and bonus shares pending registrations of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2002.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to share capital of the Company during the year under scrutiny.
30. The Company, during the financial year, has altered its Articles of Association after obtaining approval of members in the Annual General Meeting of the Company held on July 31, 2001 and in the Extraordinary General Meeting held on December 26, 2001 and the copies of the resolutions amending the Articles of Association of the Company have been duly filed with the Registrar of Companies.
31. There were no prosecutions initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has made the contribution towards Provident Fund to the Recognised Provident Fund Commissioner.

S. N. Ananthasubramanian  
C.P. No. 1774

*Thane, June 14, 2002*

### Annexure A

Registers as maintained by the Company

Sr. Registers No.	Under Section
1. Register of Members	150
2. Register of Share Transfers	
3. Register of Directors, Managing Directors	303
4. Register of Directors' Share and Debenture Holdings	307
5. Register of Charges (including Debentures)	143
6. Register of Contracts	301
7. Register of Contracts, Companies and Firms in which Directors are interested	301(3)
8. Minutes Book	193
9. Books of Account	209

CAMELOT INVESTMENTS COMPANY LIMITED

Annexure B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2002.

Sr. No.	Form No.	Filed u/s.	For
1.	Form No. 23	193 on May 30, 2001	Resolution passed at the Extraordinary General Meeting of the Company held on May 2, 2001 for increasing the borrowing powers of the Board of Directors of the Company.
2.	Form No. 29	264 on July 13, 2001	Consent of Mr. Pradip Saha dated July 12, 2001 after being appointed as an Additional Director of the Company.
3.	Form No. 32	303 on July 13, 2001	Appointment of Mr. Pradip Saha on June 15, 2001 and resignation of Mr. Udai Upendra and Mr. Vijay Runganadhan with effect from June 15, 2001.
4.	Form No. 23	193 on August 28, 2001	Resolution passed at the Annual General Meeting of the Company held on July 31, 2001 amending the Articles of Association of the Company.
5.	Balance Sheet	220 on August 29, 2001	For the year ended 31st March, 2001 adopted at the Annual General Meeting of the Company held on July 31, 2001.
6.	Compliance Certificate	383A on August 29, 2001	Compliance Certificate issued by a Secretary in whole-time practice for the financial year ended March 31, 2001.
7.	Annual Return	159 on September 14, 2001	As on the date of the Annual General Meeting held on July 31, 2001.
8.	Application	43A on October 30, 2001	Application for conversion from Public Company under Section 43A of the Act to a Public Company under Section 3 of the Act.
9.	Form No. 32	303 on December 6, 2001	Resignation of Mr. N. N. Shanbhag as Director of the Company with effect from November 21, 2001.
10.	Form 23	193 on January 23, 2002	Resolution passed at the Extraordinary General Meeting of the Company held on December 26, 2001 adopting a new set of Articles of Association of the Company.

## Auditors' Report to the Members

of Camelot Investments Company Limited

1. We have audited the attached Balance Sheet of Camelot Investments Company Limited as at March 31, 2002 together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments 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 the books.
  - c) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 and are in agreement with the books of account.
  - d) On the basis of the written representations received from the Directors, as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director in terms of Section 274 (1)(g) of the Companies Act, 1956.
  - e) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2002,  
and
    - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For Ford, Rhodes, Parks & Co.  
*Chartered Accountants*

Mumbai, June 19, 2002

S.B. Prabhu  
*Partner*

## CAMELOT INVESTMENTS COMPANY LIMITED

### Annexure to Auditors' Report

(Referred to in paragraph 3 thereof)

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, on the basis of such checks we considered appropriate, we report that :

1. The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets. All the assets have been verified by the management and as per the explanations given to us, no serious discrepancies have been noticed on verification.
2. None of the fixed assets has been revalued during the year.
3.
  - i) The stock of finished goods, spare parts and raw materials have been physically verified by the management during the year at reasonable intervals. The discrepancies noticed on such verification between the physical stock and the book records were not material.
  - ii) The procedures of physical verification of stocks followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
  - iii) In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
4. The Company has not taken/granted any loans, secured or unsecured, from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from/to companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
5. The Company has given loans to employees and they are repaying the same as stipulated and are also regular in payment of interest.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
7. There have been no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
8. As explained to us, unserviceable or damaged stores, raw materials and finished goods are determined by the Company. Adequate provision has been made in the accounts for the loss arising on the items so determined.
9. The Company has not accepted any deposits from the public.
10. In our opinion, reasonable records have been maintained for the sale and disposal of scrap. The Company has no by-products.
11. There was no internal audit system in operation during the year. However, the Company has internal control procedures which, in our opinion, are adequate in relation to the size of the Company and the nature of its business.
12. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the products of the Company.
13. According to the records of the Company, Provident Fund dues have been regularly deposited with the appropriate authorities during the year. Employees' State Insurance Scheme is not applicable to the Company.
14. According to the books and records examined by us and the information and explanations given to us there were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as at March 31, 2002 for a period exceeding six months from the date on which they became payable.
15. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
16. The Company is not a sick industrial company within the meaning of clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
17. The Company has not purchased any goods for resale.
18. The Company did not carry out any service activities during the year.

For Ford, Rhodes, Parks & Co.  
*Chartered Accountants*

S.B. Prabhu  
*Partner*

Mumbai, June 19, 2002

CAMELOT INVESTMENTS COMPANY LIMITED

**Balance Sheet**

as at March 31, 2002

	Schedule	Rupees	Rupees	As at March 31, 2001 Rupees
<b>Sources of Funds</b>				
<b>Shareholders' Funds</b>				
Share Capital	1		45,00,000	45,00,000
Reserves and Surplus	2		27,14,397	39,48,686
<b>Loan Funds</b>				
Unsecured Loan from Holding Company			9,00,00,000	11,46,33,000
<b>Deferred Tax Liability</b>			19,39,235	—
	<b>Total</b>		<u>9,91,53,632</u>	<u>12,30,81,686</u>
<b>Application of Funds</b>				
<b>Fixed Assets</b>				
Gross Block	3	12,41,68,636		12,58,92,557
Less: Depreciation/ Amortisation		<u>4,35,84,789</u>		<u>3,12,01,456</u>
Net Block		8,05,83,847		9,46,91,101
Capital Work-in-Progress		<u>1,14,722</u>		<u>11,32,056</u>
			806,98,569	9,58,23,157
<b>Current Assets, Loans and Advances</b>				
Inventories	4	1,02,95,601		89,49,026
Sundry Debtors	5	7,18,575		39,65,662
Cash and Bank Balances	6	1,10,12,975		1,96,51,584
Loans and Advances	7	24,73,185		1,36,41,132
Advance Tax (net of provision)		<u>3,75,845</u>		<u>1,36,233</u>
		2,48,76,181		4,63,43,637
<i>Less :</i>				
<b>Current Liabilities and Provisions</b>				
Liabilities		<u>64,21,118</u>		<u>1,90,85,108</u>
<b>Net Current Assets</b>			<u>1,84,55,063</u>	<u>2,72,58,529</u>
	<b>Total</b>		<u>9,91,53,632</u>	<u>12,30,81,686</u>
<b>Notes to the Accounts</b>	12			

Per our report attached  
For Ford, Rhodes, Parks & Co.  
Chartered Accountants

S. B. Prabhu  
Partner  
Mumbai, June 19, 2002

Directors { P. Saha  
A. Pande



CAMELOT INVESTMENTS COMPANY LIMITED

**Profit and Loss Account**

for the year ended March 31, 2002

	Schedule	Rupees	Rupees	Previous Year Rupees
<b>Income</b>				
Sales		8,92,36,334		6,98,70,378
Other Income	8	<u>5,48,794</u>		<u>8,76,734</u>
			8,97,85,128	<u>7,07,47,112</u>
<b>Expenditure</b>				
Materials Cost	9	5,26,35,618		4,38,59,889
Employee Costs	10	59,58,730		47,58,547
Excise Duty		74,97,803		3,80,170
Other Expenses	11	88,38,643		86,05,316
Depreciation/Amortisation		<u>1,40,91,388</u>		<u>1,14,03,994</u>
			8,90,22,182	<u>6,90,07,916</u>
<b>Profit before Taxation</b>			7,62,946	17,39,196
Current Year Taxation		58,000		1,48,000
Deferred Taxation		<u>97,350</u>		<u>—</u>
			1,55,350	<u>1,48,000</u>
<b>Profit after Taxation</b>			6,07,596	15,91,196
Balance brought forward		39,48,686		23,57,490
Deferred Tax [see note 10 (a)]		<u>(18,41,885)</u>	21,06,801	<u>—</u>
<b>Surplus Carried to Balance Sheet</b>			<u>27,14,397</u>	<u>39,48,686</u>
Notes to the Accounts	12			

Per our report attached  
For Ford, Rhodes, Parks & Co.  
Chartered Accountants

S. B. Prabhu  
Partner  
Mumbai, June 19, 2002

Directors { P. Saha  
A. Pande

**CAMELOT INVESTMENTS COMPANY LIMITED**

## Schedules to the Accounts

	As at March 31, 2002 Rupees	As at March 31, 2001 Rupees
<b>Schedule 1 : Share Capital</b>		
<b>Authorised</b>		
5,00,000 Equity Shares of Rs. 10 each	50,00,000	50,00,000
100 14% Cumulative Redeemable Preference Shares of Rs. 100 each	10,000	10,000
	<u>50,10,000</u>	<u>50,10,000</u>
<b>Issued, Subscribed and Paid-up</b>		
4,50,000 Equity Shares of Rs. 10 each fully paid [The above shares are held by Colgate- Palmolive (India) Ltd., the Holding Company]	45,00,000	45,00,000
	<u>45,00,000</u>	<u>45,00,000</u>
<b>Schedule 2 : Reserves and Surplus</b>		
Profit and Loss Account Balance	27,14,397	39,48,686
	<u>27,14,397</u>	<u>39,48,686</u>

**Schedule 3 : Fixed Assets**

	Gross Block				Depreciation/ Amortisation		Net Block	
	As at 31-3-2001 Rupees	Additions/ Transfer Rupees	Deductions/ Transfers Rupees	As at 31-3-2002 Rupees	For the Year Rupees	As at 31-3-2002 Rupees	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
	Land- Leasehold	11,52,305	-	-	11,52,305	11,983	69,939	10,82,366
Buildings	1,09,95,958	-	-	1,09,95,958	3,67,265	17,11,386	92,84,572	96,51,837
Plant & Machinery	11,06,92,697	19,08,792	36,93,513	10,89,07,976	1,27,10,496	3,96,45,748	6,92,62,228	8,20,49,388
Furniture & Equipment	30,12,621	60,800	-	30,73,421	9,92,361	21,43,493	9,29,928	18,61,491
Vehicles	38,976	-	-	38,976	9,283	14,223	24,753	34,036
<b>Total</b>	<b>12,58,92,557</b>	<b>19,69,592</b>	<b>36,93,513</b>	<b>12,41,68,636</b>	<b>1,40,91,388</b>	<b>4,35,84,789</b>	<b>8,05,83,847</b>	
Total Previous Year	11,59,24,060	1,46,87,797	47,19,300	12,58,92,557	1,14,03,994	3,12,01,456		9,46,91,101
Capital Work-in-Progress and Capital Advances							1,14,722	11,32,056
<b>Total</b>							<b>8,06,98,569</b>	<b>9,58,23,157</b>

Note: "Land-Leasehold" comprises of lease rights in respect of land at Waluj in possession of the Company, under lease with the Maharashtra Industrial & Development Corporation.

## CAMELOT INVESTMENTS COMPANY LIMITED

	As at March 31, 2002 Rupees	As at March 31, 2001 Rupees
<b>Schedule 4 : Inventories</b>		
Stores and Spares	14,15,769	14,30,769
Raw and Packing Materials	80,10,580	64,17,312
Work-in-Process	2,59,733	9,44,963
Finished Goods	6,09,519	1,55,982
	1,02,95,601	89,49,026
 <b>Schedule 5 : Sundry Debtors</b>		
Unsecured (less than 6 months) :		
Considered good	7,18,575	39,65,662
	7,18,575	39,65,662
 <b>Schedule 6 : Cash and Bank Balances</b>		
Cash on hand	19,542	36,697
Balances with Scheduled Banks		
On Current Accounts	81,29,999	76,09,887
On Deposit Accounts	28,63,434	1,20,05,000
	1,10,12,975	1,96,51,584
 <b>Schedule 7 : Loans &amp; Advances</b>		
Advances recoverable in cash or in kind or for value to be received	17,16,464	1,31,37,777
Deposits	4,71,175	4,71,175
Balances with Excise Authorities	2,85,546	32,180
	24,73,185	1,36,41,132
	2001-02 Rupees	Previous Year Rupees
 <b>Schedule 8 : Other Income</b>		
Interest on Deposits and Loans	2,59,710	4,60,378
[TDS Rs. 51,044 (Previous Year : Rs. 1,03,684)]		
Profit on Sale of Fixed Assets	43,563	—
Processing Charges	—	2,03,122
Miscellaneous Income	2,45,521	2,13,234
	5,48,794	8,76,734

**CAMELOT INVESTMENTS COMPANY LIMITED**

	Rupees	2001-02 Rupees	Previous Year Rupees
<b>Schedule 9 : Materials Cost</b>			
Opening Stock			
Work-in-Process	9,44,963		2,31,249
Finished Goods	<u>1,55,982</u>		<u>—</u>
		11,00,945	2,31,249
Raw and Packing Materials Consumed			
Opening Stock	64,17,312		1,19,77,337
Add : Purchases	<u>5,66,92,458</u>		<u>4,12,89,405</u>
	6,31,09,770		5,32,66,742
Less : Closing Stock	<u>80,10,580</u>		<u>64,17,312</u>
	5,50,99,190		4,68,49,430
Less : Sales	<u>26,95,265</u>		<u>21,19,845</u>
		5,24,03,925	4,47,29,585
Less : Closing Stock			
Work-in-Process	2,59,733		9,44,963
Finished Goods	<u>6,09,519</u>		<u>1,55,982</u>
		8,69,252	11,00,945
		<u>5,26,35,618</u>	<u>4,38,59,889</u>
<b>Schedule 10 : Employee Costs</b>			
Salaries, Wages and Bonus		51,43,359	40,63,661
Contribution to Provident and other Funds		3,78,549	3,30,258
Staff Welfare Expenses		<u>4,36,822</u>	<u>3,64,628</u>
		59,58,730	47,58,547
<b>Schedule 11 : Other Expenses</b>			
Consumption of Stores & Spares		12,52,043	9,69,210
Processing Charges		18,56,478	17,21,466
Power and Fuel		22,02,503	21,91,306
Rates and Taxes		90,494	75,100
Insurance		5,27,002	4,40,291
Repairs			
Plant and Machinery	19,29,768		10,81,996
Others	<u>56,319</u>		<u>—</u>
		19,86,087	10,81,996
Payment to Auditors			
Audit Fees	63,000		52,500
Tax Audit Fees	15,750		10,500
Out of pocket expenses	<u>10,500</u>		<u>4,500</u>
		89,250	67,500
Sales Taxes absorbed		—	28,376
Travel Expenses		1,67,406	1,89,254
Loss on Sale of Fixed Assets		—	4,71,266
Miscellaneous Expenses		<u>6,67,380</u>	<u>13,69,551</u>
		88,38,643	86,05,316

## CAMELOT INVESTMENTS COMPANY LIMITED

### Schedule 12 : Notes to the Accounts

#### 1. Significant Accounting Policies

##### a. Basis of Accounting

Financial Statements are prepared under the historical cost convention on accrual basis in accordance with Accounting Standards applicable in India.

##### b. Revenue Recognition

Sales are recognised on completion of sale of goods and are recorded inclusive of excise duty and net of trade discounts, rebates and sales taxes.

##### c. Fixed Assets

Fixed Assets are recorded at cost. The Company capitalises all costs relating to acquisition and installation of Fixed Assets.

##### d. Depreciation and Amortisation

Depreciation is provided, pro-rata to the period of use, on straight-line method, at the higher of the rates, based on estimated useful lives of the assets or those stipulated in Schedule XIV to the Companies Act, 1956 as follows :

Factory Building	3.34%	Dies & Moulds	33.33%
Plant & Machinery	10.34%	Furniture & Office Equipment	20.00%
		Computers	20.00%
		Vehicles	20.00%

In respect of Fixed Assets existing as on April 1, 2001 where rates other than mentioned above have been used for charging depreciation in earlier years, the balance written down value in respect of such assets as at the beginning of the year are now depreciated over the prospective life of the assets based on above depreciation rates.

Leasehold Land is amortised over the period of the lease.

Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

##### e. Inventories

Inventories are valued at the lower of cost or net realisable value. Work-in-Process and Finished Goods inventories include production overheads and excise duty, wherever applicable.

##### f. Retirement Benefits

Contribution in respect of defined retirement schemes such as Provident and Superannuation Fund are charged to the Profit and Loss Account as incurred.

##### g. Foreign Currency Transactions

Foreign Currency Transactions are accounted at exchange rates prevailing on the date the transaction takes place. All exchange differences in respect of foreign currency transactions are dealt with in the Profit and Loss Account (except those relating to acquisition of Fixed Assets which are adjusted in the cost of the assets). All foreign currency assets and liabilities, if any, as at the Balance Sheet date are restated at the applicable exchange rates prevailing at that date.

##### h. Taxation

Provision for taxes is made based on the current applicable tax rates. The Company provides for deferred tax, subject to the consideration of prudence, based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current income tax provision. The effect on deferred tax of a change in income tax rates is recognised in income in the period that includes the enactment date.

2. Estimated amount of contracts on capital account to be executed and not provided for : **Rs. Nil** (Previous Year : Rs. Nil).
3. To the best of knowledge and as per the information available with the management, amount due to small scale industrial undertakings is **Rs. Nil** (Previous Year : Rs. Nil).

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

	Unit	2001-02		Previous Year	
		Quantity	Value Rupees	Quantity	Value Rupees
Resins	Kgs.	1,47,752	1,27,68,145	1,18,005	1,03,42,916
Nylon	Kgs.	13,340	1,06,21,868	8,193	1,02,60,497
Handles	Doz.	2,01,238	1,49,73,919	2,29,282	1,45,46,217
Dispensers/Labels/PVC Trays	Doz.	8,12,590	1,07,47,921	8,36,592	79,79,756
Others			32,92,072		16,00,199
	<b>Total</b>		<b>5,24,03,925</b>		<b>4,47,29,585</b>

Note : Resins include quantities used for moulding of handles, for captive consumption.

**CAMELOT INVESTMENTS COMPANY LIMITED**

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

	2001-02		Previous Year	
	Value Rupees	% to Total Consumption	Value Rupees	% to Total Consumption
Raw and Packing Materials :				
Imported at landed cost	2,36,09,359	45	1,31,01,811	29
Indigenously obtained	2,87,94,566	55	3,16,27,774	71
<b>Total</b>	<b>5,24,03,925</b>	<b>100</b>	<b>4,47,29,585</b>	<b>100</b>
Stores and Spare parts consumed :				
Imported at landed cost	—	—	5,50,151	57
Indigenously obtained	12,52,043	100	4,19,059	43
<b>Total</b>	<b>12,52,043</b>	<b>100</b>	<b>9,69,210</b>	<b>100</b>

6. Value of imports calculated on C.I.F. basis :

	2001-02 Rupees	Previous Year Rupees
Raw Materials	1,47,85,970	72,80,825
Spare Parts	—	3,44,210

7. Expenditure in foreign currency :

	2001-02 Rupees	Previous Year Rupees
	—	—

8. Information for each class of goods manufactured :

(a) Installed Capacity and Actual Production :

	Unit	Annual capacity on three-shift basis		Actual Production
		Licensed	Installed	
Toothbrushes	2001-02 2000-01	Doz. Doz.	Not Applicable Not Applicable	12,50,000 12,50,000
				9,71,166 7,92,845

The installed capacity as shown above has been certified by the Factory Manager and not verified by the Auditors, being a technical matter.

(b) Opening and Closing Stocks of Finished Goods :

	2001-02				Previous Year			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty. Doz.	Value Rupees	Qty. Doz.	Value Rupees	Qty. Doz.	Value Rupees	Qty. Doz.	Value Rupees
Toothbrushes	1,932	1,55,982	8,598	6,09,519	—	—	1,932	1,55,982

(c) Sale by Class of Goods :

	Unit	2001-02		Previous Year	
		Qty.	Value	Qty.	Value
		Rupees		Rupees	
Toothbrushes	Doz.	9,64,500	8,92,36,334	7,90,913	6,98,70,378

9. During the year, the Company revised the estimated useful life of dies and moulds to 3 years, Furniture & Equipment and Vehicles to 5 years. Earlier, these assets were depreciated at the rates specified in Schedule XIV to the Companies Act, 1956. Consequently the balance WDV in respect of such assets as at the beginning of the year are now depreciated equally over the prospective life of the assets. Consequently, the depreciation charged to Profit and Loss Account in the current year is higher by Rs. 20,58,448.

## CAMELOT INVESTMENTS COMPANY LIMITED

10. (a) The Company has during the year adopted Accounting Standard-22 "Accounting for Taxes on Income" issued by the The Institute of Chartered Accountants of India, consequently Company recorded cumulative net deferred tax liability in respect of timing differences as at March 2001 of Rs. 18,41,885 as a deduction from the Profit and Loss balance as of March 2001 and recognised net deferred tax credit for the year Rs. 97,350 in the Profit and Loss Account.

(b) Deferred Tax Liability (net) of Rs. 19,39,235 as on March 31, 2002 represents net tax liability on account of :

	Rs.
Reversible timing differences in respect of depreciation	64,89,707
Less : Unabsorbed depreciation available for set-off as per tax laws	45,50,472
	19,39,235

11. Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956.  
Balance Sheet Abstract and Company's General Business Profile

**I. Registration Details :**

Registration No.	48621
State Code	11
Balance Sheet Date	31-03-2002

**II. Capital raised during the year (Amount in Rs. Thousands) :**

Public Issue	—
Rights Issue	—
Bonus Issue	—
Private Placement	—

**III. Position of Mobilisation and Deployment of Funds  
(Amount in Rs. Thousands) :**

Total Liabilities	105575
Total Assets	105575

**Sources of Funds**

Paid-up Capital	4500
Reserves and Surplus	2715
Secured Loans	—
Unsecured Loans	90000
Deferred Tax Liability	1939

**Application of Funds**

Net Fixed Assets	80699
Investments	—
Net Current Assets	18455
Misc. Expenditure	—
Accumulated Losses	—

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover (Gross Revenue)	89785
Total Expenditure	89022
Profit/(Loss) before tax	763
Profit/(Loss) after tax	608
Earnings per Share in Rs.	1.35
Dividend (%)	—

**V. Generic Names of Three Principal Products/Services of Company  
(as per Monetary Terms) :**

Item Code No. (ITC Code)	960321.00
Product Description	Toothbrush

12. Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

Per our report attached  
For Ford, Rhodes, Parks & Co.  
*Chartered Accountants*

Signatures to Schedules 1 to 12

S. B. Prabhu  
*Partner*  
Mumbai, June 19, 2002

*Directors* { P. Saha  
A. Pande

## PASSION TRADING & INVESTMENT COMPANY LIMITED

### Report of the Directors

The Members  
Passion Trading & Investment Company Limited  
Mumbai

Your Directors present their Thirteenth Annual Report and Audited Accounts for the year ended March 31, 2002

#### Business Activities :

The Company has not yet started any business activity. The Directors hope that the Company will commence business in the near future.

#### Directors :

Mr. N. Ramchandran, Director, retires by rotation and being eligible, offers himself for re-appointment.

#### Auditors :

Messrs. Ford, Rhodes, Parks & Company, Chartered Accountants, retire and are eligible for re-appointment as Auditors.

#### Directors' Responsibility Statement :

In terms of Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and 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 and Loss of the Company for that period;
- (iii) that the Directors 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
- (iv) that the Directors have prepared the annual accounts for the year ended March 31, 2002 on a going concern basis.

On behalf of the Board

Mumbai, June 19, 2002

Directors { N. Ramchandran  
V. Hegde

### Auditors' Report to the Shareholders

1. We have audited the attached Balance Sheet of Passion Trading & Investment Company Limited as at 31st March, 2002, together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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.
  - 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 the books.
  - c) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 and are in agreement with the books of account.
  - d) On the basis of the written representations received from the Directors as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director in terms of Section 274 (1)(g) of the Companies Act, 1956.
  - e) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002
    - and
    - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date.

As the Company had no manufacturing, trading or other activities during the year, the Manufacturing and other Companies (Auditor's Report) Order, 1988 is, in our opinion, not applicable to the Company.

For Ford, Rhodes, Parks & Co.  
Chartered Accountants  
S. B. Prabhu  
Partner

Mumbai, June 19, 2002

### Balance sheet

	As at March 31, 2002 Rupees	As at March 31, 2001 Rupees
<b>as at March 31, 2002</b>		
<b>Sources of Funds</b>		
<b>Shareholders' Funds</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
1,000 Equity Shares of Rs. 100 each	1,00,000	1,00,000
100 14% Cumulative Redeemable Preference shares of Rs. 100 each	10,000	10,000
<b>Issued, Subscribed &amp; Paid-up</b>		
302 Equity Shares of Rs. 100 each fully paid [The above Shares are held by Colgate-Palmolive (India) Ltd., the Holding Company]	30,200	30,200
<b>Total</b>	<b>30,200</b>	<b>30,200</b>
<b>Application of Funds</b>		
<b>Current Assets, Loans and Advances</b>		
Balance with Scheduled Bank		
On Current Account	18,646	21,025
<b>Current Liabilities &amp; Provisions</b>		
Creditors	-	-
<b>Net Current Assets</b>	<b>18,646</b>	<b>21,025</b>
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)		
Preliminary Expenses	6,200	6,200
<b>Profit and Loss Account Balance</b>	5,354	2,975
<b>Total</b>	<b>30,200</b>	<b>30,200</b>

### Profit and Loss Account

	Rupees	Previous Year Rupees
<b>for the year ended March 31, 2002</b>		
Filing Fees	2,304	400
Bank Charges	75	-
Loss for the year	2,379	400
Debit Balance Brought Forward	2,975	2,575
<b>Balance Carried to Balance Sheet</b>	<b>5,354</b>	<b>2,975</b>

#### Notes:

1. Contingent liability in respect of Dividend on Preference Shares Rs. 2,793 (Previous Year : Rs. 2,793) is not provided for.
2. Information pursuant to paras 3, 4C and 4D of Part II of Schedule VI of the Companies Act is not given since the Company has not commenced business.

Per our report attached  
For Ford, Rhodes, Parks & Co.  
Chartered Accountants

S.B. Prabhu  
Partner  
Mumbai, June 19, 2002

Directors { N. Ramchandran  
V. Hegde

#### Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile :

<b>I. Registration Details :</b>	
Registration No.	47799
State Code	11
Balance Sheet Date	31-03-2002
<b>II. Capital raised during the year (Amount in Rupees) :</b>	
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
<b>III. Position of Mobilisation and Deployment of Funds</b> (Amount in Rupees) :	
Total Liabilities	30200
Total Assets	30200
<b>Sources of Funds</b>	
Paid-up Capital	30200
Reserves and Surplus	-
Secured Loans	-
Unsecured Loans	-
<b>Application of Funds</b>	
Net Fixed Assets	-
Investments	-
Net Current Assets	18646
Misc. Expenditure	6200
Accumulated Losses	5354
<b>IV. Performance of Company (Amount in Rupees) :</b>	
Turnover (Gross Revenue)	-
Total Expenditure	2379
(Loss) before tax	(2379)
(Loss) after tax	(2379)
Earnings per Share in Rs.	-
Dividend (%)	-
<b>V. Generic Names of Three Principal Products/Services of Company</b> (as per Monetary Terms) :	
Item Code No. (ITC Code)	-
Product Description	-

Per our report attached  
For Ford, Rhodes, Parks & Co.  
Chartered Accountants

S.B. Prabhu  
Partner  
Mumbai, June 19, 2002

Directors { N. Ramchandran  
V. Hegde



## MULTIMINT LEASING & FINANCE LIMITED

### Report of the Directors

The Members  
Multimint Leasing & Finance Limited  
Mumbai

Your Directors present their Seventeenth Annual Report and Audited Accounts for the year ended March 31, 2002.

#### Business Activities :

The Company has not yet started any business activity. The Directors hope that the Company will commence business in the near future.

#### Directors :

Mr. N. Ramchandran, Director, retires by rotation and being eligible, offers himself for re-appointment.

#### Auditors :

Messrs. Ford, Rhodes, Parks & Company, Chartered Accountants, retire and are eligible for re-appointment as Auditors.

#### Directors' Responsibility Statement :

In terms of Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and 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 and Loss of the Company for that period;
- that the Directors 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
- that the Directors have prepared the annual accounts for the year ended March 31, 2002 on a going concern basis.

On behalf of the Board

Mumbai, June 19, 2002

Directors { N. Ramchandran  
A. Pande

### Auditors' Report to the Shareholders

- We have audited the attached Balance Sheet of Multimint Leasing & Finance Limited as at 31st March, 2002, together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with 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.
  - 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.
  - 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 the books.
  - In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 and are in agreement with the books of account.
  - On the basis of the written representations received from the Directors as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director in terms of Section 274 (1)(g) of the Companies Act, 1956.
  - In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002  
and
    - in the case of the Profit and Loss Account, of the loss for the year ended on that date.

As the Company had no manufacturing, trading or other activities during the year, the Manufacturing and other Companies (Auditor's Report) Order, 1988 is, in our opinion, not applicable to the Company.

For Ford, Rhodes, Parks & Co.  
Chartered Accountants  
S. B. Prabhu  
Partner

Mumbai, June 19, 2002

### Balance sheet

as at March 31, 2002

	As at March 31, 2002 Rupees	As at March 31, 2001 Rupees
<b>Sources of Funds</b>		
<b>Shareholders' Funds</b>		
Share Capital		
Authorised		
10,000	Equity Shares of Rs. 10 each	1,00,000
100	14% Cumulative Redeemable Preference Shares of Rs. 100 each	1,00,000
Issued, Subscribed & Paid-up		
3,500	Equity Shares of Rs. 10 each fully paid [The above shares are held by Colgate-Palmolive (India) Ltd., the Holding Company]	35,000
<b>Total</b>		
	<b>35,000</b>	<b>35,000</b>
<b>Application of Funds</b>		
<b>Current Assets, Loans and Advances</b>		
	Balance with Scheduled Bank	22,950
	On Current Account	21,146
<b>Current Liabilities &amp; Provisions</b>		
	Creditors	-
<b>Net Current Assets</b>		
	<b>21,146</b>	<b>22,950</b>
<b>Miscellaneous Expenditure</b>		
	(To the extent not written off or adjusted)	
	Preliminary Expenses	7,000
	<b>Profit and Loss Account Balance</b>	<b>5,050</b>
	<b>6,854</b>	<b>5,050</b>
<b>Total</b>		
	<b>35,000</b>	<b>35,000</b>

### Profit and Loss Account

for the year ended March 31, 2002

	Rupees	Previous Year Rupees
<b>Income</b>		
	Miscellaneous Income	-
<b>Expenditure</b>		
	Filing fees	800
	Loss for the year	800
	Debit Balance Brought Forward	4,250
	<b>Balance Carried to Balance Sheet</b>	<b>5,050</b>
	<b>6,854</b>	<b>5,050</b>

#### Notes :

- Contingent liability in respect of Dividend on Preference Shares Rs. 2,689 (Previous Year : Rs. 2,689) is not provided for.
- Information pursuant to paras 3, 4C and 4D of Part II of Schedule VI of the Companies Act is not given since the Company has not commenced business.

Per our report attached  
For Ford, Rhodes, Parks & Co.  
Chartered Accountants

S. B. Prabhu  
Partner  
Mumbai, June 19, 2002

Directors { N. Ramchandran  
A. Pande

Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956  
Balance Sheet Abstract and Company's General Business Profile :

<b>I. Registration Details :</b>		
Registration No.		38119
State Code		11
Balance Sheet Date		31-03-2002
<b>II. Capital raised during the year (Amount in Rupees) :</b>		
Public Issue		-
Rights Issue		-
Bonus Issue		-
Private Placement		-
<b>III. Position of Mobilisation and Deployment of Funds (Amount in Rupees) :</b>		
Total Liabilities		35000
Total Assets		35000
<b>Sources of Funds</b>		
Paid-up Capital		35000
Reserves and Surplus		-
Secured Loans		-
Unsecured Loans		-
<b>Application of Funds</b>		
Net Fixed Assets		-
Investments		-
Net Current Assets		21146
Misc. Expenditure		7000
Accumulated Losses		6854
<b>IV. Performance of Company (Amount in Rupees) :</b>		
Turnover (Gross Revenue)		-
Total Expenditure		1804
(Loss) before tax		(1804)
(Loss) after tax		(1804)
Earnings per Share in Rs.		-
Dividend (%)		-
<b>V. Generic Names of Three Principal Products/Services of Company (as per Monetary Terms) :</b>		
Item Code No. (ITC Code)		-
Product Description		-

Per our report attached  
For Ford, Rhodes, Parks & Co.  
Chartered Accountants

S. B. Prabhu  
Partner  
Mumbai, June 19, 2002

Directors { N. Ramchandran  
A. Pande

## JIGS INVESTMENTS LIMITED

### Report of the Directors

The Members  
Jigs Investments Limited  
Mumbai

Your Directors present their Thirteenth Annual Report and Audited Accounts for the year ended March 31, 2002.

Business Activities :

The Company has not yet started any business activity. The Directors hope that the Company will commence business in the near future.

Directors :

Mr. N. Ramchandran, Director, retires by rotation and being eligible, offers himself for re-appointment.

Auditors :

Messrs. Ford, Rhodes, Parks & Company, Chartered Accountants, retire and are eligible for re-appointment as Auditors.

Directors' Responsibility Statement :

In terms of Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and 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 and Loss of the Company for that period;
- iii) that the Directors 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
- iv) that the Directors have prepared the annual accounts for the year ended March 31, 2002 on a going concern basis.

On behalf of the Board

Mumbai, June 19, 2002

Directors { N. Ramchandran  
P. Richardson

### Auditors' Report to the shareholders

1. We have audited the attached Balance Sheet of Jigs Investments Limited as at 31st March, 2002, together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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.
  - 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 the books.
  - c) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 and are in agreement with the books of account.
  - d) On the basis of the written representations received from the Directors as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director in terms of Section 274 (1)(g) of the Companies Act, 1956.
  - e) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002
    - and
    - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date.

As the Company had no manufacturing, trading or other activities during the year, the Manufacturing and other Companies (Auditor's Report) Order, 1988 is, in our opinion, not applicable to the Company.

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

Mumbai, June 19, 2002

S. B. Prabhu  
Partner

### Balance sheet

as at March 31, 2002

	As at March 31, 2002 Rupees	As at March 31, 2001 Rupees
<b>Sources of Funds</b>		
<b>Shareholders' Funds</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
10,000 Equity Shares of Rs. 10 each	1,00,000	1,00,000
100 14% Cumulative Redeemable Preference Shares of Rs. 100 each	10,000	10,000
<b>Issued, Subscribed &amp; Paid-up</b>		
3,020 Equity Shares of Rs. 10 each fully paid [The above shares are held by Colgate-Palmolive (India) Ltd., the Holding Company]	30,200	30,200
<b>Total</b>	<b>30,200</b>	<b>30,200</b>
<b>Application of Funds</b>		
<b>Current Assets, Loans and Advances</b>		
Balance with Scheduled Bank		
On Current Account	18,911	21,040
Current Liabilities & Provisions		
Creditors	-	400
<b>Net Current Assets</b>	<b>18,911</b>	<b>20,640</b>
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)		
Preliminary Expenses	6,200	6,200
Profit and Loss Account Balance	5,089	3,360
<b>Total</b>	<b>30,200</b>	<b>30,200</b>

### Profit and Loss Account

for the year ended March 31, 2002

	Rupees	Previous Year Rupees
Filing Fees	1,704	800
Bank Charges	25	-
Loss for the year	1,729	800
Debit Balance Brought Forward	3,360	2,560
<b>Balance Carried to Balance Sheet</b>	<b>5,089</b>	<b>3,360</b>

Notes:

1. Contingent liability in respect of Dividend on Preference Shares Rs. 2,793 (Previous Year : Rs. 2,793) is not provided for.

2. Information pursuant to paras 3, 4C and 4D of Part II of Schedule VI of the Companies Act is not given since the Company has not commenced business.

Per our report attached

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

S.B. Prabhu

Partner

Mumbai, June 19, 2002

Directors {

N. Ramchandran  
P. Richardson

Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956  
Balance Sheet Abstract and Company's General Business Profile :

I. Registration Details :	
Registration No.	48238
State Code	11
Balance Sheet Date	31-03-2002
II. Capital raised during the year (Amount in Rupees) :	
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
III. Position of Mobilisation and Deployment of Funds (Amount in Rupees) :	
Total Liabilities	30200
Total Assets	30200
Sources of Funds	
Paid-up Capital	30200
Reserves and Surplus	-
Secured Loans	-
Unsecured Loans	-
Application of Funds	
Net Fixed Assets	-
Investments	
Net Current Assets	18911
Misc. Expenditure	6200
Accumulated Losses	5089
IV. Performance of Company (Amount in Rupees) :	
Turnover (Gross Revenue)	-
Total Expenditure	1729
(Loss) before tax	(1729)
(Loss) after tax	(1729)
Earnings per Share in Rs.	-
Dividend (%)	-
V. Generic Names of Three Principal Products/Services of Company (as per Monetary Terms) :	
Item Code No. (ITC Code)	-
Product Description	-

Per our report attached  
For Ford, Rhodes, Parks & Co.  
Chartered Accountants

S.B. Prabhu

Partner

Mumbai, June 19, 2002

Directors {

N. Ramchandran  
P. Richardson

## Consolidated Auditors' Report

to the Board of Directors of :  
COLGATE-PALMOLIVE (INDIA) LIMITED

We have audited the accompanying consolidated Balance Sheet of COLGATE-PALMOLIVE (INDIA) LIMITED and its subsidiaries, as described in summary of significant accounting policies to the consolidated financial statements (collectively referred to as 'the Group'), as at March 31, 2002 and the related consolidated statements of Profit and Loss Account and Cash Flows for the year then ended. These consolidated financial statements are the responsibility of the Group's Management and have been prepared for the purpose of meeting the requirements of Clause 32 of the listing agreement with the stock exchanges, in conformity with the accounting principles generally accepted in India. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with 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.

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 553 million and revenues of Rs. 31 million constituting 8.8 percent and 0.3 percent, respectively, of the related consolidated totals as at March 31, 2002. Those financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of those subsidiaries, is based solely upon the report of the other auditors.

In our opinion, based on our audit and the consideration of the separate audit reports on individual audited financial statements of COLGATE-PALMOLIVE (INDIA) LIMITED and its subsidiaries, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of March 31, 2002 and the consolidated results of its operations and its cash flows for the year then ended, in conformity with the accounting principles generally accepted in India.

Arthur Andersen & Associates  
*Chartered Accountants*

*Mumbai, June 20, 2002*

Farokh T. Balsara  
*Partner*

## Consolidated Balance Sheet

Colgate-Palmolive (India) Limited as at March 31, 2002

	Schedule	Rs. Lacs	As at March 31, 2002 Rs. Lacs
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	135,99.28	
Reserves and Surplus	2	118,56.85	
			254,56.13
<b>Loan Funds</b>			
Secured Loans	3	14,06.25	
Unsecured Loans	3	9,24.68	23,30.93
<b>Deferred Tax Liability (Net)</b>	4		26,00.52
	<b>Total</b>		<b>303,87.58</b>
<b>Application of Funds</b>			
<b>Fixed Assets (Net)</b>			
Capital Work-in-Progress and Advances	5	199,15.54	
		3,35.80	
			202,51.34
<b>Investments</b>	6		42,85.88
<b>Current Assets, Loans and Advances</b>			
Interest Accrued		196.90	
Inventories	7	80,18.59	
Sundry Debtors	8	72,88.50	
Cash and Bank Balances	9	104,59.86	
Loans and Advances	10	104,44.92	
		364,08.77	
<i>Less :</i>			
<b>Current Liabilities and Provisions</b>			
Liabilities	11	253,92.35	
Provisions	12	51,66.25	
		305,58.60	
<b>Net Current Assets</b>			58,50.17
<b>Miscellaneous Expenditure</b>			0.19
	<b>Total</b>		<b>303,87.58</b>

The accompanying Schedules (1 to 22) and Accounting Policies form an integral part of the financial statements.

For Arthur Andersen & Associates

Chartered Accountants

Farokh T. Balsara

Partner

Mumbai, June 20, 2002

Vice-Chairman

Deputy Chairman

Managing Director

Whole-time Director

Whole-time Director

Director

Director

Whole-time Director &

Company Secretary

R. A. Shah

P. K. Ghosh

G. Dalziel

M. A. Elias

V. Kaushik

J. K. Setna

V. S. Mehta

K. V. Vaidyanathan

## Consolidated profit and Loss Account

of Colgate-Palmolive (India) Limited for the year ended March 31, 2002

	Schedule	Rs. Lacs	Rs. Lacs
<b>Income</b>			
Sales		1,163,94.93	
Other Income	13	<u>24,76.57</u>	
			1,188,71.50
<b>Expenditure</b>			
Cost of Goods Sold	14	5,81,49.48	
Employee Costs	15	62,68.04	
Excise Duty		48,51.74	
Other Expenses	16	3,57,81.04	
Depreciation/Amortisation	5	<u>26,86.35</u>	
			1,077,36.65
<b>Profit before Taxation</b>			<u>111,34.85</u>
Current Year Taxation		50,21.41	
Deferred Tax Benefit		<u>(5,11.45)</u>	
			45,09.96
<b>Profit after Taxation</b>			<u>66,24.89</u>
Balance Brought Forward			12,41.97
<b>Profit Available for Appropriation</b>			<u>78,66.86</u>
<b>Appropriation :</b>			
First Interim Dividend			33,99.82
Second Interim Dividend - Proposed			23,79.87
Dividend Tax			3,46.78
Transfer to General Reserve			6,97.94
Balance Carried Forward			<u>10,42.45</u>
			78,66.86
<b>Earnings per Equity Share (Rupees)</b>	21		
(Face value of Rs. 10/- per equity share)			
Basic & diluted			<u>4.87</u>

The accompanying Schedules (1 to 22) and Accounting Policies form an integral part of the financial statements.

For Arthur Andersen & Associates  
Chartered Accountants

Farokh T. Balsara  
Partner

Mumbai, June 20, 2002

*Vice-Chairman*  
*Deputy Chairman*  
*Managing Director*  
*Whole-time Director*  
*Whole-time Director*  
*Director*  
*Director*  
*Whole-time Director &*  
*Company Secretary*

R. A. Shah  
P. K. Ghosh  
G. Dalziel  
M. A. Elias  
V. Kaushik  
J. K. Setna  
V. S. Mehta

K. V. Vaidyanathan

# Consolidated Cash Flow Statement

for the year ended march 31, 2002

	2001-2002 Rs. Lacs
<b>Cash Flow from Operating Activities :</b>	
Net Profit before Tax	111,34.85
Adjustment for :	
Foreign Exchange (Gain)/Loss	6.27
Depreciation and Amortisation	26,86.35
Interest expense	1,07.61
Profit on Sale of Investments	(1,64.76)
Provision for underutilised assets	14,80.00
(Gain)/Loss on retirement of fixed assets (Net)	73.24
Interest income	(16,80.77)
<b>Operating Profit before Working Capital Changes</b>	<b>136,42.79</b>
Adjustment for Changes in Assets and Liabilities	
(Increase)/Decrease in Inventories	16,51.06
(Increase)/Decrease in Sundry Debtors	(27,32.49)
(Increase)/Decrease in Loans and Advances	17,32.22
Increase/(Decrease) in Current Liabilities and Provisions	19,16.48
<b>Cash Generated from Operations</b>	<b>162,10.06</b>
Direct taxes paid (Net)	(38,74.47)
<b>Net Cash from Operating Activities</b>	<b>123,35.59</b>
<b>Cash Flow from Investing Activities :</b>	
Purchase of fixed assets	(9,92.24)
Sale of fixed assets	77.04
Purchase of Investments	(53,05.92)
Sale of Investments	55,84.81
Inter-corporate deposits	25,94.00
Interest Received	19,19.91
<b>Net Cash used in Investing Activities</b>	<b>38,77.60</b>
<b>Cash Flow from Financing Activities :</b>	
Proceeds from long term loans	9,54.10
Sales Tax Deferral	71.83
Interest paid	(99.49)
Dividend paid	(129,61.67)
Dividend Tax paid	(14,91.16)
<b>Net Cash used in Financing Activities</b>	<b>(135,26.39)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>26,86.80</b>
<b>Cash &amp; Cash Equivalents, beginning of the year</b>	<b>77,79.33</b>
	<b>104,66.13</b>
Foreign exchange Gain/(Loss)	(6.27)
<b>Cash &amp; Cash Equivalents, end of the year</b>	<b>104,59.86</b>

Note: Cash & Cash Equivalents at the end of the year include Rs. 18,45.97 lacs on account of un-claimed Dividends.

The accompanying Schedules (1 to 22) and Accounting Policies form an integral part of the financial statements.

For Arthur Andersen & Associates  
Chartered Accountants

Farokh T. Balsara  
Partner

Mumbai, June 20, 2002

Vice-Chairman  
Deputy Chairman  
Managing Director  
Whole-time Director  
Whole-time Director  
Director  
Director  
Whole-time Director &  
Company Secretary

R. A. Shah  
P. K. Ghosh  
G. Dalziel  
M. A. Elias  
V. Kaushik  
J. K. Setna  
V. S. Mehta

K. V. Vaidyanathan

## summary of significant Accounting policies

### Basis of Accounting

The accompanying consolidated financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in conformity with accounting principles generally accepted in India and comply with the accounting standards issued by the Institute of Chartered Accountants of India. The significant accounting policies are as follows :

### Principles of Consolidation

The consolidated financial statements reflect the financial position and the result of operations of Colgate-Palmolive (India) Limited ("the Company"), and its following wholly owned subsidiaries (collectively referred to as "the Group").

Name of the Company	Country of Incorporation
Colgate-Palmolive (Nepal) Pvt. Ltd.	Nepal
Camelot Investments Company Ltd.	India
Passion Trading & Investment Company Ltd.	India
Multimint Leasing & Finance Ltd.	India
Jigs Investments Ltd.	India

The consolidated statements of the Group have been prepared based on a line by line consolidation of the financial statement of Colgate-Palmolive (India) Ltd. and its wholly owned subsidiaries mentioned above, which have been drawn up on the same date. All Inter-group transactions and balances between the entities included in the consolidated accounts have been eliminated.

### Revenue Recognition

Sales are recognised on despatch to customers and are recorded net of trade discounts, rebates and sales taxes, but including excise duty.

### Fixed Assets

Fixed Assets are recorded at cost less accumulated depreciation. The Group capitalises all direct costs relating to the acquisition and installation of Fixed Assets. Interest, if any, on borrowed funds used to finance the acquisition of Fixed Assets, is capitalised up to the date the assets are ready for commercial use.

### Depreciation and Amortisation

Depreciation is provided, pro-rata to the period of use, on straight-line method, at the higher of the rates, based on estimated useful lives of the assets or those stipulated in Schedule XIV to the Companies Act, 1956 as follows :

Buildings	1.63%	Dies and Moulds	33.33%
Factory Building	3.34%	Furniture &	
Plant and Machinery		Office Equipment	20.00%
- Single shift	4.75%	Computers	20.00%
- Triple shift	10.34%	Vehicles	20.00%

Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortised over the period of lease. Goodwill and Trademarks are amortised over a period of 40 years. Copyrights and Design are amortised over a period of 14 years. Technical Know-how is amortised over a period of 21 years.

### Investments

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

### Inventories

Inventories of raw and packing materials, work-in-progress and finished goods are valued at lower of cost or net realisable value. Cost of work-in-progress and finished goods includes materials, labour and manufacturing overheads. 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.

### Research and Development

Revenue expenditure on research and development is charged to the Profit and Loss Account in the year in which it is incurred. Capital expenditure on research and development is reflected as additions to Fixed Assets.

### Retirement and Leave Encashment Benefits

The Group provides for retirement benefits to employees (comprising payments to gratuity fund, provident fund and superannuation fund) and leave encashment entitlements, in accordance with the policies of the Group. Annual contributions to the provident and superannuation funds are charged to the Profit and Loss Account as incurred. Liabilities in respect of gratuity and leave encashment are provided for on the basis of an independent actuarial valuation.

### Foreign Currency Transactions

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. All foreign currency assets and liabilities, if any, as at the Balance Sheet date are translated into rupees at the applicable exchange rates prevailing at that date. All exchange differences are dealt with in the Profit and Loss Account, except those relating to acquisition of Fixed Assets, which are adjusted in the cost of the Fixed Assets.

Assets and Liabilities of foreign subsidiaries are translated into Indian Rupees at the rate of exchange prevailing as at Balance Sheet date. Revenues and expenses are translated into Indian Rupees at the yearly average exchange rate prevailing during the year.

### Taxation

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on assessable income. The group provides for deferred tax, based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current tax provision. The effect on deferred taxes of a change in tax rates is recognised in income in the period that includes the enactment date.

## Schedules to the Consolidated Accounts

	Rs. Lacs	As at March 31, 2002 Rs. Lacs
<b>Schedule 1 : Share Capital</b>		
<b>Authorised</b>		
13,70,00,000 Equity Shares of Rs.10 each		<u>137,00.00</u>
<b>Issued, Subscribed and Paid-up</b>		
13,59,92,817 Equity Shares of Rs. 10 each fully paid		<u>135,99.28</u>
Of the above :		
(i) 6,93,56,336 Shares are held by Colgate-Palmolive Company, U.S.A., the Holding Company.		
(ii) 11,18,85,735 Shares of Rs.10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.		
<b>Schedule 2 : Reserves and Surplus</b>		
<b>Capital Reserve</b>		
Consideration for vacating rented godown	6.50	
Special Capital Incentive from State Government	<u>20.00</u>	26.50
<b>Share Premium Account</b>		12,79.93
<b>General Reserve</b>		
Balance, beginning of the year	88,10.03	
Add : Transfer from Profit and Loss Account	<u>6,97.94</u>	95,07.97
<b>Profit and Loss Account Balance</b>		<u>10,42.45</u>
		<u>118,56.85</u>
<b>Schedule 3 : Loan Funds</b>		
<b>Secured Loans</b>		
Bank Loan		14,06.25
[secured against a first charge of fixed & current assets, inventories, receivables and mortgage over all properties of Colgate-Palmolive (Nepal) Private Limited at Hetauda Industrial District]		
<b>Unsecured Loans</b>		
Loans		1,60.00
Sales Tax Deferral		<u>7,64.68</u>
		<u>23,30.93</u>



As at  
March 31, 2002  
Rs. Lacs

**Schedule 4 : Deferred Tax (Asset)/Liability**

Timing Difference between book and tax depreciation	32,03.91
Provision for Leave encashment not deductible for tax purpose	(65.65)
Accrual for expenses allowable only on payment	(4,92.24)
Benefit of un-absorbed depreciation	(45.50)
	26,00.52

**Schedule 5 : Fixed Assets**

	Gross Block				Depreciation/ Amortisation		Net Block
	As at March 31, 2001 Rs. Lacs	Additions/ Transfers Rs. Lacs	Deductions/ Transfers Rs. Lacs	As at March 31, 2002 Rs. Lacs	For the Year Rs. Lacs	As at March 31, 2002 Rs. Lacs	As at March 31, 2002 Rs. Lacs
Goodwill & Trademarks	27,29.81	-	-	27,29.81	68.25	5,11.84	22,17.97
Copyrights & Design	13,52.90	-	-	13,52.90	96.64	7,24.77	6,28.13
Technical know-how	49,83.70	-	-	49,83.70	2,37.32	17,79.89	32,03.81
Land - Leasehold (Note i)	1,27.61	-	-	1,27.61	2.57	18.15	1,09.46
Buildings (Note ii)	81,08.48	23.32	-	81,31.80	1,73.18	9,24.75	72,07.05
Plant & Machinery	152,41.12	10,70.45	1,59.42	161,52.15	13,06.74	89,41.09	72,11.06
Furniture & Equipment	24,71.47	1,34.25	1,02.07	25,03.65	7,68.11	13,47.95	11,55.70
Vehicles	2,62.28	-	1,26.03	1,36.25	33.54	83.89	52.36
<b>Total</b>	<b>352,77.37</b>	<b>12,28.02</b>	<b>3,87.52</b>	<b>361,17.87</b>	<b>26,86.35</b>	<b>143,32.33</b>	<b>217,85.54</b>
Less: Provision for under utilised assets							18,70.00
<b>Fixed Assets (Net)</b>							<b>199,15.54</b>
Capital Work-in-Progress and Advances							3,35.80
<b>Total</b>							<b>202,51.34</b>

- Notes :*
- (i) "Land - Leasehold" comprises of lease rights in respect of the land at Waluj and Aurangabad in the possession of the Company under Lease/Agreements to Lease with the Maharashtra Industrial Development Corporation and City & Industrial Development Corporation of Maharashtra Limited respectively and at Hetauda Industrial Estate, Hetauda, in possession of the Company under lease with Hetauda Industrial District.
  - (ii) "Buildings" comprise of : (a) Cost of Premises, including shares and loan stock bonds in a Co-operative Society, (b) 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 in favour of the Company, formal transfer of lease rights in the said land. 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, (c) Factory buildings at Waluj, (d) a residential building at Aurangabad, (e) Research Centre at Powai, Mumbai and (f) Factory building at Hetauda, Nepal.

As at  
March 31, 2002  
Rs. Lacs

**Schedule 6 : Investments (Unquoted, unless otherwise stated)**

**A. In Government Securities - Short Term**

5% Nepal Rashtra Bank Bonds of face value  
of Rs. 51.06 lacs

41.67

41.67

**B. Other Investments at Cost - Long Term (Listed but not quoted)**

8.75% (Tax-Free) Secured, Redeemable, Non-Cumulative, Non-Convertible  
Bonds of Konkan Railway Corporation Ltd. (5A Series) of the face value of Rs. 500 lacs

5,00.00

7.8% (Tax-Free) Secured, Redeemable, Non-Convertible Bonds  
of Indian Railway Finance Corporation Ltd.  
(Railway Bonds - 36th Series) of the face value of Rs. 1,500 lacs

15,00.00

9.25% Redeemable, Non-Convertible Bonds of Hudco-Gujarat  
Punarnirman Special Tax Free Bonds Series - 1 of the  
face value of Rs. 700 lacs

7,00.00

10.5% (Tax Free) Redeemable, Non-Convertible Bonds of Hudco  
Series V D of the face value of Rs. 1,500 lacs

15,44.21

42,44.21

**Total**

42,85.88

Aggregate book value of Investments :

Unquoted

41.67

Listed but not quoted

42,44.21

**Schedule 7 : Inventories**

Stores and Spares

2,87.21

Raw and Packing Materials

16,75.15

Work-in-Process

3,23.83

Finished Goods

57,32.40

80,18.59

**Schedule 8 : Sundry Debtors**

Unsecured : Considered good

Over Six Months

2,03.83

Others

70,84.67

72,88.50

As at  
March 31, 2002  
Rs. Lacs

**Schedule 9 : Cash and Bank Balances**

Cash on hand	11.92
Balances with Scheduled Banks	
On Current Accounts	56,94.40
On Deposit Accounts	29,07.57
On Unpaid Dividend Accounts	18,45.97
	104,59.86
	104,59.86

**Schedule 10 : Loans and Advances**

Secured :	
Loans to Employees	2,00.77
Unsecured : Considered good	
Inter-Corporate Deposits	65,76.00
Advances recoverable in cash or in kind or for value to be received	13,24.62
Balances with Excise authorities	5,08.38
Deposits – Others	18,35.15
	104,44.92
	104,44.92

**Schedule 11 : Liabilities**

Acceptances	1,11.70
Sundry Creditors	234,10.73
Unclaimed Dividends	18,45.97
Interest accrued but not due	23.95
	253,92.35
	253,92.35

**Schedule 12 : Provisions**

Taxation (net of advance tax payments)	18,99.56
Second Interim Dividend - Proposed	23,79.87
Others	8,86.82
	51,66.25
	51,66.25

	Rs. Lacs	2001-02 Rs. Lacs
<b>Schedule 13 : Other Income</b>		
Interest		
On Bank Deposits		1,93.49
From Others		14,87.28
Cash Discount		87.57
Profit on sale of Investments (Net)		1,64.76
Miscellaneous Income		5,43.47
		<u>24,76.57</u>
 <b>Schedule 14 : Cost of Goods Sold</b>		
Opening Stock		
Work-in-Process	1,81.88	
Finished Goods	69,45.65	
		<u>71,27.53</u>
Raw and Packing Materials Consumed		
Opening Stock	22,81.51	
Add : Purchases	233,03.89	
	<u>255,85.40</u>	
Less : Closing Stock	16,75.15	
	<u>239,10.25</u>	
Less : Sale of Materials	23,54.40	
		<u>215,55.85</u>
		<u>286,83.38</u>
Purchased Finished Goods		355,22.33
Less : Closing Stock		
Work-in-Process	3,23.83	
Finished Goods	57,32.40	
		<u>60,56.23</u>
		<u>581,49.48</u>
 <b>Schedule 15 : Employee Costs</b>		
Salaries, Wages and Bonus		47,91.85
Contribution to Provident, Gratuity and other Funds		10,97.09
Staff Welfare Expenses		3,79.10
		<u>62,68.04</u>

	Rs. Lacs	2001-02 Rs. Lacs
<b>Schedule 16 : Other Expenses</b>		
Consumption of Stores and Spares		2,23.38
Processing Charges		1,79.12
Power and Fuel		8,06.26
Freight and Forwarding Charges		20,72.51
Rent		4,06.43
Rates and Taxes		1,03.12
Insurance		1,77.61
Interest		1,07.61
Repairs		
Plant and Machinery	5,92.80	
Buildings	3.04	
Others	86.82	
	<hr/>	6,82.66
Advertising		231,44.58
Directors' Fees		3.45
Sales Taxes Absorbed		8,37.23
Royalty		5,61.88
Bad Debts Written Off		3,04.00
Loss on Sale of Fixed Assets (Net)		73.24
Miscellaneous Expenses		60,97.96
		<hr/>
		<u>357,81.04</u>

#### Schedule 17 : Contingencies & Commitments

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)  
**Rs. 1,12.56 lacs.**
2. Contingent liabilities not provided for in respect of :
  - (i) Guarantees given by the Group **Rs. 10,89.62 lacs**
  - (ii) Counter Guarantees given to the Bankers **Rs. 60.12 lacs**
  - (iii) Cheques Discounted by Bankers **Rs. 8,02.43 lacs**
  - (iv) Unexpired Letters of Credit **Rs. 3,82.96 lacs**

**Schedule 18 : Segment Information**

Segment information for the year ended 31st March, 2002

(i) Information about Primary Business Segments (Rupees Lacs)

	Oral Care	Personal Care	Others	Unallocated	Total
<b>Revenue</b>					
External	1,081,87.44	79,20.12	2,87.37	-	1,163,94.93
Inter Segment	-	-	-	-	-
Total Revenue	1,081,87.44	79,20.12	2,87.37	-	1,163,94.93
<b>Result</b>					
Segment result	163,25.49	(6,50.10)	25.83	-	157,01.22
Unallocated expenditure net of unallocated income				(63,04.29)	(63,04.29)
Operating Profit				93,96.93	93,96.93
Interest Expense	-	-	-	(1,07.61)	(1,07.61)
Interest Income	-	-	-	16,80.77	16,80.77
Profit on sale of investments (net)	-	-	-	1,64.76	1,64.76
Profit before Taxation	-	-	-	-	111,34.85
Provision for Taxation	-	-	-	-	45,09.96
Profit after Tax	-	-	-	-	66,24.89
<b>Other Information</b>					
Segment Assets	380,17.22	25,29.69	58.59	203,40.50	609,46.00
Segment Liabilities	254,72.82	20,63.41	31.32	79,22.50	354,90.05
Capital Expenditure	6,33.37	23.82	-	5,70.83	12,28.02
Depreciation and Amortisation	13,88.56	3,05.94	-	9,91.84	26,86.34
Non cash other than Depreciation and Amortisation	16,16.26	5,22.99	0.75	10.39	21,50.39

(ii) Information about Secondary Business Segments (Rupees Lacs)

	India	Outside India	Total
<b>Revenue by Geographical Segment</b>			
External	1,142,46.59	21,48.34	1,163,94.93
Inter Segment	-	-	-
Total	1,142,46.59	21,48.34	1,163,94.93
Carrying amount of segment assets	609,46.00	-	609,46.00
Capital Expenditure	12,28.02	-	12,28.02

(iii) The Group is organised into two main business segments namely, Oral Care and Personal Care. These business segments have been identified in line with AS 17 "Segment Reporting".

(iv) Segment Revenue, Results and Capital Employed include amounts identifiable to each segment. Other unallocable expenditure includes expenses which are not directly identifiable to the individual segments as well as expenses which relate to the Company as a whole.

**Schedule 19 : Related Party Disclosures**

**Disclosure of Related party transactions as per AS 18**

<b>Holding Company</b>	: Colgate-Palmolive Company, U.S.A.
<b>Group Companies</b>	: Colgate-Palmolive (Malaysia) Mktg. SDN BHD : Colgate-Palmolive, Poland Sp.z.o.o. : Colgate-Palmolive, Russia : Colgate-Palmolive, Philippines, Inc. : Colgate-Palmolive, East Africa Ltd., Kenya : Colgate-Palmolive, Morocco : Colgate-Palmolive Pty Ltd., South Africa : Colgate-Palmolive Pty Ltd., Australia : Colgate-Palmolive (Thailand) Ltd. : Colgate-Palmolive HK Ltd., Hongkong : Colgate-Palmolive (Guangzhou) Co. Ltd., China : Colgate-Palmolive Son Hai Ltd., Vietnam : Colgate-Palmolive, Tmizlik : Colgate-Palmolive, Senegal S.A. : Colgate Sanxiao, China
<b>Vendors where Key Managerial Personnel have significant influence</b>	: Quantum Market Research Pvt. Ltd.
<b>Key Managerial Personnel</b>	: Derrick Samuel : Moses Elias : Vikram Kaushik : K. V. Vaidyanathan
<b>Relatives of Key Managerial Personnel</b>	: Dr. (Mrs.) L. Vaidyanathan : Mrs. Pratima Kotyan

The Company has entered into transactions with the holding company, various group companies and other related parties as follows :

<b>Holding Company</b>	<b>Nature of Transactions</b>	<b>Rs. Lacs</b>
	Dividends	29,47.64
	Payment of Royalty and Technical Fees	7,81.52
	Purchase of Assets	45.75
	I.T., R & D and other services received	2,19.92
	I.T., R & D and other services rendered	(2,53.99)
	Purchase of goods	14.46
	<b>Balance outstanding as at year end</b>	
	Receivables	1,45.62
	Payables	(18,53.16)
<b>Group Companies</b>		
	Purchase of goods	2,16.98
	Sale of goods	(4,49.53)
	Sale of Fixed Assets	(1.32)
	Reimbursement of expenses	2.14
	I.T. services received	8,64.56
	I.T. services rendered	(75.16)
	<b>Balance outstanding as at year end</b>	
	Receivables	60.04
	Payables	(1,75.50)

#### Schedule 19 : Related Party Disclosures (Contd.)

		Rs. Lacs
Vendors where Key Managerial Personnel have significant influence	Market Research services	27.43
	<b>Balance outstanding as at year end</b>	-
Key Managerial Personnel	Remuneration	3,08.98
	Rent of Leased premises	1.00
	Sale of vehicle	1.60
	Dividends	0.01
	<b>Balance Outstanding as at year end</b>	
	Loans	32.17
Deposits	14.00	
Relatives of Key Managerial Personnel	Rent of Leased premises	7.62
	Dividends	0.01
	<b>Balance outstanding as at year end</b>	-

#### Schedule 20 : Lease Accounting

(a) 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 Rs. 2,94.11 lacs

Greater than 1 year but not later than 5 years : Rs. 3,66.40 lacs

Later than 5 years : Rs. Nil

(b) Lease payments recognised in Profit and Loss Account is Rs. 2,25.66 lacs, included in Other Expenses.

#### Schedule 21 : Earnings per Equity Share

Basic earning per share is calculated by dividing the net profit for the year attributable to the equity shareholders by the weighted average of the number of equity shares outstanding during the year (13,59,92,817 shares) (Previous year 13,59,92,817 shares). The basic earnings per share and diluted earnings per share are the same.

#### Schedule 22 : Notes to Accounts :

1. During the year, the Company revised the estimated useful life of furniture and equipment from 15 to 5 years. Camelot Investments Company Ltd. revised the estimated useful life of dies and moulds to 3 years, furniture & equipment and vehicles to 5 years. Earlier these assets were depreciated at the rates specified in Schedule XIV to the Companies Act, 1956. Consequent to the change in the estimated useful life the depreciation charged to the Profit and Loss Account in the current year is higher by Rs. 5,90.79 lacs with a corresponding reduction in the Profit Before Tax for the year.
2. The financial statements of the subsidiaries have been audited by a firm other than Arthur Andersen & Associates.
3. Colgate-Palmolive (Nepal) Pvt. Limited is eligible for Tax holiday exemption under The Industrial Enterprises Act. The tax exemption has been denied by the authorities citing reasons that the Company was registered with the Department of Industry after the benefit was withdrawn vide an amendment of the Industrial Enterprises Act. The Company has filed a writ petition in the Hon'ble Supreme Court of Nepal in September, 2001 challenging the denial of the tax exemption. Since the approval for setting up a subsidiary in Nepal was given to the 'Company', as also the fact that Colgate-Palmolive (Nepal) Pvt. Ltd. was incorporated with the Registrar of Companies much before the captioned amendment, the grounds on which the tax exemption was denied was challenged by Colgate-Palmolive (Nepal) Pvt. Limited before the Hon'ble Supreme Court of Nepal. The matter is sub-judice.
4. As permitted by the transitional provision of Accounting Standard 21 on Consolidated Financial Statements, since this is the first time the Group is presenting Consolidated Financial Statements, comparative amounts of the prior year have not been presented.