

Contents

Board of Directors	2
Ten-year Highlights	3
Notice	4
Report of the Directors	7
Corporate Governance Report	11
Auditors' Certificate on Corporate Governance	18
Auditors' Report to the Shareholders	20
Balance Sheet	24
Profit and Loss Account	25
Cash Flow Statement	26
Schedules to the Accounts	28
Subsidiary Accounts	
Colgate-Palmolive (Nepal) Private Limited	51
Consolidated Accounts	
Auditors' Report	61
Consolidated Balance Sheet	62
Consolidated Profit and Loss Account	63
Consolidated Cash Flow Statement	64
Schedules to the Consolidated Accounts	66
Statement pursuant to Section 212	83

Board of Directors

	<i>Chairman</i>	J. Skala
	<i>Vice-Chairman</i>	R. A. Shah
	<i>Deputy Chairman</i>	P. K. Ghosh
	<i>Managing Director</i>	R. D. Calmeyer
	<i>Whole-time Director</i>	M. A. Elias
	<i>Whole-time Director</i>	K. V. Vaidyanathan
		J. K. Setna
		V. S. Mehta
	<i>Company Secretary</i>	K. V. Vaidyanathan
Management Committee	<i>Managing Director</i>	R. D. Calmeyer
	<i>Finance</i>	M. A. Elias
	<i>Legal</i>	K. V. Vaidyanathan
	<i>Marketing</i>	P. Parameswaran (Ms.)
	<i>Sales</i>	S. Bharatwaj
	<i>R&D</i>	S. Manek
	<i>Manufacturing & Supply Chain</i>	L. Wheeler
	<i>Human Resources</i>	D. Roy
Audit Committee	<i>Chairperson</i>	R. A. Shah
		P. K. Ghosh
		J. K. Setna
		V. S. Mehta
	<i>Secretary</i>	K. V. Vaidyanathan
Shareholders'/Investors' Grievance Committee	<i>Chairperson</i>	P. K. Ghosh
		R. D. Calmeyer
		J. K. Setna
		K. V. Vaidyanathan
	<i>Solicitors</i>	Crawford Bayley & Co.
	<i>Auditors</i>	Price Waterhouse Chartered Accountants
	<i>Registered Office</i>	Colgate Research Centre Main Street, Hiranandani Gardens, Powai, Mumbai 400 076
	<i>Factories</i>	Plot No. B 14/10 MIDC, Waluj Industrial Area, Aurangabad 431 136
		Plot No. 78, 1 Jharmajari, Barotiwala, District Solan, Baddi, [H.P.] 174 103
	<i>Registrars & Share Transfer Agents</i>	Sharepro Services (India) Private Limited

Ten-year Highlights

	Rs. Lacs									
	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
A. Operating Results :										
Sales	998,22#	1,089,58#	1,176,88	1,160,89	1,056,89	1,042,08	1,072,53	1,217,50	1,385,38	1,553,21
Other Income	16,31#	22,89#	29,51	30,95	35,76	29,92	34,23	46,09#	67,00	84,78
Net Profit After Tax	45,67	51,79	62,50	69,79	88,66	108,00	113,29	137,60	160,17	231,71
Cash Profits	70,30	75,00	82,72	91,94	108,13	132,26	135,66	169,03	175,42	251,56
B. Financial Position :										
Fixed Assets (Net)	226,17	215,58	196,93#	172,31	158,02	93,95	147,21	169,12	192,03	198,99
Current Assets (Net)	58,47	80,31	31,26#	56,86	29,52	36,77	(62,83)	(49,64)	(66,23)	(132,51)
Others (Net)	14,23	11,08	23,97#	27,72	89,62	115,76	169,37	155,95	159,00	100,41
TOTAL ASSETS	298,87	306,97	252,16	256,89	277,16	246,48	253,75	275,43	284,80	166,89
Share Capital	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99	13,60
Reserves and Surplus	157,75	164,26	103,12	111,65	139,03	108,32	113,78	135,08	144,53	148,61
SHAREHOLDERS' FUNDS	293,74	300,25	239,11	247,64	275,02	244,31	249,77	271,07	280,52	162,21
Loan Funds	5,13	6,72	13,05	9,25	2,14	2,17	3,98	4,36	4,28	4,68
TOTAL CAPITAL EMPLOYED	298,87	306,97	252,16	256,89	277,16	246,48	253,75	275,43	284,80	166,89
C. Equity Share Data :										
Earnings Per Share (Rs.)	3.36	3.81	4.60	5.13	6.52	7.94	8.33	10.12	11.78	17.04
Dividend Per Share (Rs.)	3.00	3.00	8.25*	4.25	4.25	6.00**	7.00	7.50	9.50***	13.00
Number of Shares (in Lacs)	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60
Number of Shareholders (in '000s)	2,41	2,30	2,22	2,15	2,07	1,85	1,59	1,41	1,40	1,33

Re-grouped

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

** Including one-time special 25th Anniversary Dividend (since becoming public in 1978) of Rs. 1.25 per share.

*** Including one-time special 70th Anniversary Dividend of Rs. 2.00 per share

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

Notice

NOTICE is hereby given that the Sixty-seventh Annual General Meeting of COLGATE-PALMOLIVE (INDIA) LIMITED will be held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg, J.V.P.D. Scheme, Vile-Parle (West), Mumbai 400 056 on Thursday, July 17, 2008 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors.
 2. To declare a dividend.
 3. To appoint a Director in place of Mr. J. K. Setna, who retires by rotation and being eligible, offers himself for re-appointment.
 4. To appoint a Director in place of Mr. V. S. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
 5. To appoint Auditors and to fix their remuneration.
- By Order of the Board
- K. V. Vaidyanathan
Whole-time Director &
Company Secretary
- Date: May 30, 2008
- Registered Office :
Colgate Research Centre
Main Street, Hiranandani Gardens
Powai, Mumbai 400 076
- Notes :**
1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
 2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 10, 2008 to Thursday, July 17, 2008 (both days inclusive).
 3. The Board has recommended a final dividend at its meeting held on May 30, 2008. This dividend, if approved by the Members at the ensuing Annual General Meeting to be held on July 17, 2008, will be paid on or about July 30, 2008 to those Members whose names appear in the Company's Register of Members on July 17, 2008. However, in respect of shares held in electronic form, the dividend will be payable to those persons whose names appear as beneficial owners as at the end of the business hours on July 9, 2008 as per details thereof to be furnished by the depositories.
 4. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company, Sharepro Services (India) Private Limited, Satam Estate, 3rd floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri – East, Mumbai 400 099.
 5. Members who hold shares in physical form are requested to notify immediately any change in their addresses to the Registrars and Share Transfer Agents of the Company at the above address and to their respective depository participants, in case shares are held in electronic mode.
 6. The Company, consequent upon the introduction of the Depository System (DS), entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.
 7. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates, etc. Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
 8. To prevent fraudulent transactions, we urge the Members to exercise due diligence and notify the Company of any change in address/stay in abroad or demise of any shareholder as soon as possible. Members are requested not to leave their demat

accounts dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

9. Electronic Clearing Service (ECS) helps in quick remittance of dividend without possible loss/delay in postal transit. Members are requested to fill-in the form which is available on the Company's website or can obtain it from the Company's Registrars and Share Transfer Agents and forward the same to the Company's Registrars and Share Transfer Agents if the shares are held in physical form and to the Depository Participant in case the shares are held in dematerialised form.

10. All unclaimed dividends upto the First Interim Dividend for 1995-96 paid by the Company on September 29, 1995 have been transferred to the General Revenue Account of the Central Government. The Members, who have not encashed the dividend warrants up to the said period are requested to claim the amount from The Registrar of Companies, CGO Building, II Floor, A Wing, Belapur, Navi Mumbai.

Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are transferred to the 'Investor Education and Protection Fund', constituted by the Central Government. Accordingly, unclaimed dividends from the Second Interim Dividend for 1995-96 have been transferred to the said Fund. During the Financial Year 2007-08, unclaimed amount of dividend (Rs.26,79,219/-) declared for the year 1999-2000 has been transferred to the Investor Education and Protection Fund on July 5, 2008.

11. The Company has designated an exclusive e-mail ID called **investor_grievance@colpal.com** for redressal of shareholders' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at **investor_grievance@colpal.com**.
12. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
13. At the ensuing Annual General Meeting, Mr. J. K. Setna and Mr. V. S. Mehta shall retire by rotation and being

eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. J. K. Setna and Mr. V. S. Mehta are given below :

Mr. J. K. Setna :

Mr. J. K. Setna is a Chartered Accountant with a Bachelors degree in Commerce from the University of Mumbai. Mr. Setna joined Ingersoll-Rand (India) Limited (a 74% subsidiary of Ingersoll-Rand Company, the multinational diversified machinery manufacturer of New Jersey, U.S.A.) in 1957 and was appointed Corporate Secretary in 1958. He was elected to the Board of Directors in 1965 and designated as Area Controller, Asia Pacific Region, Ingersoll-Rand International in 1966. Mr. Setna took over as the Chairman and President of Ingersoll-Rand (India) Limited in 1968. He retired as President in December 1988 at the age of 60 and then as Chairman in September 1993. He joined the Board of Tata Sons Limited in October 1993 and continued as a Director on its Board until his retirement in 2003.

Mr. Setna is also a trustee of the N. M. Wadia Charities and its associated Trusts.

Mr. Setna is a Director and Member of Board's Committees of the following companies :

Other Directorships :

Camphor & Allied Products Ltd. and Universal Ferro & Allied Chemicals Ltd.

Committee Memberships :

Audit Committee and Remuneration Committee of the Board of Camphor & Allied Products Limited.

Mr. V. S. Mehta :

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



Ministry of Petroleum.

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

Mr. V. S. Mehta is a Director of the following companies :

Other Directorships :

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

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, 2008.

Financial Results

	(Rs. Crore)	
	2007-08	2006-07
Total Revenues	15,58.16	13,62.14
Sales (Excluding Excise Duty)	14,73.38	12,95.14
Other Income	84.78	67.00
Profit before Taxation	2,92.05	2,01.61
Provision for Taxation	60.34	41.44
Profit after Taxation	2,31.71	1,60.17
Balance brought forward	24.87	28.84
Profit available for Appropriation	2,56.58	1,89.01
Appropriation :		
Dividend	1,76.79	1,29.19
Dividend Tax [includes Rs. 20.80 crore (previous year : Nil) on reduction of share capital]	50.85	18.93
General Reserve	23.17	16.02
Balance carried forward	5.77	24.87
	2,56.58	1,89.01

Business Performance

For the financial year 2007-08, your Company achieved a sales growth of 14 per cent at Rs.14,73.38 crore. During the year, toothpaste shipment recorded an impressive volume growth of 9 per cent.

The profit after tax for the financial year 2007-08 grew by 45 per cent at Rs. 2,31.71 crore. Excluding the charges for Voluntary Retirement Schemes implemented in both years and certain credits in 2006-07, the profit after tax from operations for the year was Rs. 2,32.40 crore, a 25 per cent increase over the previous year.

The underlying performance can be gauged from the following ratios :

	2007-08	2006-07
Earnings per share (Rs.)	17.0	11.8
Dividend per share (Rs.)	13.0*	9.5
(Face value per share : 2006-07 - Rs.10; 2007-08 - Re.1)		
Return on Equity (%)	309.8	117.8
Return on Networth (%)	104.7	58.1

* Includes final dividend of Rs.7 per share recommended by the Board of Directors of the Company.

Your Company continued to lay emphasis on cash generation and delivered strong operating cash flow during the year. This was driven by strong business performance, efficiencies and cost savings across the organization and a continued efficient collection system. Surplus funds have been prudently invested after ensuring that such investments satisfy the Company's criteria of security and liquidity.

Business Prospects

In an increasingly fierce competitive market environment, your Company achieved excellent business results during the year. This is as a result of your Company's ongoing commitment to powerful strategic initiatives which are focused on consumers, dental professionals and retail customers with a stronger focus on innovation, greater effectiveness and efficiency everywhere while strengthening leadership.

In order to succeed in the marketplace, it is necessary to have a deep understanding and partnership with three key groups : consumers, dental professionals and retail customers.

Your Company continues to connect with consumers in new and different ways to better understand their wants and needs and to increase sales of your Company's products. Your Company also continues to conduct a variety of consumption building activities. One example is the very successful "Bright Smiles, Bright Futures" comprehensive oral health education initiatives which have provided oral health information and Colgate product samples to over 70 million children in India since the dental education program began 30 years ago.

Strong and ongoing partnership with dental professionals also build the Company's business. For example, the Company is highly visible at dental conventions, conducts the annual Oral Health Month in conjunction with dental professionals and has a robust professional sampling program. All these activities strengthen the Company's relationships with dental professionals and greatly contribute to your Company's leading position as its toothpaste brand is recommended most often and used personally by dentists in the country.

Strengthening the relationships with retail customers is another critical part of the Company's business strategy as research shows that more than 50 per cent of consumer purchase decisions are taking place in the store. One of the Company's key strategic initiatives, called Shopper Marketing, focuses on shoppers' in-store behavior which leads to new growth opportunities for your Company.

Innovation is another key strategic initiative and involves everything from the identification of a consumer and shopper insights to superior R&D to improving daily processes in all areas of business. Importantly, innovation extends beyond new products to all business processes. In the area of information systems, your Company has long been at the leading edge with implementation of SAP, a powerful IT platform, for various processes including supply chain and finance.

Effectiveness and efficiency in all areas of the business are key drivers of growth and profitability. Your Company's successful Funding the Growth Program, which has been generating savings every year, is an integral part of the Company's efforts to become more effective and efficient across all business functions. The savings generated from this Program are used to fund your Company's investments in growth-building activities which help the Company achieve its profit goals year after year.

Your Company is dedicated to being a leader not only in the marketplace with superior products but also developing Colgate people to strengthen its leadership. Each year Colgate employees take courses that build skills to meet key business needs and support personal development. One example is "Managing Sales Practices with Effectiveness & Integrity", a course that provides direction on how to achieve Colgate business goals while complying with the Company's policies regarding competitive practices. This program conducted in 2007 was attended by all sales and marketing professionals of your Company besides other key executives.

Your Company has clearly defined strategies in place and is firmly committed to these strategic initiatives. Your Company ended 2007-08 with excellent business results. Looking to the future, the Board is confident that the Company's positive business momentum will continue and enable your Company to deliver better results.

Dividend

For the financial year 2007-08, one interim dividend of Rs. 6 per share on the reduced face value of the equity shares of Re. 1 each was paid on December 14, 2007. In addition, your Directors have recommended a final dividend of Rs. 7 per share. This dividend, if approved by the Members at the ensuing Annual General Meeting to be held on July 17, 2008, will be paid on or about July 30, 2008 to those Members whose names appear in the Company's Register of Members on July 17, 2008. However, in respect of shares held in electronic form, the dividend will be payable to those persons whose

names appear as beneficial owners as at the end of the business hours on July 9, 2008 as per details thereof to be furnished by the depositories.

Accordingly, the total dividend (including the dividend recommended) for the financial year 2007-08 works out to Rs.13 per share.

Responsibility Statement

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

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have, in selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- c) that to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) that they have prepared the annual accounts on a going concern basis.

Reduction of Share Capital

The proposal on reduction of share capital, as passed by the shareholders at the Annual General Meeting held on July 27, 2007, was confirmed by the Hon'ble Bombay High Court vide its order dated September 27, 2007. Accordingly, the said reduction of share capital became finally effective November 1, 2007. Consequently, the existing issued, subscribed and paid-up equity share capital of the Company stood reduced from Rs. 135,99,28,170 comprising of 13,59,92,817 equity shares of the face value of Rs. 10/- each fully paid-up to Rs.13,59,92,817 comprising of 13,59,92,817 equity shares of the face value of Re. 1/- each fully paid-up.

Subsidiary Companies

As a result of acquisition of 75 per cent shareholdings during the year in three companies, namely, Advanced Oral Care Products Pvt. Ltd., Professional Oral Care

Products Pvt. Ltd., and SS Oral Hygiene Products Pvt. Ltd., they have become subsidiaries of your Company effective November 1, 2007. A statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies is attached to the accounts.

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the Audited Statements of Accounts and the Auditors' Reports thereon for the year ended March 31, 2008 along with the Reports of the Board of Directors of the Company's three subsidiaries, namely, Advanced Oral Care Products Pvt. Ltd., Professional Oral Care Products Pvt. Ltd. and SS Oral Hygiene Products Pvt. Ltd., have not been annexed. The Company will make available these documents upon request by any member of the Company interested in obtaining the same. However, as directed by the Central Government, the financial data of the said three subsidiaries for five months ended March 31, 2008 have been furnished under 'Subsidiary Companies Particulars' forming part of the Annual Report. Further, the Consolidated Financial Statements prepared pursuant to the applicable Accounting Standard issued by the Institute of Chartered Accountants of India and the Listing Agreement prescribed by SEBI includes the financial information of its subsidiaries.

Nepal Subsidiary

Your Company is closely monitoring the situation and will take such steps as may be necessary to protect its interest.

Acquisition

Your Company has acquired 75 per cent shareholding in CC Health Care Products Pvt. Ltd. in April 2008 and consequently, it has become subsidiary of your Company during the financial year 2008-09. The said Company is engaged in the manufacture of toothpowder and they have been supplying the same to your Company for past several years.

Guinness World Record

Your Company in association with the Indian Dental Association created a Guinness World Record in India for 'most people brushing their teeth (multiple venue)' and accordingly a certificate of achievement was awarded by Guinness World Record.

A record number of 177,003 people brushed their teeth simultaneously at 380 locations across India, in one day and at one time, at the Colgate "Brush-Up Challenge" organised in October 2007 as part of Colgate Oral Health Month.

Organised as part of the 4th edition of the Oral Health Month,

this world record attempt was aimed at boosting and spreading greater awareness about oral health in India, while teaching school children the right way to brush. This is truly a remarkable achievement that will help in furthering the awareness of good oral hygiene as the Company progresses towards its Mission : Zero Tooth Decay.

Corporate Governance

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

Employee Relations

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

Trade Relations

Your Directors wish to record appreciation of the continued unstinted support and co-operation from its retailers, stockists, suppliers of goods/services, clearing and forwarding agents and all others associated with it. Your Company will continue to build and maintain strong links with its business partners.

Energy, Technology Absorption and Foreign Exchange

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988 with respect to conservation of energy,

technology absorption and foreign exchange earnings/outgo is appended hereto as Annexure 2 and forms part of this Report.

Directors

Consequent upon promotion of Mr. Fabian Garcia as Executive Vice President, President Latin America & Global Sustainability, he resigned as Director and Chairman of the Board effective January 31, 2008. The Directors wish to place on record their appreciation for the valuable services rendered by Mr. Garcia during his tenure as Chairman of the Board.

Effective January 31, 2008, Mr. Justin Skala has been appointed as Director and Chairman of the Board. Mr. Skala is the President of Colgate Greater Asia.

Mr. V. Hegde resigned as Director effective July 31, 2007. The Directors wish to place on record their appreciation for the valuable services rendered by Mr. Hegde during his tenure as Director of the Company.

Under Article 124 of the Company's Articles of Association, Mr. J. K. Setna and Mr. V. S. Mehta retire by rotation at the 67th Annual General Meeting and, being eligible, offer themselves for re-appointment.

Auditors

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

Acknowledgements

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

On behalf of the Board

R. D. Calmeyer
Managing Director

P. K. Ghosh
Deputy Chairman

May 30, 2008

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

Colgate-Palmolive Company, New York, U.S.A.
Colgate-Palmolive (Asia) Pte. Ltd., Singapore
Colgate-Palmolive (Malaysia) Mktg. SDN BHD, Malaysia
Colgate-Palmolive (Thailand) Ltd., Thailand
Colgate-Palmolive (Guangzhou) Co. Ltd., China
Colgate-Palmolive (H.K.) Ltd., Hong Kong
Colgate-Palmolive (Png) Limited, Png
Colgate-Palmolive Philippines Inc., Philippines
Colgate-Palmolive Son Hai Ltd., Vietnam

Corporate Governance Report

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

1. Company's philosophy on Code of Governance

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

important issues, including 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 three Whole-time Directors (the Managing Director and two Executive Directors) and five Non-executive Directors including the Chairman of the Board. Four of the five Non-executive Directors are Independent Directors. Accordingly, the composition of the Board is in conformity with the stock exchange listing agreement.

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

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

Name of Director	Category	No. of other Directorships - excluding Private Ltd. Companies and Alternate Directorships	No. of Memberships of other Board Committees	No. of other Board Committees of which the Director is a Chairperson
Mr. F. T. Garcia*	Non-executive	16 [@]	1 [@]	-
Mr. J. Skala**	Non-executive	-	-	-
Mr. R. A. Shah	Non-executive	15 [@]	9	4
Mr. P. K. Ghosh	Non-executive	-	-	-
Mr. R. D. Calmeyer	Executive	3	-	-
Mr. M. A. Elias	Executive	3	-	-
Mr. K. V. Vaidyanathan	Executive	3	-	-
Mr. J. K. Setna	Non-executive	2	1	-
Mr. V. S. Mehta	Non-executive	1	-	-
Mr. V. Hegde***	Executive	-	-	-

* Resigned effective January 31, 2008

@ Includes Foreign bodies corporate

** Appointed as Director and Chairman effective January 31, 2008

*** Resigned effective July 31, 2007

Note: None of the Directors is related to each other

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

During the year 2007-08, seven Board Meetings were held on May 3, July 27, September 26, October 26,

November 26, 2007; January 31 and March 1, 2008. The last Annual General Meeting of the Company was held on July 27, 2007.

The attendance details of each Director are given below :

Name of Director	No. of Board Meetings attended	Attendance at last AGM
Mr. F. T. Garcia*	1	Present
Mr. J. Skala**	1	Not applicable
Mr. R. A. Shah	6	Present
Mr. P. K. Ghosh	5	Present
Mr. R. D. Calmeyer	7 [@]	Present
Mr. M. A. Elias	7	Present
Mr. K. V. Vaidyanathan	6	Present
Mr. J. K. Setna	7	Present
Mr. V. S. Mehta	5	Present
Mr. V. Hegde***	1	Absent

* Resigned effective January 31, 2008

** Appointed as Director and Chairman effective January 31, 2008

@ Includes participation via teleconference.

*** Resigned effective July 31, 2007

3. Audit Committee

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

The composition of the Audit Committee is as under :

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

The terms of reference of the Audit Committee include :

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

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

During the financial year 2007-08, six Audit Committee Meetings were held on May 3, July 27, September 26, October 26, 2007; January 31 and March 1, 2008.

The attendance details of each Member are given below :

Name of Director	Status	No. of Audit Committee Meetings attended
Mr. R. A. Shah	Chairperson	5
Mr. P. K. Ghosh	Member	5
Mr. J. K. Setna	Member	6
Mr. V. S. Mehta	Member	4

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 same are, however, not material in nature.

The remuneration policy is directed towards rewarding performance. It is aimed at attracting

and retaining high caliber talent. The Company does have an incentive plan which is linked to performance and achievement of the Company's objectives. The Company has no stock option scheme. The Company has not constituted a Remuneration Committee.

Details of remuneration paid to Directors of the Company during the year ended March 31, 2008 are given below :

	Rs. Lacs
a) Salary	7,34.66
b) Benefits	1,91.85
c) Performance linked Incentive/Commission/Bonus	2,34.45
d) Sitting fees	10.40
Total	<u>11,71.36</u>

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

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

5. Shareholders'/Investors' Grievance Committee

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

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

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

During the year 2007-08, complaints were received from shareholders/investors regarding transfer of shares, non-receipt of declared dividends, etc.

Details of complaints are given below :

Nature of complaints	Number of complaints received	Number of complaints redressed
Non-receipt of dividends	5	5
Non-receipt of shares lodged for transfer/transmission and on account of capital reduction	5	5
Others	3	3
Total	<u>13</u>	<u>13</u>

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.

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
2004-05	August 18, 2005	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2005-06	August 8, 2006	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2006-07	July 27, 2007	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.

In the last Annual General Meeting, the shareholders of the Company passed two special resolutions for approving the reduction of share capital of the Company and necessary amendments to the Articles of Association consequent upon such reduction of share capital. No Special Resolution requiring a postal ballot was passed last year or being proposed at the ensuing Annual General Meeting.

7. Disclosures

- a) Disclosures on materially significant related party transactions :

There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. Attention is drawn to Schedule 20 to the Accounts.

- 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.

- c) The Company has adopted a Code of Conduct for its Directors and employees. This Code of Conduct has been communicated to each of them. The Code of Conduct has also been put on the Company's website www.colgate.co.in.

The Code of Conduct also provides for hotline which can be reached by telephone, facsimile, e-mail or letter. The caller may provide his/her name or other identifying information or may contact the hotline anonymously. In all circumstances, it is ensured that no one will be retaliated against for reporting an incident, filing

a claim, or for participating in an investigation. None of the personnel has been denied access to the Audit Committee.

- d) Adoption of non-mandatory requirements under Clause 49 of the listing agreement is being reviewed by the Board from time to time.

8. Means of Communication

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

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

While the toothpaste market grew 9.8 per cent, the toothpowder market grew around 5.4 per cent during the year. The overall market environment continues to be very competitive. In an increasingly fierce competitive market environment, the Company continues to launch new products to consolidate and strengthen its market leadership.

Almost half of the Indian population does not have access to modern dental care. The per capita consumption of toothpaste is about 108 gms. - one of the lowest in the world. The national epidemiological study on the status of oral health in the country showed that dental caries [tooth decay] is prevalent in 63% of 15 year olds and as much as 80% amongst adults in the age group of 35-44 years and periodontal diseases [gum diseases] are prevalent in 68% of 15 year olds and as much as 90% amongst adults in the age group of 35-44 years. To address this situation, the Company in partnership with Indian Dental Association launched, once again, an intensive month-long awareness campaign in October 2007 under the banner Oral Health Month. The aim of this campaign was to create oral health awareness and motivate people to adopt preventive self-care habits to improve their oral health.

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

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

While the predominant business of the Company has been confined to the Oral Care category where it faced intense competition from low-priced brands, the outlook for industry is positive given the size of the opportunity. Colgate Cibaca continues to be the undisputed leader of the low-priced segment. The Company is hopeful that through a combination of powerful marketing strategies, innovative new products and market development and expansion activities, the dentifrice market in India would continue to grow strongly over the next several years.

The Company has good internal control systems, the adequacy of which has been reported by its auditors in their report. The discussion on financial performance of the Company is covered in the Directors' Report. There has been no material development on the human resources and industrial relations continue to be cordial. The number of people employed as on March 31, 2008 was 1,220.

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

10. General Shareholder Information

Annual General Meeting

Date and Time : July 17, 2008 at 3.30 p.m.

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

Financial Calendar

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

Dates of Book Closure

July 10, 2008 to July 17, 2008 (both days inclusive).

Dividend Payment Date

Dividend	Payment Date
First Interim 2007-08	December 14, 2007
Final dividend 2007-08 if declared	July 30, 2008

Listing on Stock Exchanges

The Company's shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Ltd.

Stock Code

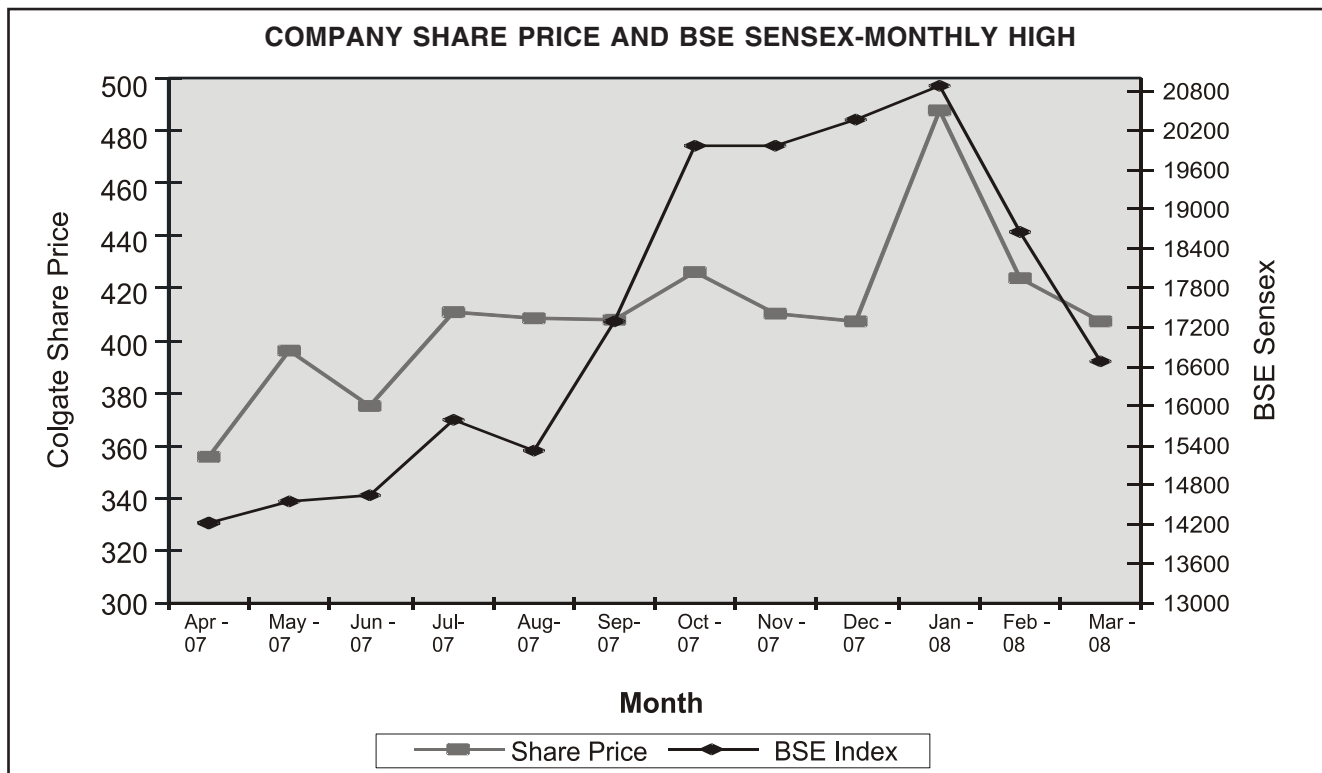
Bombay Stock Exchange Limited, Mumbai (physical & demat)	-	Code : 500 830
National Stock Exchange of India Limited, Mumbai (physical & demat)	-	Code : COLPAL

Market Price Data

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

Month	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High	Low	High	Low
April 2007	355.55	331.25	360.00	301.20
May 2007	396.45	351.80	404.90	348.50
June 2007	375.20	352.70	381.00	350.00
July 2007	411.05	366.20	415.95	360.10
August 2007	408.60	353.90	417.00	345.50
September 2007	408.15	391.80	412.00	385.50
October 2007	426.00	378.90	435.00	365.00
November 2007	410.35	374.00	419.00	365.00
December 2007	407.45	386.90	440.00	382.50
January 2008	487.80	388.45	524.90	375.05
February 2008	423.75	363.65	429.30	360.00
March 2008	407.45	381.05	420.00	365.00

Performance in comparison to BSE Sensex



Registrar and Share Transfer Agents

Sharepro Services (India) Private Limited
 Satam Estate, 3rd floor, Above Bank of Baroda
 Cardinal Gracious Road, Chakala
 Andheri - East, Mumbai 400 099
 Tel : 022 - 6772 0300
 Fax : 022 - 2837 5646
 Email : sharepro@shareproservices.com

Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are

processed and effected within 15 days from the date of receipt.

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

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

Shareholding Pattern (as at March 31, 2008)

Category	Number of shares	%
Foreign Collaborators	69356336	51.00
Resident Individuals	32247629	23.71
Foreign Institutional Investors	10663596	7.84
NRIs/OCBs	335824	0.25
Domestic Companies	5769924	4.24
Non-domestic Companies	—	—
Banks and Mutual Funds	7337481	5.40
Financial Institutions	10282027	7.56
Total	135992817	100.00

Distribution of Shareholding (as at March 31, 2008)

Description	Holder(s)		Shares	Holder(s)	
	Folios	%		Holder(s)	%
1 - 500	117854	88.30	11471779	8.44	
501 - 1000	7526	5.64	5445970	4.00	
1001 - 2000	5406	4.05	7390049	5.44	
2001 - 3000	1958	1.47	5046515	3.71	
3001 - 4000	216	0.16	750142	0.55	
4001 - 5000	137	0.10	607969	0.45	
5001 - 10000	215	0.16	1388901	1.02	
10001 & above	157	0.12	103891492	76.39	
Total	133469	100.00	135992817	100.00	

Dematerialisation of shares and liquidity

As on March 31, 2008, 43.03% of the shares were held in dematerialised form and the rest in physical form. It may be noted that the Promoters, Colgate-Palmolive Group owns 51% of the Company's shares and the same are held in physical form. If these shares were to be excluded

from the total number of shares, then dematerialised shares account for 87.83% of the remainder.

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



Outstanding GDRs/ADRs/Warrants or any convertible instruments

There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as at end March 2008.

Plant Locations

Aurangabad

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

Baddi, Himachal Pradesh

Plot No. 78, 1 Jharmajari,
Barotiwala, District Solan,
Baddi, [H. P.] 174 103

Address for investor correspondence

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

relating to shares, please write to :

Sharepro Services (India) Private Limited
Satam Estate, 3rd floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala.
Andheri - East, Mumbai 400 099
Tel : 022 - 6772 0300
Fax : 022 - 2837 5646
Email : sharepro@shareproservices.com

An exclusive e-mail ID, investor_grievance@colpal.com for redressal of investor complaints has been created and the same is available on our website.

Declaration

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Board Members and the Senior Management Team have confirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2008.

For Colgate-Palmolive (India) Limited

R. D. Calmeyer
Managing Director

Mumbai, May 30, 2008

Auditors' Certificate on Compliance with the conditions of Corporate Governance Under Clause 49 of the Listing Agreement

To

The Members of Colgate-Palmolive (India) Limited

1. We have examined the compliance of conditions of Corporate Governance by Colgate-Palmolive (India) Limited (the Company) for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. 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.

Mumbai, May 30, 2008

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants

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

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

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

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

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

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

3. Future plan of action :

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

4. Expenditure on R & D :	2007-08
	[Rs. Lacs]
a) Capital	2,32.94
b) Recurring	3,71.93
c) Total	6,04.87
d) Total R & D expenditure as a percentage of total turnover	0.41

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

- * The Company has developed clinically proven and highly efficacious dentifrice formulae.
- * The Company has developed and launched Colgate Cibaca Red toothpowder to make teeth strong and healthy. It has also developed and launched Colgate Sensitive mouth rinse.
- * The Company has developed and launched Palmolive Naturals Milk & Honey Liquid Handwash and Palmolive Naturals Milk & Almonds and Milk & Honey variants of body wash.

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

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

3. Imported Technology :

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

C. Foreign Exchange Earnings and Outgo :

During the year, the Company was able to generate export earnings of Rs. 65,57.97 Lacs. The particulars of foreign exchange earned/utilized during the year are given in Schedule 25 to the Accounts.

Auditors' Report

To the Members of Colgate-Palmolive (India) Limited

1. We have audited the attached Balance Sheet of Colgate-Palmolive (India) Limited ("the Company") as at March 31, 2008, the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of The Companies Act, 1956, of India (the Act), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211(3C) of the Act;
 - (e) On the basis of written representations received from the Directors as on March 31, 2008, and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on March 31, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement, together with the Notes thereon and annexed thereto, give in the prescribed manner, the information required by the Act and also 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, 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Partha Ghosh

Partner

Membership No. F-55913

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, May 30, 2008

Annexure to the Auditors' Report

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2008)

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets. Accordingly, clauses (iii)(f) and (iii)(g) of the paragraph 4 of the Order are not applicable to the Company for the current year.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all items over a period of three financial years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed of by the Company during the year.
- (ii) (a) The inventory has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the Register maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, for purchase of services made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lacs in respect of each party during the year, no comparison of prices could be made available as these services are of special nature.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.
- (vii) In our opinion, the Company's present internal audit system is commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

Annexure to the Auditors' Report (Contd.)

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2008)

- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, customs duty, service tax, excise duty, cess and other material statutory dues as applicable with the appropriate authorities in India.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax, customs duty, income-tax and cess as at March 31, 2008, which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax and excise duty as at March 31, 2008 which have not been deposited on account of a dispute are as follows :

Sr. No.	Name of the Statute	Nature of the Dues	Amount under dispute not yet deposited (Rs. Lacs)	Forum where dispute is pending
1.	Excise Duty The Central Excise Act, 1944	Excise duty liability for the Financial Year 1999-2000 and 1994-1995. Excise duty liability for the Financial Years 2000-2001, 2001-2002, 2002-2003, 2003-2004 and 2004-2005.	4.62 237.45	Customs, Excise and Service Tax Appellate Tribunal First Appellate Authorities
	Sub total		242.07	
2.	Sales Tax * As per the Statutes applicable in the following states – New Delhi, Rajasthan, Maharashtra, Bihar, Orissa, Kerala, Andhra Pradesh, West Bengal, Uttar Pradesh, Madhya Pradesh, Punjab, Assam and Tripura.	Sales tax in dispute for the Financial Years 1990-1991, 1995-1996 to 1997-1998, 2000-2001 to 2005-2006. Sales tax in dispute for the Financial Years 1988-1989, 1994-1995, 1997-1998, 1999-2000 and 2001-2002.	1,218.58 178.75	Assessing Authorities and First Appellate Authorities of various states Sales Tax Appellate Tribunal of various states.
	Sub total		1,397.33	
3.	Service Tax The Finance Act, 1994	Service tax in dispute for the Financial Year 2005-2006 Service tax in dispute for the Financial Years 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006 and 2006-2007.	1,072.46 1,054.98	Customs, Excise and Service Tax Appellate Tribunal First Appellate Authorities
	Sub total		2,127.44	
	Grand Total		3,766.84	

* Rs. 1,397.33 Lacs have been stayed for recovery by the relevant authority.

Annexure to the Auditors' Report (Contd.)

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2008)

- (x) The Company has no accumulated losses as at March 31, 2008 and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- (xii) In our opinion, the Company has maintained adequate documents and records in the cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) The Company has not taken any term loans during the current year.
- (xvii) On an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, May 30, 2008

Balance Sheet as at March 31, 2008

				As at March 31, 2007
	Schedule	Rs. Lacs	Rs. Lacs	Rs. Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	1	13,59.93		135,99.28
Reserves and Surplus	2	<u>148,60.69</u>		<u>144,53.38</u>
			162,20.62	280,52.66
Loan Funds				
Unsecured Loans	3		<u>4,68.75</u>	<u>4,27.50</u>
			166,89.37	284,80.16
Total				
Application of Funds				
Fixed Assets				
Gross Block	4	449,59.43		411,45.91
Less : Depreciation/Amortisation		<u>258,18.85</u>		<u>243,77.58</u>
Net Block		<u>191,40.58</u>		<u>167,68.33</u>
Capital Work-in-Progress and Advances for Capital Expenditure		<u>7,58.84</u>		<u>24,34.45</u>
			198,99.42	192,02.78
Investments	5		72,58.77	133,33.53
Deferred Tax Asset (Net)	6		27,82.72	25,66.95
Current Assets, Loans and Advances				
Inventories	7	75,63.85		80,32.63
Sundry Debtors	8	9,18.55		9,32.63
Cash and Bank Balances	9	144,26.28		111,71.91
Interest Accrued on Investments/Deposits		2,64.20		3,86.32
Loans and Advances	10	<u>169,95.67</u>		<u>149,19.08</u>
		<u>401,68.55</u>		<u>354,42.57</u>
<i>Less :</i>				
Current Liabilities and Provisions				
Liabilities	11	346,93.43		315,71.85
Provisions	12	<u>187,26.66</u>		<u>104,93.82</u>
		534,20.09		420,65.67
Net Current Assets			(132,51.54)	(66,23.10)
	Total		166,89.37	284,80.16

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

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, May 30, 2008

For and on behalf of the Board
Deputy Chairman **P. K. Ghosh**
Managing Director **R. D. Calmeyer**
Whole-time Director &
Chief Financial Officer **M. A. Elias**
Director **J. K. Setna**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**

Mumbai, May 30, 2008

Profit and Loss Account for the year ended March 31, 2008

	Schedule	Rs. Lacs	Rs. Lacs	2006-2007 Rs. Lacs
Income				
Sales		1,553,21.10		1,385,38.29
Less : Excise Duty (Refer Note 11 on Schedule 25)		79,83.20		90,24.09
			1,473,37.90	1,295,14.20
Other Income	13		84,78.12	67,00.03
			1,558,16.02	1,362,14.23
Expenditure				
Cost of Goods Sold	14	632,77.65		576,36.74
Employee Costs	15	118,27.68		169,93.08
Other Expenses	16	495,21.29		398,98.03
Depreciation/Amortisation	4	19,84.49		15,25.79
			1,266,11.11	1,160,53.64
Profit before Taxation			292,04.91	201,60.59
Current Tax		58,24.66		53,97.85
Deferred Tax		(2,15.77)		(16,74.03)
Fringe Benefit Tax		4,25.00		4,20.00
			60,33.89	41,43.82
Profit after Taxation			231,71.02	160,16.77
Balance Brought Forward			24,86.96	28,83.89
Profit Available for Appropriation			256,57.98	189,00.66
Appropriation :				
First Interim Dividend			81,59.57	57,79.68
Second Interim Dividend			–	44,19.77
Special Dividend - Proposed			–	27,19.86
Final Dividend - Proposed			95,19.50	–
Dividend Tax [Includes Rs. 20,80.08 Lacs (Previous Year : Rs. Nil) on Reduction of Share Capital]			50,84.64	18,92.71
Transfer to General Reserve			23,17.10	16,01.68
Balance Carried Forward			5,77.17	24,86.96
			256,57.98	189,00.66
Earnings Per Equity Share (Rupees)				
[Face Value of Re. 1 (Previous Year : Rs. 10) per equity share]				
Basic and Diluted (Refer Schedule 22)			17.04	11.78

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

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, May 30, 2008

For and on behalf of the Board

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

P. K. Ghosh
R. D. Calmeyer

M. A. Elias
J. K. Setna

K. V. Vaidyanathan

Mumbai, May 30, 2008

Cash Flow Statement for the year ended March 31, 2008

	2007-2008	2006-2007
	Rs. Lacs	Rs. Lacs
Cash flow from Operating Activities :		
Net Profit before Tax	292,04.91	201,60.59
Adjustment for :		
Unrealised Foreign Exchange Loss (Net)	23.19	22.07
Depreciation/Amortisation	19,84.49	15,25.79
Reversal of diminution in Value of Investments	(7,50.00)	–
Interest Expense	1,43.51	98.04
Profit on Sale of Fixed Assets (Net)	(83.70)	(8,47.43)
Interest Income	(21,44.87)	(16,80.75)
Dividend from Wholly-Owned Subsidiary	–	(1,96.56)
Operating Profit before Working Capital Changes	<u>283,77.53</u>	<u>190,81.75</u>
Adjustment for (Increase)/Decrease in Working Capital :		
Inventories	4,68.78	(5,96.91)
Sundry Debtors	14.08	(2,85.03)
Loans and Advances	4,73.23	(16,45.16)
Current Liabilities and Provisions	31,46.23	50,07.29
Cash Generated from Operations	<u>324,79.85</u>	<u>215,61.94</u>
Direct Taxes Paid (Net)	(43,39.56)	(61,38.12)
Net Cash from/(used in) Operating Activities (A)	<u>281,40.29</u>	<u>154,23.82</u>
(Refer Note 2 below)		
Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(27,16.88)	(38,44.92)
Sale of Fixed Assets	1,19.45	8,75.34
(Purchase)/Sale of Investments	58,68.51	15,00.00
Capital Repatriation by Wholly-Owned Subsidiary	9,56.25	–
Inter Corporate Deposits (Placed)/Refunded (Net)	(38,85.00)	1,10.00
Interest Received	22,66.99	17,18.47
Dividend from Wholly-Owned Subsidiary	–	1,96.56
Net Cash from/(used in) Investing Activities (B)	<u>26,09.32</u>	<u>5,55.45</u>
Cash Flow from Financing Activities :		
Long Term Loans Availed/(Paid) (Net)	41.25	(8.02)
Interest Paid	(1,43.51)	(98.04)
Dividend Paid	(113,33.41)	(120,67.56)
Repayment of Capital	(121,30.53)	–
Dividend Tax Paid	(39,29.04)	(14,30.47)
Net Cash from/(used in) Financing Activities (C)	<u>(274,95.24)</u>	<u>(136,04.09)</u>
Net increase in Cash and Cash Equivalents (A+B+C)	32,54.37	23,75.18
Cash and Cash Equivalents at the beginning of the year	111,71.91	87,96.73
Cash and Cash Equivalents at the end of the year	<u>144,26.28</u>	<u>111,71.91</u>

Cash Flow Statement for the year ended March 31, 2008 (Contd.)

	As at March 31, 2008 Rs. Lacs	As at March 31, 2007 Rs. Lacs
Cash and Cash Equivalents comprise :		
Balances with Scheduled Banks in		
- Current Accounts	35,71.57	50,12.01
- Deposit Accounts	102,59.65	51,10.86
- Unpaid Dividend Accounts	5,95.06	10,49.04
Cash and Cash Equivalents as at the end of the year	<u>144,26.28</u>	<u>111,71.91</u>

Notes :

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements".
2. Net Cash from Operating Activities for the year is after cash outflow of **Rs. 99.96 Lacs** (Previous Year : Rs. 54,54.05 Lacs) for Voluntary Retirement Scheme.
3. Previous year figures have been re-grouped and re-arranged wherever necessary.

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, May 30, 2008

For and on behalf of the Board
Deputy Chairman **P. K. Ghosh**
Managing Director **R. D. Calmeyer**
Whole-time Director &
Chief Financial Officer **M. A. Elias**
Director **J. K. Setna**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**

Mumbai, May 30, 2008

Schedules forming part of the Balance Sheet as at March 31, 2008

	Rs. Lacs	As at March 31, 2008 Rs. Lacs	As at March 31, 2007 Rs. Lacs
Schedule 1 : Share Capital			
Authorised			
1,37,00,00,000 (Previous Year : 13,70,00,000) Equity Shares of Re. 1 (Previous Year : Rs. 10) each		137,00.00	137,00.00
Note :			
Pursuant to the approval by the shareholders and consequent to the scheme of reduction of share capital becoming finally effective, the Company has altered the authorised share capital to 1,37,00,00,000 shares of Re. 1 each effective November 1, 2007.			
Issued, Subscribed and Paid-up			
13,59,92,817 Equity Shares of Re. 1 (Previous Year : Rs. 10) each fully paid		13,59.93	135,99.28
Of the above :			
(i) 5,44,76,910 Shares are held by Colgate-Palmolive Company, U.S.A., the Ultimate Holding Company.			
(ii) 1,48,79,426 Shares are held by Colgate-Palmolive (Asia) Pte Ltd., Subsidiary of the Ultimate Holding Company.			
(iii) 11,18,85,735 Shares of Rs. 10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.			
Note :			
Pursuant to the scheme of reduction of share capital u/s 100 of the Companies Act, 1956 of India as approved by the shareholders and Bombay High Court, the Company reduced the face value of its shares from Rs. 10 per share to Re. 1 per share effective November 1, 2007. Consequently, the Company has paid Rs. 9 per share to the shareholders on December 14, 2007.			
Schedule 2 : Reserves and Surplus			
Capital Reserve			
Consideration for vacating rented godown	6.50		6.50
Special Capital Incentive from State Government	20.00		20.00
		26.50	26.50
Share Premium Account			
		12,79.93	12,79.93
General Reserve			
Balance, beginning of the year	106,59.99		93,17.40
Less : Employee Retirement Benefits adjusted against reserve (Net of Deferred Tax)	—		2,59.09
	106,59.99		90,58.31
Add : Transfer from Profit and Loss Account	23,17.10		16,01.68
		129,77.09	106,59.99
Profit and Loss Account Balance			
		5,77.17	24,86.96
		148,60.69	144,53.38
Schedule 3 : Unsecured Loans			
Loans [Repayable within one year Rs. Nil (Previous Year : Rs. 4,27.50 Lacs)]		4,68.75	4,27.50
		4,68.75	4,27.50

Schedules forming part of the Balance Sheet as at March 31, 2008

Schedule 4 : Fixed Assets

(Refer Note 2 on Schedule 17)

Rs. Lacs

Particulars	Gross Block		Depreciation/Amortisation		Net Book Value		
	As at March 31, 2007	As at March 31, 2008	Up to March 31, 2007	For the Year	Up to March 31, 2008	As at March 31, 2008	As at March 31, 2007
<u>Intangible Assets</u>							
Goodwill and Trademarks	27,29.81	27,29.81	27,29.81	-	27,29.81	-	-
Copyrights and Design	13,52.90	13,52.90	13,52.90	-	13,52.90	-	-
Technical Know-how	49,83.70	49,83.70	49,83.70	-	49,83.70	-	-
<u>Tangible Assets</u>							
Land - Leasehold (Refer Note (i) below)	4,29.45	4,29.45	23.02	4.91	27.93	4,01.52	4,06.43
Buildings (Refer Note (ii) below)	95,84.88	98,21.62	26,78.48	3,19.87	29,98.35	68,23.27	69,06.40
Plant and Machinery	182,03.99	216,68.56	94,09.45	14,42.77	103,74.75	112,93.81	87,94.54
Furniture and Equipment	38,28.59	39,69.59	31,72.39	2,13.14	33,47.61	6,21.98	6,56.20
Vehicles	32.59	3.80	27.83	3.80	3.80	-	4.76
Total	411,45.91	449,59.43	243,77.58	19,84.49	258,18.85	191,40.58	167,68.33
Total Previous Year	403,53.52	411,45.91	243,50.98	15,25.79	243,77.58	7,58.84	24,34.45
<i>Add : Capital Work-in-Progress including advances on Capital Account Rs. 1,13.54 Lacs (Previous Year : Rs. 4,96.52 Lacs)</i>							
Total						198,99.42	192,02.78

Notes : (i) Land - Leasehold comprises of lease rights in respect of the land in the possession of the Company under Lease/Agreements to Lease with Maharashtra Industrial Development Corporation (MIDC) at Waluj and Dombivli, City Industrial Development Corporation of Maharashtra Limited at Aurangabad and Industrial Area Development Agency at Baddi.

(ii) Buildings comprise of : (a) Factory Building at Sewri and leasehold rights in the land on which the building stands. While the ownership of the factory building is in the name of the Company, Mumbai Port Trust (MPT) has not yet effected formal transfer of lease rights in the said land, in favour of the Company. As regards the plot of land adjoining the factory building, MPT has revoked its offer of assignment. The Company has made a representation to MPT in this respect and the matter is pending. The amount of stamp duty and legal costs for such transfer will be capitalised when paid, (b) Factory buildings at Waluj, Aurangabad, (c) a residential building at Aurangabad, (d) Research Centre at Powai, Mumbai, (e) Building at MIDC Dombivli and (f) Factory Building at Baddi.

Schedules forming part of the Balance Sheet as at March 31, 2008

	As at March 31, 2008 Rs. Lacs	As at March 31, 2007 Rs. Lacs
Schedule 5 : Investments		
(Refer Note 3 on Schedule 17)		
(At Cost - Long Term, Unquoted, unless otherwise stated)		
A. In Subsidiary Companies (Trade)		
1,70,000 (Previous Year : 17,00,000) Equity Shares of Nepalese Rs. 100 each fully paid in Colgate-Palmolive (Nepal) Private Limited. [Capital Repatriated during the year Rs. 9,56.25 Lacs (Previous Year : Rs. Nil)]	1,06.25	10,62.50
1,50,000 (Previous Year : Nil) Equity Shares of Rs. 100 each fully paid in Advanced Oral Care Products Private Limited.	3,10.76	-
9,00,600 (Previous Year : Nil) Equity Shares of Rs. 10 each fully paid in Professional Oral Care Products Private Limited.	2,17.67	-
1,50,000 (Previous Year : Nil) Equity Shares of Rs. 10 each fully paid in SS Oral Hygiene Products Private Limited.	1,03.06	-
	<u>7,37.74</u>	10,62.50
<i>Less : Provision for Diminution in the value of Investments</i>	-	7,50.00
	<u>7,37.74</u>	<u>3,12.50</u>
B. Other Investments (Listed but not quoted) (Non-Trade)		
6.15% (Taxable) National Textile Corporation Bonds of the face value of Rs. 10,00 Lacs.	10,00.00	10,00.00
5.20% (Tax Free) Secured, Redeemable, Non-Convertible Railway Bonds of Indian Railway Finance Corporation Limited (Series 44th 'A') of the face value of Rs. 20,00 Lacs.	-	20,00.00
5.25% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4D) of the face value of Rs. 10,00 Lacs.	-	10,00.00
6.35% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Limited (Series 7A) of the face value of Rs. 20,00 Lacs.	-	20,00.00
5.10% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4A) of the face value of Rs. 15,00 Lacs.	-	15,00.00
5.75% (Taxable) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 2) of the face value of Rs. 20,00 Lacs.	19,44.02	19,44.02
6.70% (Taxable) Unsecured, Redeemable, Non-Convertible, Non-Priority Sector Bonds of Hudco-Bonds (Series - 13) of the face value of Rs. 10,00 Lacs.	9,98.17	9,98.17
9.25% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Hudco -Gujarat Punarnirman (Series - 1C) of the face value of Rs. 9,50 Lacs.	9,59.00	9,59.00
	<u>49,01.19</u>	<u>114,01.19</u>

Schedules forming part of the Balance Sheet as at March 31, 2008

	As at March 31, 2008 Rs. Lacs	As at March 31, 2007 Rs. Lacs
C. Other Investments (Listed and quoted) (Non-Trade)		
6.75% Tax Free Bonds of Unit Trust of India of the face value of Rs. 10,71.48 Lacs [Market Value Rs. 10,65.59 Lacs (Previous Year : Rs. 10,71.48 Lacs)]	10,88.33	10,88.33
6.60% Tax Free Bonds of Unit Trust of India of the face value of Rs. 5,00 Lacs [Market Value Rs. 4,94.00 Lacs (Previous Year : Rs. 5,00.00 Lacs)]	5,31.51	5,31.51
	16,19.84	16,19.84
	72,58.77	133,33.53
Aggregate book value of Investments :		
Unquoted	7,37.74	3,12.50
Listed but not quoted	49,01.19	114,01.19
Listed and quoted - Market Value Rs. 15,59.59 Lacs (Previous Year : Rs. 15,71.48 Lacs)	16,19.84	16,19.84
	72,58.77	133,33.53
Schedule 6 : Deferred Tax Asset/(Liability) [Net] (Refer Note 9 on Schedule 17)		
Timing Difference between book and tax depreciation	(15,33.52)	(14,23.00)
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	12,53.80	16,48.38
Accrual for expenses allowable only on payment	30,62.44	23,41.57
	27,82.72	25,66.95
Schedule 7 : Inventories (Refer Note 4 on Schedule 17)		
Stores and Spares	3,89.74	4,18.36
Raw and Packing Materials	8,85.25	14,00.97
Work-in-Process	2,12.25	1,86.56
Finished Goods	60,76.61	60,26.74
	75,63.85	80,32.63
Schedule 8 : Sundry Debtors		
Unsecured : Considered Good		
Over Six Months	-	-
Others	9,18.55	9,32.63
	9,18.55	9,32.63

Schedules forming part of the Balance Sheet as at March 31, 2008

	As at March 31, 2008 Rs. Lacs	As at March 31, 2007 Rs. Lacs
Schedule 9 : Cash and Bank Balances		
Balances with Scheduled Banks in :		
– Current Accounts	35,71.57	50,12.01
– Deposit Accounts	102,59.65	51,10.86
– Unclaimed Dividend Accounts	5,95.06	10,49.04
	<u>144,26.28</u>	<u>111,71.91</u>
Schedule 10 : Loans and Advances		
(Refer Note 10 on Schedule 25)		
Secured :		
Loans to Employees [include amounts due from an officer of the Company Rs. 24.76 Lacs (Previous Year : Rs. 25.96 Lacs) - maximum amounts due during the year : Rs. 25.96 Lacs (Previous Year : Rs. 27.16 Lacs)]	3,47.42	4,07.50
Unsecured : Considered Good		
Inter-Corporate Deposits	107,04.00	68,19.00
Advance Tax (net of Provision for Taxation)	–	13,35.18
Advances Recoverable in Cash or in Kind or for Value to be Received	21,77.29	33,88.17
Balances with Excise Authorities	8.99	22.88
Deposits - Others	37,57.97	29,46.35
	<u>169,95.67</u>	<u>149,19.08</u>
Schedule 11 : Liabilities		
Acceptances	–	40,47.19
Sundry Creditors		
– Small Scale Industrial Undertakings	–	3,25.20
– Micro and Small Enterprises (Refer Note 8 on Schedule 25)	81.86	–
– Others	303,90.55	239,57.80
[include amount due to subsidiaries : Rs. 23,73.52 Lacs (Previous Year : Rs. 11,63.25 Lacs)]		
Unclaimed Dividends*	5,95.06	10,49.04
Other Liabilities	36,25.96	21,92.62
	<u>346,93.43</u>	<u>315,71.85</u>
*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
Schedule 12 : Provisions		
Taxation (net of advance tax payments)	2,04.74	–
Fringe Benefit Taxation (net of advance tax payments)	4,43.39	3,49.00
Special Dividend - Proposed	–	27,19.86
Final Dividend - Proposed	95,19.50	–
Dividend Tax	16,17.84	4,62.24
Retirement Benefits (Refer Note 7 on Schedule 17 and Schedule 18)	10,99.07	7,23.36
Others/Contingencies (Refer Note 6 on Schedule 17 and Schedule 24)	58,42.12	62,39.36
	<u>187,26.66</u>	<u>104,93.82</u>
	<u>534,20.09</u>	<u>420,65.67</u>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2008

	Rs. Lacs	2007-2008 Rs. Lacs	2006-2007 Rs. Lacs
Schedule 13 : Other Income			
Interest			
– On Bank Deposits		5,95.53	2,98.34
– On Long Term Investments		7,42.76	8,07.82
– Others		8,06.58	5,74.59
[Tax Deducted at Source Rs. 3,21.98 Lacs (Previous Year : Rs. 2,66.72 Lacs)]			
Cash Discount		1,34.95	1,46.86
Rental Income		–	8.37
[Tax Deducted at Source Rs. Nil (Previous Year : Rs. 1.88 Lacs)]			
Provisions no Longer Required Written Back		14,62.00	–
Service Income		44,08.87	33,73.40
Profit on Sale of Assets (Net)		83.70	8,47.43
Dividend from Wholly-Owned Subsidiary		–	1,96.56
[Tax Deducted at Source Rs. Nil (Previous Year : Rs. 9.83 Lacs)]			
Export Duty Drawback Entitlement		–	2,05.93
Miscellaneous		2,43.73	2,40.73
		<u>84,78.12</u>	<u>67,00.03</u>
Schedule 14 : Cost of Goods Sold			
Opening Stock			
Work-in-Process	1,86.56		2,84.33
Finished Goods	60,26.74		54,78.15
		62,13.30	57,62.48
Raw and Packing Materials Consumed			
Opening Stock	14,00.97		14,50.65
Add : Purchases [Net of transfer of Rs. 5,52.69 Lacs (Previous Year : Rs. 11,04.66 Lacs)]	274,87.18		238,77.71
	288,88.15		253,28.36
Less : Closing Stock	8,85.25		14,00.97
		280,02.90	239,27.39
		342,16.20	296,89.87
Purchased Finished Goods		354,91.88	342,64.94
Less : Closing Stock			
Work-in-Process	2,12.25		1,86.56
Finished Goods	60,76.61		60,26.74
		62,88.86	62,13.30
Increase/(Decrease) in Excise Duty on Finished Goods (Refer Note 11 on Schedule 25)		(1,41.57)	(1,04.77)
		<u>632,77.65</u>	<u>576,36.74</u>
Schedule 15 : Employee Costs			
Salaries, Wages and Bonus		99,46.85	98,60.36
Voluntary Retirement Scheme Cost		99.96	58,02.00
Contribution to Provident, Gratuity and Other Funds		11,93.35	8,28.23
Staff Welfare Expenses		5,87.52	5,02.49
		<u>118,27.68</u>	<u>169,93.08</u>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2008

	Rs. Lacs	2007-2008 Rs. Lacs	2006-2007 Rs. Lacs
Schedule 16 : Other Expenses			
Consumption of Stores and Spares		4,18.20	4,12.01
Processing Charges		77.31	54.82
Power and Fuel		7,74.26	7,63.15
Freight and Forwarding Charges		35,35.63	28,96.06
Rent		5,66.32	4,08.99
Rates and Taxes		7,31.38	5,88.93
Insurance		1,64.25	1,87.74
Repairs and Maintenance			
– Plant and Machinery	8,94.34		7,12.73
– Buildings	83.26		1,97.92
– Others	1,96.37		1,09.17
		11,73.97	10,19.82
Advertising and Sales Promotion		256,50.83	207,50.36
Directors' Fees		10.40	12.40
Auditors' Remuneration :			
– As Auditors	60.50		60.50
In other capacity in respect of			
– Other Matters	17.50		25.30
– Out-of-Pocket Expenses	1.53		1.35
		79.53	87.15
Sales Taxes absorbed		5,10.30	5,96.93
Royalty		42,65.19	33,79.35
Bad Debts Written Off		12.10	46.01
Exchange Loss (Net)		1,16.99	1,50.58
Interest [Includes Rs. 37.09 Lacs (Previous Year : Rs. 34.67 Lacs) on Fixed Loans]		1,43.51	98.04
Travel and Conference Expenses		21,99.14	20,76.51
Outside Services		23,78.70	16,96.04
Miscellaneous		67,13.28	46,73.14
		495,21.29	398,98.03

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Schedule 17 : Significant Accounting Policies

1. Basis of Accounting

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

2. Fixed Assets

Fixed assets are stated at cost less accumulated

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

Intangible Assets

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

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Tangible Assets

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

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

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

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

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

Impairment

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

3. Investments

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

4. Inventories

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

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

5. Revenue Recognition

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

6. Provisions and Contingent Liabilities

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

7. Expenditure

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

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

The Company has Defined Benefit Plan comprising of Gratuity Fund and Pension Scheme. The Company contributes to the Gratuity Fund

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

which is recognised by the Income Tax Authorities and administered through its trustees. The liability for the Gratuity Fund and the Pension Scheme is determined on the basis of an independent actuarial valuation done at the year end. The Company has Leave Encashment Entitlements which are provided on the basis of independent actuarial valuation. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

Expenditure on voluntary retirement scheme is charged to the Profit and Loss Account in the year in which it is incurred.

8. Foreign Currency Transactions

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of

foreign currency transactions are recognised in the Profit and Loss Account. Foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates, and the resultant exchange difference is recognised in the Profit and Loss Account.

9. Taxation

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

Schedule 18 : Employee Benefits

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

I Defined Contribution Plans

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

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

	2007-2008	2006-2007
	Rs. Lacs	Rs. Lacs
- Employers' Contribution to Provident Fund*	3,54.58	2,86.90
- Employers' Contribution to Superannuation Fund	2,04.92	2,35.35
- Employers' Contribution to Employees' State Insurance	7.68	4.97
- Employers' Contribution to Employees' Pension Scheme, 1995	70.30	73.03

Included in Contribution to Provident and other funds (Refer Schedule 15)

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

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Schedule 18 : Employee Benefits - (Contd.)

II Defined Benefit Plans

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

	2007-2008	2006-2007
Discount Rate (per annum)	8.50%	8.35%
Rate of increase in Compensation levels	10% for first five years & 7% thereafter	12% for first year & 7% thereafter
Rate of Return on Plan Assets (for Funded Scheme)	7.50%	7.50%
Expected Average remaining working lives of employees (years)	17.05	15.61

A) (i) Changes in the Present Value of Obligation (Funded scheme)	Rs. Lacs	Rs. Lacs
Opening Present Value of Obligation	14,73.19	17,60.01
Interest Cost	1,17.63	1,27.91
Current Service Cost	1,61.23	1,71.95
Past Service Cost	-	-
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	(3,74.12)
Benefits Paid	(3,39.39)	(1,83.04)
Actuarial (Gain)/Loss on Obligations	3,46.71	(29.52)
Closing Present Value of Obligation	17,59.37	14,73.19

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

Opening Present Value of Obligation	64.34	63.56
Interest Cost	3.15	0.73
Current Service Cost	4.68	1.19
Past Service Cost	-	-
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Benefits Paid	-	-
Actuarial (Gain)/Loss on Obligations	9.06	(1.14)
Closing Present Value of Obligation	81.23	64.34

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

Opening Present Value of Plan Assets	15,07.21	13,89.48
Expected Return on Plan Assets	1,08.21	1,30.61
Actuarial Gain/(Loss)	(21.62)	(42.20)
Contributions	1,50.75	6,31.75
Benefits Paid	(3,39.39)	(1,83.04)
Assets Distributed on Settlement	-	(4,19.39)
Closing Fair Value of Plan Assets	14,05.16	15,07.21

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Schedule 18 : Employee Benefits - (Contd.)	2007-2008	2006-2007
B)(ii) Percentage of each category of Plan Assets to total Fair Value of Plan Assets		
Category of Assets (% Allocation)	%	%
Government of India Securities	15%	14%
Corporate Bonds	39%	39%
Special Deposit Scheme	21%	17%
Insurer Managed Funds	17%	0%
Others	8%	30%
C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets		
	Rs. Lacs	Rs. Lacs
Present Value of Funded Obligation as at the end of the year	17,59.37	14,73.19
Fair Value of Plan Assets as at the end of the year	14,05.16	15,07.21
Funded Status	3,54.21	(34.02)
Present Value of unfunded Obligation as at the end of the year	81.23	64.34
Unrecognised Actuarial (Gain)/Loss	-	-
Unfunded Liability Recognised in Balance Sheet	4,35.44	30.32
Included in Provisions (Refer Schedule 12)		
D)(i) Amount recognised in the Balance Sheet (Funded Scheme)		
Present Value of Obligation as at the end of the year	17,59.37	14,73.19
Fair Value of Plan Assets as at the end of the year	14,05.16	15,07.21
Liability/(Asset) recognised in the Balance Sheet	3,54.21	(34.02)
D)(ii) Amount recognised in the Balance Sheet (Non-Funded Scheme)		
Present Value of Obligation as at the end of the year	81.23	64.34
Liability/(Asset) recognised in the Balance Sheet	81.23	64.34
E)(i) Expenses recognised in the Profit and Loss Account (Funded Scheme)		
Current Service Cost	1,61.23	1,71.95
Past Service Cost	-	-
Interest Cost	1,17.63	1,27.91
Expected Return on Plan Assets	(1,08.21)	(1,30.61)
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	45.27
Net actuarial (Gain)/Loss recognised in the period	3,68.33	12.68
Total Expenses recognised in the Profit and Loss Account	5,38.98	2,27.20
Included in Contribution to Provident and Other Funds (Refer Schedule 15)		

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Schedule 18 : Employee Benefits - (Contd.)

E)(ii) Expenses recognised in the Profit and Loss Account (Non-Funded Scheme)	2007-2008 Rs. Lacs	2006-2007 Rs. Lacs
Current Service Cost	4.68	1.19
Past Service Cost	–	–
Interest Cost	3.15	0.73
Expected Return on Plan Assets	–	–
Curtailment Cost/(Credit)	–	–
Settlement Cost/(Credit)	–	–
Net actuarial (Gain)/Loss recognised in the period	9.06	(1.14)
Total Expenses recognised in the Profit and Loss Account	16.89	0.78
Included in Contribution to Provident and Other Funds (Refer Schedule 15)		

III Other Employee Benefit Plan

The liability for leave encashment as at the year end is **Rs. 6,63.63 Lacs** (Previous Year : Rs. 6,93.04 Lacs).

Schedule 19 : Segment Information

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

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Schedule 19 : Segment Information - (Contd.)

Primary Reportable Segment

Particulars	2007-08 Rs. Lacs	2006-07 Rs. Lacs
1. Segment Revenue from Operations	1,473,37.90	1,295,14.20
Unallocated Income	44,08.87	35,79.33
Other Income	40,69.25	31,20.70
	<u>1,558,16.02</u>	<u>1,362,14.23</u>
2. Segment Results	250,23.62	167,48.61
Add : Unallocated results	2,55.55	3,89.32
Add : Other Income	40,69.25	31,20.70
Less : Interest and Financial charges	1,43.51	98.04
Total Profit before Tax	<u>292,04.91</u>	<u>201,60.59</u>
3. Capital Employed		
Segment Assets	447,62.90	410,16.64
Add : Unallocated Corporate Assets	253,46.56	295,29.19
Total Assets	<u>701,09.46</u>	<u>705,45.83</u>
Segment Liability	384,76.57	358,86.08
Add : Unallocated Corporate Liability	154,12.27	66,07.09
Total Liability	<u>538,88.84</u>	<u>424,93.17</u>
Segment Capital Employed	62,86.33	51,30.56
Add : Unallocated Capital Employed	99,34.29	229,22.10
Total Capital Employed	<u>162,20.62</u>	<u>280,52.66</u>
4. Capital Expenditure		
Segment Capital Expenditure	24,54.11	36,28.37
Add : Unallocated Capital Expenditure	2,62.77	2,16.55
Total Capital Expenditure	<u>27,16.88</u>	<u>38,44.92</u>
5. Depreciation/Amortisation/Impairment		
Segment Depreciation	17,59.35	12,90.91
Add : Unallocated Depreciation	2,25.14	2,34.88
Total Depreciation	<u>19,84.49</u>	<u>15,25.79</u>
6. Significant Non Cash Expenditure (excluding depreciation)	12.10	46.01

Secondary Reportable Segment

	Rs. Lacs					
	India		Outside India		Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
Revenue by geographical segment						
External	1,459,88.59	1,285,83.06	13,49.31	9,31.14	1,473,37.90	1,295,14.20
Internal Segment	-	-	-	-	-	-
TOTAL	1,459,88.59	1,285,83.06	13,49.31	9,31.14	1,473,37.90	1,295,14.20
Carrying amount of segment assets	447,62.90	410,16.64	-	-	447,62.90	410,16.64
Capital Expenditure	24,54.11	36,28.37	-	-	24,54.11	36,28.37

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Schedule 20 : Disclosure of Related Parties

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

- | | |
|---|--|
| i) Ultimate Holding Company | : Colgate-Palmolive Company, U.S.A. |
| ii) Subsidiaries | : Colgate-Palmolive (Nepal) Private Limited
: Advanced Oral Care Products Private Limited (Effective November 1, 2007)
: Professional Oral Care Products Private Limited (Effective November 1, 2007)
: SS Oral Hygiene Products Private Limited (Effective November 1, 2007) |
| iii) Group Companies where common control exists | : Colgate-Palmolive (Malaysia) Mktg. SDN BHD
: Colgate-Palmolive, Poland Sp.z.o.o
: Colgate-Palmolive, Philippines, Inc.
: Colgate-Palmolive, East Africa Ltd., Kenya
: Colgate-Palmolive, Marocco Limited
: Colgate-Palmolive Pty Ltd., South Africa
: Colgate-Palmolive Pty Ltd., Australia
: Colgate-Palmolive (Thailand) Ltd.
: Colgate-Palmolive (H.K.) Ltd., Hongkong
: Colgate-Palmolive Management Services (H.K.) Limited
: Colgate-Palmolive (Guangzhou) Co. Ltd., China
: Colgate-Palmolive Son Hai Ltd., Vietnam
: Colgate Sanxiao (Consumer Products) Company Limited
: Colgate-Palmolive, Senegal S. A.
: Colgate-Palmolive (Png) Limited
: Colgate-Palmolive (U.K.) Limited
: Hawley & Hazel Chemical Company (H.K.) Limited
: Colgate-Palmolive (Burlington) Limited
: Colgate-Palmolive, Temizlik, Urunleri, Turkey
: Colgate-Palmolive Cameroun S.A.
: Colgate-Palmolive Romania srl.
: Mission Hills S.A. DE C.V.
: CP Global Export - France
: Colgate-Palmolive (Fiji) Limited
: Colgate-Palmolive Company Puerto Rico
: Colgate-Palmolive (E) Pte Ltd.
: Colgate-Palmolive Industria E Comercio Ltda, Brazil
: Colgate-Palmolive Arabia Ltd.
: Colgate Palmolive Compania, Colombia
: Colgate-Palmolive (Asia) Pte. Ltd. Singapore
: Colgate-Palmolive Compania Anonima, Caracas
: Colgate-Palmolive Tanzania Limited
: CP Hawley & Hazel Chemical Co., (ZS) Ltd.
: Colgate-Palmolive Zambia Inc. |
| iv) Key Management Personnel | : Roger Calmeyer
: Moses Elias
: K. V. Vaidyanathan
: Vinay Hegde (upto July 31, 2007)
: Graeme Dalziel (upto May 31, 2006) |
| v) Relatives of Key Management Personnel | : Mrs. Pratima Elias |

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

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

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

Nature of Transaction	Rs. Lacs											
	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
Purchase of Goods/Materials												
Colgate-Palmolive (Nepal) Private Limited	-	-	-	29,62.48	-	-	-	-	-	-	-	29,62.48
Advanced Oral Care Products Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
Professional Oral Care Products Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
SS Oral Hygiene Products Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
Colgate Sanxiao (Consumer Products) Company Limited	-	-	-	-	3,39.56	3,77.16	-	-	-	-	-	3,77.16
Others	-	-	-	-	2,76.81	3,36.63	-	-	-	-	-	3,36.63
Sub-Total	-	-	-	143,11.80	6,16.37	7,13.79	-	-	-	-	-	36,76.27
Sale of Goods/Materials												
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	-	-	4,75.11	2,28.63	-	-	-	-	-	2,28.63
Colgate-Palmolive Romania srl.	-	-	-	-	58.29	66.46	-	-	-	-	-	66.46
Colgate-Palmolive Tanzania Ltd.	-	-	-	-	1,01.60	-	-	-	-	-	-	1,01.60
Colgate-Palmolive Compania, Columbia	-	-	-	-	-	1,04.15	-	-	-	-	-	1,04.15
Others	-	-	-	-	1,16.55	58.66	-	-	-	-	-	58.66
Sub-Total	-	-	-	-	7,51.55	4,57.90	-	-	-	-	-	4,57.90
Purchase of Assets/Spares												
Colgate-Palmolive (Nepal) Private Limited	-	-	-	6.13	-	-	-	-	-	-	-	6.13
Sub-Total	-	-	-	6.13	-	-	-	-	-	-	-	6.13
Sale of Assets												
Advanced Oral Care Products Private Limited	-	-	-	-	49.16	-	-	-	-	-	-	49.16
Sub-Total	-	-	-	-	49.16	-	-	-	-	-	-	49.16
Interest received												
Advanced Oral Care Products Private Limited	-	-	-	-	30.69	-	-	-	-	-	-	30.69
Professional Oral Care Products Private Limited	-	-	-	-	23.32	-	-	-	-	-	-	23.32
SS Oral Hygiene Products Private Limited	-	-	-	-	9.99	-	-	-	-	-	-	9.99
Sub-Total	-	-	-	-	64.00	-	-	-	-	-	-	64.00
Services Rendered												
Colgate-Palmolive Company, U.S.A.	44,60.45	33,95.24	-	-	-	-	-	-	-	-	-	33,95.24
Others	-	-	-	-	-	20.19	-	-	-	-	-	20.19
Sub-Total	44,60.45	33,95.24	-	-	-	20.19	-	-	-	-	-	34,13.43
Services Received												
Colgate-Palmolive Company, U.S.A.	16,97.47	11,15.66	-	-	-	-	-	-	-	-	-	11,15.66
Colgate-Palmolive Management Services (H.K.) Limited	-	-	-	-	11,45.12	7,47.05	-	-	-	-	-	7,47.05
Sub-Total	16,97.47	11,15.66	-	-	11,45.12	7,47.05	-	-	-	-	-	18,62.71
Reimbursement of Expenses Receivable/(Payable)												
Colgate-Palmolive Company, U.S.A.	(8,63.77)	(7,98.75)	-	-	-	-	-	-	-	-	-	(7,98.75)
Others	-	-	-	-	(3.14)	(18.18)	-	-	-	-	-	(18.18)
Sub-Total	(8,63.77)	(7,98.75)	-	-	(3.14)	(18.18)	-	-	-	-	-	(8,16.93)
Others - Payable/(Receivable)												
Colgate-Palmolive Company, U.S.A.	26.46	56.45	-	-	-	-	-	-	-	-	-	56.45
Colgate-Palmolive Pty Ltd., Australia	-	-	-	-	(10.88)	-	-	-	-	-	-	(10.88)
Colgate-Palmolive Management Services (H.K.) Limited	-	-	-	-	4.64	20.54	-	-	-	-	-	4.64
Others	-	-	-	-	5.75	15.14	-	-	-	-	-	5.75
Sub-Total	26.46	56.45	-	-	(0.49)	35.68	-	-	-	-	-	25.97

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008
Schedule 20 : Disclosure of Related Parties - (Contd.)

Rs. Lacs

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
Inter-Corporate deposits given/(Repayment)												
Advanced Oral Care Products Private Limited	-	-	11,70.00	-	-	-	-	-	-	-	11,70.00	-
SS Oral Hygiene Products Private Limited	-	-	(1,00.00)	-	-	-	-	-	-	-	(1,00.00)	-
Sub-Total			10,70.00	-	-	-	-	-	-	-	10,70.00	-
Repatriation of Capital												
Colgate-Palmolive (Nepal) Private Limited	-	-	9,56.25	-	-	-	-	-	-	-	9,56.25	-
Sub-Total			9,56.25	-	-	-	-	-	-	-	9,56.25	-
Dividend Paid/Proposed												
Colgate-Palmolive Company, U.S.A.	70,81.99	51,75.31	-	-	-	-	-	-	-	-	70,81.99	51,75.31
Colgate-Palmolive (Asia) Pte. Ltd., Singapore	-	-	-	-	19,34.33	14,13.55	-	-	-	-	19,34.33	14,13.55
Sub-Total	70,81.99	51,75.31	-	-	19,34.33	14,13.55	-	-	-	-	90,16.32	65,88.86
Reduction of Share Capital												
Colgate-Palmolive Company, U.S.A.	49,02.92	-	-	-	-	-	-	-	-	-	49,02.92	-
Colgate-Palmolive (Asia) Pte. Ltd., Singapore	-	-	-	-	13,39.15	-	-	-	-	-	13,39.15	-
Sub-Total	49,02.92	-	-	-	13,39.15	-	-	-	-	-	62,42.07	-
Dividend Received												
Colgate-Palmolive (Nepal) Private Limited	-	-	-	1,96.56	-	-	-	-	-	-	-	1,96.56
Sub-Total	-	-	-	1,96.56	-	-	-	-	-	-	-	1,96.56
Royalty and Technical Fees												
Colgate-Palmolive Company, U.S.A.	37,31.09	30,25.97	-	-	-	-	-	-	-	-	37,31.09	30,25.97
Sub-Total	37,31.09	30,25.97	-	-	-	-	-	-	-	-	37,31.09	30,25.97
Remuneration												
Roger Calmeyer	-	-	-	-	4,98.52	-	2,96.84	-	-	-	4,98.52	2,96.84
Graeme Daiziel	-	-	-	-	-	-	2,60.06	-	-	-	-	2,60.06
Moses Elias	-	-	-	-	4,39.83	-	3,71.87	-	-	-	4,39.83	3,71.87
K.V.Vaidyanathan	-	-	-	-	1,65.35	-	96.27	-	-	-	1,65.35	96.27
Vinay Hegde	-	-	-	-	57.26	-	1,59.00	-	-	-	57.26	1,59.00
Sub-Total	-	-	-	-	11,60.96	-	11,84.04	-	-	-	11,60.96	11,84.04
Dividend												
	-	-	-	-	0.10	-	0.11	-	0.18	0.27	0.28	0.38
Sub-Total	-	-	-	-	0.10	-	0.11	-	0.18	0.27	0.28	0.38
Reduction of Share Capital												
	-	-	-	-	0.11	-	-	-	0.21	-	0.32	-
Sub-Total	-	-	-	-	0.11	-	-	-	0.21	-	0.32	-
Repayment of Loan												
	-	-	-	-	1.20	-	1.20	-	-	-	1.20	-
Sub-Total	-	-	-	-	1.20	-	1.20	-	-	-	1.20	-
Interest on Loan received												
	-	-	-	-	0.76	-	0.80	-	-	-	0.76	0.80
Sub-Total	-	-	-	-	0.76	-	0.80	-	-	-	0.76	0.80
Outstanding Receivable net of Payable												
	26,79.05	6,70.14	21,63.60	-	1,91.30	2,52.70	24.76	0.80	-	-	23,79.66	2,78.66
Outstanding Payable net of Receivable			14,31.20	11,63.25	15,32.56	11,63.62	-	-	-	-	56,42.81	29,97.01

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

	2007-2008	2006-2007
	Rs. Lacs	Rs. Lacs
Schedule 21 : Lease Accounting		
1. The Company has leased vehicles and computer equipments under "Operating Leases". The lease payments to be made in future in respect of the leases are as follows :		
Upto 1 year	4,48.44	4,10.68
Greater than 1 year but less than 5 years	3,86.10	3,66.91
Greater than 5 years	-	-
2. Lease payments recognised in Profit and Loss Account are included in "Miscellaneous" under Other Expenses in Schedule 16.	5,96.17	4,18.79

Schedule 22 : Earnings Per Share

Profit After Taxation (Rs. Lacs)	231,71.02	160,16.77
Weighted average number of shares (Nos.)	13,59,92,817	13,59,92,817
Nominal Values of shares outstanding (Rs.)	1	10
Basic and Diluted Earnings Per Share (Rs.)	17.04	11.78

Schedule 23 : Contingencies and Commitments

1. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances of Rs. 37.76 Lacs (Previous Year : Rs. 4,96.52 Lacs)]	2,00.33	12,64.23
2. Contingent liabilities not provided for in respect of : (Refer Note 6 on Schedule 17)		
(i) Guarantees given by the Company	2,75.00	15,20.00
(ii) Counter Guarantees given to the Banks	2,03.43	1,97.67
(iii) Cheques Discounted with Banks	31,64.18	29,67.28
(iv) Claims against the Company not acknowledged as debts	55.82	70.76
(v) Excise Matters	2,32.79	2,33.04
(vi) Service Tax Matters	7,38.62	10,21.77
(vii) Sales Tax Matters	-	31,59.52

Note :

Contingent Liabilities disclosed above represent possible obligations where the possibility of cash outflow to settle the obligation is remote.

Schedule 24 : Others/Contingencies

(Refer Note 6 on Schedule 17)

	Commercial/Vendors	Direct/Indirect Taxes	Rs. Lacs
	(Refer Note 1 below)	(Refer Note 2 below)	Total
Opening Balance	11,12.00	51,27.36	62,39.36
Add : Provision made	7,50.00	7,35.79	14,85.79
Less : Provision Utilised/Reversed	7,12.00	11,71.03	18,83.03
Closing Balance	11,50.00	46,92.12	58,42.12

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Notes :

1. Commercial/Vendors

Represents estimates made for probable liabilities/claims arising out of commercial transaction with vendors. Further information usually required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" is not disclosed since the same can be prejudicial to the interests of the Company.

2. Direct/Indirect Taxes

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

Schedule 25 : Supplementary Information

1. Details of Raw and Packing Materials consumed :

	Unit	2007-2008		2006-2007	
		Quantity	Value Rs. Lacs	Quantity	Value Rs. Lacs
Chemicals	M.T.	37,637	143,32.16	32,036	118,80.30
Tubes and Containers	Gross	30,48,873	72,93.49	26,65,639	64,32.26
Oils	M.T.	309	14,64.84	367	18,44.15
Cartons	Gross	26,72,449	39,02.57	22,73,444	34,39.23
Others			15,62.53		14,36.11
Less : Transfer of Materials			5,52.69		11,04.66
Total			280,02.90		239,27.39

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

	2007-2008		2006-2007	
	Value Rs. Lacs	% to Total Consumption	Value Rs. Lacs	% to Total Consumption
Raw and Packing Materials :				
Imported at landed cost	31,57.74	11	32,06.99	13
Indigenously obtained	248,45.16	89	207,20.40	87
Total	280,02.90	100	239,27.39	100
Stores and Spare Parts :				
Imported at landed cost	3,30.69	79	2,71.51	66
Indigenously obtained	87.51	21	1,40.50	34
Total	4,18.20	100	4,12.01	100

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

	2007-2008 Rs. Lacs	2006-2007 Rs. Lacs
Raw Materials	24,50.37	28,46.76
Finished Goods	5,50.60	7,15.61
Capital Goods	6,51.90	10,66.17
Spares	2,36.23	4,19.59

4. Expenditure in foreign currency (on payment basis) :

	2007-2008	2006-2007
Travelling	95.54	97.32
Royalty (Net of tax)	33,40.19	29,20.95
Services Received	13,80.15	15,38.09
Others	5,47.18	16,13.32

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Schedule 25 : Supplementary Information - (Contd.)

	2007-2008	2006-2007
	Rs. Lacs	Rs. Lacs
5. Earnings in foreign currency (on receipt basis) :		
Exports at F.O.B. Value	14,53.24	6,09.23
Services Rendered	51,04.73	31,10.23

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

For the year	Nature of Dividend	No. of Equity Shares	2007-2008	2006- 2007
			Rs. Lacs	Rs. Lacs
2005-2006	Third Interim	54,476,910	-	9,53.35
2006-2007	First Interim	54,476,910	-	23,15.27
2006-2007	Second Interim	54,476,910	-	17,70.50
2006-2007	Special Dividend	54,476,910	10,89.54	-
2007-2008	First Interim	54,476,910	32,68.61	-
			<u>43,58.15</u>	<u>50,39.12</u>

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

2005-2006	Third Interim	14,879,426	-	2,60.39
2006-2007	First Interim	14,879,426	-	6,32.38
2006-2007	Second Interim	14,879,426	-	4,83.58
2006-2007	Special Dividend	14,879,426	2,97.59	-
2007-2008	First Interim	14,879,426	8,92.77	-
			<u>11,90.36</u>	<u>13,76.35</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	2007-2008	M.T.	See Note (i) below	75,590	42,458
	2006-2007	M.T.		63,265	36,226
Tooth Brushes and Shave Brushes	2007-2008	Doz.	Not Applicable See Note (ii) below	-	5,104
	2006-2007	Doz.		-	106,653

Notes :

- (i) In terms of the Industrial Entrepreneurs Memorandum filed with the Government of India, Ministry of Commerce and Industry, New Delhi, the registered toothpaste annual capacity is 66,000 tonnes (Previous Year : 40,000 tonnes).
- (ii) The bristling operations for tooth brushes and shave brushes are carried out under manufacturing arrangements with third parties.
- (iii) The installed capacity as shown above has been certified by the Executive Vice-President - Manufacturing and Product Supply Chain and not verified by the Auditors, being a technical matter.

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Schedule 25 : Supplementary Information - (Contd.)

(b) Opening and Closing Stocks of Finished Goods :

	2007-2008				2006-2007			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity Doz.	Value Rs. Lacs	Quantity Doz.	Value Rs. Lacs	Quantity Doz.	Value Rs. Lacs	Quantity Doz.	Value Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	64,72,264	51,28.02	61,01,894	52,61.01	59,36,468	48,43.87	64,72,264	51,28.02
Tooth Brushes and Shave Brushes	15,50,015	8,78.88	14,23,196	7,73.41	12,71,989	6,22.60	15,50,015	8,78.88
Others		19.84		42.19		11.68		19.84
Total		<u>60,26.74</u>		<u>60,76.61</u>		<u>54,78.15</u>		<u>60,26.74</u>

(c) Sale by Class of Goods :

	Unit	2007-2008		2006-2007	
		Quantity	Value Rs. Lacs	Quantity	Value Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	Doz.	8,60,71,290	1,308,83.88	8,23,02,066	1,166,24.35
Tooth Brushes and Shave Brushes	Doz.	1,41,66,463	161,20.82	1,53,73,342	127,08.61
Others			3,33.20		1,81.24
Total			<u>1,473,37.90</u>		<u>1,295,14.20</u>

(d) Purchase of Finished Goods :

	Unit	2007-2008		2006-2007	
		Quantity	Value Rs. Lacs	Quantity	Value Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	Doz.	3,90,31,099	291,92.92	3,82,88,586	281,93.23
Tooth Brushes and Shave Brushes	Doz.	1,50,03,701	61,75.47	1,45,74,714	59,45.29
Others			1,23.49		1,26.42
Total			<u>354,91.88</u>		<u>342,64.94</u>

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

9. (a) Remuneration to the Directors	2007-2008	2006-2007
	Rs. Lacs	Rs. Lacs
Salaries	7,34.66	8,16.17
Commission/Bonus	2,34.45	1,80.55
Contribution to Provident and other Funds	11.40	12.92
Other Perquisites	1,80.45	1,74.40
Total	<u>11,60.96</u>	<u>11,84.04</u>

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Schedule 25 : Supplementary Information - (Contd.)

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

	2007-2008		2006-2007	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
Profit before Taxation		292,04.91		201,60.59
Add : (i) Remuneration paid to the Directors	11,60.96		11,84.04	
(ii) Directors' Fees	10.40		12.40	
(iii) Depreciation/Amortisation	19,84.49		15,25.79	
(iv) Profit on sale of Fixed Assets as per Section 350	43.46		6,25.87	
Less : (i) Depreciation/Amortisation as per Section 350	17,57.10		13,18.96	
(ii) Profit on sale of Fixed Assets (net)	83.70		8,47.43	
(iii) Reversal of diminution in the value of Investments	7,50.00		–	
		6,08.51		11,81.71
Net Profit for the purpose of Directors' Commission		298,13.42		213,42.30
Commission @ 1% of Net Profit		2,98.13		2,13.42
Restricted to		2,34.45		1,80.55

10. As at the year-end the Company :

- has no loans and advances in the nature of loans to subsidiaries and associates,
- has no loans and advances in the nature of loans to subsidiaries and associates, wherein there is no repayment schedule or repayment is beyond seven years, and
- has no loans and advances to firms/companies in which directors are interested.

11. The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as excised duty expense in "Cost of Goods Sold - Increase/(Decrease) in Excise Duty on Finished Goods" under Schedule 14 annexed and forming part of Profit and Loss Account.

12. Derivative Instruments :

Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of The Institute of Chartered Accountants of India (ICAI)

Details of foreign currency balances not hedged :

Particulars	Foreign Currency Denomination	2007-2008		2006-2007	
		Foreign Currency Amount in Lacs	Indian Rupees equivalent in Lacs	Foreign Currency Amount in Lacs	Indian Rupees equivalent in Lacs
Assets (Trade Receivables)	USD	6.55	2,61.82	9.27	4,05.72
Assets (Loans and Advances)	USD	0.17	6.99	1.91	82.82
	GBP	–	–	0.18	15.67
Liabilities (Trade Payables)	EUR	0.68	41.50	0.01	0.28
	GBP	–	–	0.19	16.49
	USD	83.34	33,37.00	27.40	11,91.41

Notes forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008

Schedule 25 : Supplementary Information - (Contd.)

The foreign currency outstandings have been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11 "The effects of Changes in Foreign Exchange Rates (Revised 2003)".

13. Refer Annexure for additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

14. Previous year's figures have been re-grouped and re-arranged wherever necessary.

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, May 30, 2008

For and on behalf of the Board

Deputy Chairman	P. K. Ghosh
Managing Director	R. D. Calmeyer
Whole-time Director & Chief Financial Officer	M. A. Elias
Director	J. K. Setna
Whole-time Director & Company Secretary	K. V. Vaidyanathan

Mumbai, May 30, 2008

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	31-03-2008

**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 (Amounts in Rs. Thousands) :**

Total Liabilities (including Shareholders' Funds)	7010946
Total Assets	7010946

Sources of Funds :

Paid-up Capital	135993
Reserves and Surplus	1486069
Secured Loans	—
Unsecured Loans	46875

Application of Funds :

Net Fixed Assets	1989942
Investments	725877
Deferred Tax Asset (Net)	278272
Net Current Assets	(1325154)
Misc. Expenditure	—
Accumulated Losses	—

IV. Performance of Company

(Amount in Rs. Thousands) :

Turnover (including Other Income)	15581602
Total Expenditure	12661111
Profit/Loss Before Tax	2920491
Profit/Loss After Tax	2317102
Earnings per Share in Rs. *	17.04
Dividend %	1300%

* Based on weighted average number of equity shares - 13,59,92,817

**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

For and on behalf of the Board

Deputy Chairman	P. K. Ghosh
Managing Director	R. D. Calmeyer
Whole-time Director & Chief Financial Officer	M. A. Elias
Director	J. K. Setna
Whole-time Director & Company Secretary	K. V. Vaidyanathan

Mumbai, May 30, 2008

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Report of the Directors

To
The Members
Colgate-Palmolive (Nepal) Private Limited

Your Directors hereby present their Report and Audited Accounts of the Company for the year ended Ashad 32, 2064 (July 16, 2007).

Financial Results

	Nepalese Rs. In Lacs	
	2063-64	2062-63
Sales & Other Income	<u>46,93.85</u>	<u>41,49.52</u>
Profit/(Loss) for the year	<u>(11,54.20)</u>	8,38.93
Prior year's adjustments- Reversal of provisions	—	67.47
Profit Before Taxation	<u>(11,54.20)</u>	9,06.40
Provision for Taxation (net of reversal)	2,52.64	14.33
Profit from Assets disposal	<u>91.36</u>	<u>8,60.26</u>
Profit After Taxation	<u>(13,15.48)</u>	17,52.33
Balance brought forward	<u>1.93</u>	<u>(14,35.90)</u>
Profit available for appropriation	<u>(13,13.55)</u>	3,16.43
Appropriation :		
Dividend	—	3,14.50
Provision for prior year taxes	—	—
Balance carried forward	<u>(13,13.55)</u>	<u>1.93</u>

Business Operations

The fiscal year 2063-64 was a difficult year for industries in Nepal. The operating conditions continued to be challenging and the unprecedented blockades and bandhs caused frequent supply chain disruptions, with the overall environment being tense and uncertain.

Although the Company made every effort to improve its performance, the future outlook depends upon several factors including political stability, security situation, cost factors, etc. over which it has no control. These factors have negatively impacted the Company's operations, undermining its competitiveness.

Safety and Environmental Considerations

The Company has been striving for continuous improvement in occupational, environment, health and safety standards and remains committed to match the best in accordance with its global standards.

Future Outlook

While the future continues to be uncertain and difficult, your Company continues to manufacture and export toothpowder,

relying on continuity of orders from its parent company. Due to difficulties with transportation across the border, the Company has often been unable to meet its export commitments and delivery schedules. This obviously reflects adversely on the reliability of your Company as an export supplier.

Security

The security issue continues to be a cause of great concern. The Company continues to spend substantial amounts on upgrading its security every year to maintain the highest vigilance for security of its people and property.

Customs Duty exemption and VAT refunds

During the year, your Company made significant progress in recovery of Customs duty and VAT refunds from Government of Nepal.

Capital Reduction

Based on the approval received from the Government of Nepal, the paid-up, subscribed and issued capital during the year was reduced from NPR 17,00,00,000 comprising of 17,00,000 ordinary shares of NPR 100 each to NPR 1,70,00,000 comprising of 1,70,000 ordinary shares of NPR 100 each.

Personnel

The Board wishes to place on record its appreciation of the contribution made by the employees at all levels within the Company. The Company continues to maintain cordial relations with its employees.

Community Development

Your Company remains committed to its social responsibility and has taken several initiatives for development of the local community. Your Company continues to provide dental check-ups and advice by qualified dentists.

Auditors

The auditors, M/s. T. R. Upadhya & Co., Chartered Accountants, retire from office and are eligible for re-appointment. The Board recommends their re-appointment.

Acknowledgements

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

On Behalf of the Board

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

Date: August 7, 2007

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Independent Auditor's Report

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

We have audited the accompanying Balance Sheet of Colgate Palmolive (Nepal) Pvt. Ltd., as of 16 July, 2007 (Corresponding to 32 Ashad, 2064), the related Profit and Loss Account and the Cash Flow Statement for the year then ended. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Nepal Standards on Auditing. 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.

As per the requirement of the Companies Act 2063 we report that :

- a) we have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose 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 such books;
- c) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account maintained by the Company;
- d) in our opinion, so far as appeared from our examination of the books, the business of the Company has been conducted satisfactorily; and

- e) to the best of our knowledge and in accordance with explanations given to us and from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where the Board of Directors or any employees of the Company have acted contrary to the provisions of law, or committed any misappropriation or caused loss or damage to the Company.

In our opinion, the financial statements, read together with the notes, gives a true and fair view of the financial position of the Company as of 16 July 2007 (Corresponding to 32 Ashad 2064), and of the results of operations and its cash flows for the year then ended in accordance with Nepal Accounting standards and comply with the provisions of the Companies Act 2063.

We consider that the following matters relating to the accounts although not affecting our audit opinion should be drawn to the attention of the parent company and their auditors :

As referred to in the notes to the standard company forms, an additional provision of Rs. 2,401.81 lacs have been made in the current year against contingencies to cover the risks that may arise from the current political situation and the uncertain investment climate in Nepal.

T. R. Upadhyay
Senior Partner

For and on behalf of
T. R. Upadhya & Co.
Chartered Accountants

Kathmandu
Date: August 7, 2007

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Balance Sheet
as at July 16, 2007 (Ashad 32, 2064)

	Schedule No.	As at July 16, 2007 (NPR)	As at July 16, 2007 (INR)	As at July 16, 2006 (NPR)	As at July 16, 2006 (INR)
Capital & Liabilities					
Capital & Reserve Fund					
Share Capital	1	17,000,000.00	10,625,000.00	170,000,000.00	106,250,000.00
Reserves and retained profit	2	(131,354,961.68)	(82,096,851.05)	193,167.47	120,729.67
Medium and Long Term loans					
Secured Loans	3	—	—	—	—
Unsecured Loans		—	—	—	—
Total		(114,354,961.68)	(71,471,851.05)	170,193,167.47	106,370,729.67
Assets					
Fixed Assets					
Gross Block	4	463,220,898.95	289,513,061.84	477,505,974.67	298,441,234.17
Less : Depreciation/Amortisation		410,063,066.19	256,289,416.37	281,455,024.91	175,909,390.57
Less : Assets Written off against prior year Provision		—	—	135,684,890.00	84,803,056.25
Net Block		53,157,832.76	33,223,645.48	60,366,059.76	37,728,787.35
Capital Work-In-Progress		—	—	313,494.05	195,933.78
		53,157,832.76	33,223,645.48	60,679,553.81	37,924,721.13
Investments					
	5	—	—	—	—
Current Assets					
Inventories	6	18,493,933.92	11,558,708.70	16,304,371.33	10,190,232.08
Trade and other receivables	7	57,526,910.51	35,954,319.07	37,806,910.46	23,629,319.04
Cash and Bank Balance	8	35,173,862.60	21,983,664.13	19,085,668.88	11,928,543.05
Prepaid expenses, loans, advances	9	74,822,505.98	46,764,066.24	172,846,200.35	108,028,875.22
		186,017,213.01	116,260,758.13	246,043,151.02	153,776,969.39
<i>Less :</i>					
Current liabilities and Provisions					
Trade and other payables	10	3,690,744.88	2,306,715.55	54,263,671.26	33,914,794.54
Provision for contingencies & others	11	349,839,262.57	218,649,539.11	82,265,866.10	51,416,166.31
		353,530,007.45	220,956,254.66	136,529,537.36	85,330,960.85
Net Current Assets		(167,512,794.44)	(104,695,496.53)	109,513,613.66	68,446,008.54
Total		(114,354,961.68)	(71,471,851.05)	170,193,167.47	106,370,729.67
Contingent Liabilities					
	16				
Significant Accounting Policies & Notes to Accounts					
	17				

Per our attached report.

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

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

Kathmandu
Date : 7th August, 2007

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Profit and Loss Account
for the period ended July 16, 2007 (Ashad 32, 2064)

	Schedule No.	2006-2007 (NPR)	2006-2007 (INR)	2005-2006 (NPR)	2005-2006 (INR)
Income					
Sales Income	12	467,588,808.72	292,243,005.45	406,528,294.48	254,080,184.05
Less : Material cost	13	276,684,690.98	172,927,931.86	221,583,291.59	138,489,557.24
Gross Profit		<u>190,904,117.74</u>	<u>119,315,073.59</u>	<u>184,945,002.89</u>	<u>115,590,626.81</u>
Other Income	14	1,796,247.24	1,122,654.53	8,423,875.30	5,264,922.06
Business Expenditure					
Distribution expenses		312,346.30	195,216.44	7,587,274.43	4,742,046.52
Administrative & Other Expenses	15	59,945,672.11	37,466,045.07	63,766,879.50	39,854,299.69
Operating Profit		<u>132,442,346.57</u>	<u>82,776,466.61</u>	<u>122,014,724.26</u>	<u>76,259,202.66</u>
Interest Expenses		—	—	—	—
Depreciation/Amortisation		7,684,369.00	4,802,730.63	9,816,440.58	6,135,275.36
Provision for assets held for disposal/Written down		24,852,794.42	15,532,996.51	28,305,038.34	17,690,648.96
Provision for Contingencies		215,325,699.36	134,578,562.10	—	—
Profit/(loss) for the year		<u>(115,420,516.21)</u>	<u>(72,137,822.63)</u>	<u>83,893,245.34</u>	<u>52,433,278.34</u>
Prior year adjustments - reversal of provisions		—	—	6,747,292.00	4,217,057.50
Profit before Taxation		<u>(115,420,516.21)</u>	<u>(72,137,822.63)</u>	<u>90,640,537.34</u>	<u>56,650,335.84</u>
Provision For Tax (Current Yr)		25,263,824.69	15,789,890.43	5,760,090.23	3,600,056.39
Reversal of Last Year Tax Provision		—	—	(4,326,615.00)	(2,704,134.38)
Profit/(Loss) From Asset Disposal		9,136,211.75	5,710,132.34	86,026,116.42	53,766,322.76
Net Profit/(Loss) after Taxation		<u>(131,548,129.15)</u>	<u>(82,217,580.72)</u>	<u>175,233,178.53</u>	<u>109,520,736.58</u>
Balance brought forward		193,167.47	120,729.67	(143,590,011.06)	(89,743,756.91)
Profit available for Appropriation		<u>(131,354,961.68)</u>	<u>(82,096,851.05)</u>	31,643,167.47	19,776,979.67
Dividend		—	—	31,450,000.00	19,656,250.00
Provision for Prior year Taxes		—	—	—	—
Profit/(Loss) transferred to Balance Sheet		<u>(131,354,961.68)</u>	<u>(82,096,851.05)</u>	193,167.47	120,729.67
Significant Accounting Policies & Notes to Accounts	17				

Per our attached report.

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

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

Kathmandu
Date : 7th August, 2007

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Cash Flow Statement
for the year ended July 16, 2007 (Ashad 32, 2064)

	2006-2007		2005-2006	
	(NPR)	(INR)	(NPR)	(INR)
A. Cash Flow from Operating Activities :				
Net Profit Before Tax and extraordinary items	(106,284,304.46)	(66,427,690.29)	176,666,653.76	110,416,658.60
Add Adjustment for :				
Depreciation and amortisation	7,684,369.00	4,802,730.63	9,816,440.58	6,135,275.36
Interest expenses (net)	—	—	—	—
Provisions	242,309,571.78	151,443,482.36	13,699,404.87	8,562,128.04
Less Adjustment for :				
Cash flow due to changes in working capital				
a. Decrease/(Increase) in current assets	82,443,147.73	51,526,967.33	(58,434,396.52)	(36,521,497.83)
b. Increase/(Decrease) in current liabilities	(50,572,926.38)	(31,608,078.99)	(112,896,611.45)	(70,560,382.16)
c. Interest payment	—	—	—	—
d. Advance Income Tax Paid	(6,329,016.00)	(3,955,635.00)	(2,277,940.00)	(1,423,712.50)
e. Loss on sale of Investment	—	—	—	—
f. Loss/(Profit) on sale of Fixed Assets	(9,136,211.75)	(5,710,132.34)	(86,026,116.42)	(53,766,322.76)
Net Cash from Operating Activities	160,114,629.92	100,071,643.70	(59,452,565.18)	(37,157,853.24)
B. Cash Flows from Investing Activities :				
Sale/(purchase) of fixed assets	8,973,563.80	5,608,477.38	92,983,403.28	58,114,627.05
Sale/(purchase) of investments	—	—	—	—
Net cash flow from Investing Activities	8,973,563.80	5,608,477.38	92,983,403.28	58,114,627.05
C. Cash Flows from Financing Activities :				
Payment of long term loans	—	—	—	—
Dividend paid/Capital Reduction - Paid to CPIL	(153,000,000.00)	(95,625,000.00)	(31,450,000.00)	(19,656,250.00)
Net cash from Financing Activities	(153,000,000.00)	(95,625,000.00)	(31,450,000.00)	(19,656,250.00)
Increase/(Decrease) in Cash A+B+C	16,088,193.72	10,055,121.07	2,080,838.10	1,300,523.81
Cash & bank balances at the beginning of the year	19,085,668.88	11,928,543.05	17,004,830.78	10,628,019.24
Cash & bank balances at the end of the year	35,173,862.60	21,983,664.12	19,085,668.88	11,928,543.05

Significant accounting policies and
Notes to Accounts (Schedule 17)

Per our attached report.

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

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

Kathmandu
Date : 7th August, 2007

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Schedules to the Accounts

	As at July 16, 2007 (NPR)	As at July 16, 2007 (INR)	As at July 16, 2006 (NPR)	As at July 16, 2006 (INR)
Schedule 1 : Share Capital				
Authorised Capital	<u>600,000,000.00</u>	<u>375,000,000.00</u>	<u>600,000,000.00</u>	<u>375,000,000.00</u>
(6,000,000 Equity Shares of Rs. 100 each)				
Issued, Subscribed & Paid-up				
(170,000 Ordinary shares of Rs. 100 each entirely held by Colgate-Palmolive (India) Limited)	<u>17,000,000.00</u>	<u>10,625,000.00</u>	<u>170,000,000.00</u>	<u>106,250,000.00</u>
TOTAL	<u>17,000,000.00</u>	<u>10,625,000.00</u>	<u>170,000,000.00</u>	<u>106,250,000.00</u>
Schedule 2 : Reserves and Retained Profit				
Profit & Loss Account	<u>(131,354,961.68)</u>	<u>(82,096,851.05)</u>	<u>193,167.47</u>	<u>120,729.67</u>
TOTAL	<u>(131,354,961.68)</u>	<u>(82,096,851.05)</u>	<u>193,167.47</u>	<u>120,729.67</u>
Schedule 3 : Medium and Long Term Loans				
Secured Loans	-	-	-	-
from Standard Chartered Bank Nepal Limited (Current year Nil, Last year secured agt a first charge of fixed & current assets, inventories, receivables & mortgage over all properties of the Company at HID, Hetauda.)				
Unsecured Loans	-	-	-	-
Loan from Colgate-Palmolive (India) Ltd.				
TOTAL	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Schedule 4 : Fixed Assets

	Gross Block			Depreciation/Amortisation			Net Block	
	As at 17/07/2006 (NPR)	Additions/ Transfers (NPR)	Deductions/ Transfers (NPR)	As at 17/07/2006 (NPR)	Additions/ Transfers (NPR)	Deductions/ Transfers (NPR)	As at 16/07/2007 (NPR)	As at 16/07/2006 (NPR)
Land - Leasehold	4,800,000 (3,000,000)	— (—)	— (—)	2,170,000 (1,356,250)	240,000 (150,000)	— (—)	2,390,000 (1,493,750)	2,630,000 (1,643,750)
Buildings	185,004,400 (115,627,750)	— (—)	— (—)	150,837,647 (94,273,529)	2,278,922 (1,424,326)	— (—)	31,887,831 (19,929,894)	34,166,753 (21,354,221)
Plant & Machinery	263,114,315 (164,446,447)	1,001,625 (626,016)	15,599,627 (9,749,767)	242,659,035 (151,661,897)	3,955,378 (2,472,111)	14,652,739 (9,157,962)	16,554,638 (10,346,649)	20,455,279 (12,784,550)
Computers	12,479,902 (7,799,939)	341,286 (213,304)	35,110 (21,944)	10,903,039 (6,814,399)	579,100 (361,937)	29,488 (18,430)	1,333,428 (833,392)	1,576,863 (985,540)
Furniture & Fixtures	12,107,357 (7,567,098)	91,000 (56,875)	84,250 (52,656)	10,570,193 (6,606,371)	630,969 (394,355)	78,991 (49,370)	991,937 (619,960)	1,537,164 (960,728)
TOTAL	477,505,974 (298,441,234)	1,433,911 (896,195)	15,718,987 (9,824,367)	417,139,914 (260,712,446)	7,684,368 (4,802,730)	14,761,218 (9,225,761)	53,157,834 (33,223,646)	
Total Previous Year	530,598,934 (331,624,334)	4,777,851 (2,986,157)	57,870,811 (36,169,257)	318,072,695 (198,795,434)	145,501,330 (90,938,331)	46,434,111 (29,021,319)		60,366,060 (37,728,788)
Capital Work-in-Progress and Advances								
								313,494 (195,934)
TOTAL							53,157,834 (33,223,646)	60,679,554 (37,924,721)

Notes : i) "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.

ii) Figures in brackets represent Indian Rupees.

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	As at July 16, 2007 (NPR)	As at July 16, 2007 (INR)	As at July 16, 2006 (NPR)	As at July 16, 2006 (INR)
Schedule 5 : Investments				
Bonds and securities - Government bonds	—	—	—	—
TOTAL	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Schedule 6 : Inventories				
Stores, spare parts & loose tools	3,475,507.14	2,172,191.96	3,632,542.95	2,270,339.34
Inventory stock :				
Raw and Packing Materials	10,872,718.11	6,795,448.82	10,995,037.42	6,871,898.39
Work-In-Process	206,590.97	129,119.36	248,446.57	155,279.11
Finished Goods	3,939,117.70	2,461,948.56	1,428,344.39	892,715.24
Goods In Transit	—	—	—	—
Total	<u>18,493,933.92</u>	<u>11,558,708.70</u>	<u>16,304,371.33</u>	<u>10,190,232.08</u>
Schedule 7 : Trade and Other Receivables				
Secured Debtors	57,526,910.51	35,954,319.07	37,806,910.46	23,629,319.04
Schedule 8 : Cash & Bank Balance				
Cash on hand	155,990.00	97,493.75	42,234.26	26,396.41
Cash at Bank	35,017,872.60	21,886,170.38	19,043,434.62	11,902,146.64
Total	<u>35,173,862.60</u>	<u>21,983,664.13</u>	<u>19,085,668.88</u>	<u>11,928,543.05</u>
Schedule 9 : Prepaid expenses, loans, advances				
Loans and advances :				
Employees	1,110,835.67	694,272.29	1,375,992.40	859,995.25
Others	6,000,000.00	3,750,000.00	14,904,000.00	9,315,000.00
Deposits	602,469.50	376,543.44	572,469.50	357,793.44
Advance VAT & Customs Duty	20,825,337.10	13,015,835.69	114,871,096.98	71,794,435.61
Margin money with bank	196,528.00	122,830.00	196,528.00	122,830.00
Prepaid Expenses	2,722,354.21	1,701,471.38	3,989,937.47	2,493,710.92
Advance Tax	43,908,866.00	27,443,041.25	37,579,850.00	23,487,406.25
Insurance claims	111,820.00	69,887.50	111,820.00	69,887.50
Less : Provision for doubtful claims & receivables	(655,704.50)	(409,815.31)	(755,494.00)	(472,183.75)
Total	<u>74,822,505.98</u>	<u>46,764,066.24</u>	<u>172,846,200.35</u>	<u>108,028,875.22</u>
Schedule 10 : Trade and Other payables				
Sundry creditors	3,690,744.88	2,306,715.55	54,263,671.26	33,914,794.54
Total	<u>3,690,744.88</u>	<u>2,306,715.55</u>	<u>54,263,671.26</u>	<u>33,914,794.54</u>
Schedule 11 : Provisions				
Gratuity and Others	5,739,250.00	3,587,031.25	3,608,172.00	2,255,107.50
Provision for assets held for disposal/Written down	53,157,832.76	33,223,645.48	28,305,038.34	17,690,648.96
Provision for contingencies	223,715,023.89	139,821,889.93	8,389,324.53	5,243,327.83
Provision for Income Tax (including for prior yrs)	67,227,155.92	42,016,972.45	41,963,331.23	26,227,082.02
Total	<u>349,839,262.57</u>	<u>218,649,539.11</u>	<u>82,265,866.10</u>	<u>51,416,166.31</u>

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	2006-2007 (NPR)	2006-2007 (INR)	2005-2006 (NPR)	2005-2006 (INR)
Schedule 12 : Sales income				
Sales - Export	459,241,651.20	287,026,032.00	395,489,344.00	247,180,840.00
Sales - Local	8,347,157.52	5,216,973.45	11,038,950.48	6,899,344.05
Total	467,588,808.72	292,243,005.45	406,528,294.48	254,080,184.05
Schedule 13 : Material cost				
Opening Stock				
Work-In-Process	248,446.57	155,279.11	280,467.61	175,292.26
Finished Goods	1,428,344.39	892,715.24	2,684,011.27	1,677,507.04
	1,676,790.96	1,047,994.35	2,964,478.88	1,852,799.30
Raw and Packing Materials Consumed				
Opening Stock	10,995,037.42	6,871,898.39	10,826,941.50	6,766,838.44
Add : Purchases	279,031,289.38	174,394,555.86	220,463,699.59	137,789,812.24
	290,026,326.80	181,266,454.25	231,290,641.09	144,556,650.68
Less : Closing stock	10,872,718.11	6,795,448.82	10,995,037.42	6,871,898.39
	279,153,608.69	174,471,005.43	220,295,603.67	137,684,752.29
Purchase of Finished Goods	—	—	—	—
Less : Closing Stock				
Work-In-Process	206,590.97	129,119.36	248,446.57	155,279.11
Finished Goods	3,939,117.70	2,461,948.56	1,428,344.39	892,715.24
	4,145,708.67	2,591,067.92	1,676,790.96	1,047,994.35
Total	276,684,690.98	172,927,931.86	221,583,291.59	138,489,557.24
Schedule 14 : Other income				
Sale of scrap/P&L on sale of Assets	847,186.00	529,491.25	7,529,313.75	4,705,821.09
Interest accrued	949,061.24	593,163.28	894,561.55	559,100.97
Total	1,796,247.24	1,122,654.53	8,423,875.30	5,264,922.06
Schedule 15 : Administrative Expenses				
Salaries, Wages, Gratuity, Bonus & Others	25,816,650.41	16,135,406.51	29,358,619.43	18,349,137.14
Contribution to Provident Fund	764,833.57	478,020.98	1,302,404.00	814,002.50
Staff Welfare Expenses	1,778,735.56	1,111,709.73	2,659,623.62	1,662,264.76
Consumption of Stores and Spares	2,593,749.65	1,621,093.53	1,158,357.63	723,973.52
Power and Fuel	3,150,484.88	1,969,053.05	3,036,521.99	1,897,826.24
Rent	98,346.82	61,466.76	383,276.42	239,547.76
Insurance	2,770,816.26	1,731,760.16	3,390,790.70	2,119,244.19
Royalty & Technical service fees	—	—	—	—
Bank charges	350,984.81	219,365.51	319,873.43	199,920.89
Plant & machinery repairs & upkeep	4,951,560.03	3,094,725.02	4,933,711.39	3,083,569.62
Audit, Tax audit fees & expenses	550,000.00	343,750.00	549,160.00	343,225.00
Legal & retainer fees	5,493,227.50	3,433,267.19	3,219,811.50	2,012,382.19
Telephone, fax, postage & courier charges	4,159,267.41	2,599,542.13	3,735,422.01	2,334,638.76
Travelling Expenses	4,173,880.11	2,608,675.07	3,541,667.54	2,213,542.21
Advertisement expenses	187.00	116.88	1,854,014.00	1,158,758.75
Security services	1,761,876.97	1,101,173.11	1,674,602.66	1,046,626.66
Miscellaneous Expenses	1,531,071.13	956,919.46	2,649,023.18	1,655,639.49
Total	59,945,672.11	37,466,045.07	63,766,879.50	39,854,299.69

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Schedule 16 : Contingent Liabilities

There are contingent liabilities in respect of :		(Rs. Lacs)
	As at	As at
	July 16, 2007	July 16, 2006
1. Unexpired Letters of Credit	12.56	12.63
2. Addl. Tax demand raised by LTPO :		
For the Years 2003-04 and 2004-05	124.96	124.96
TOTAL	137.52	137.59

The Company has filed appropriate appeal against the impugned order of the Large Tax Payers Office, Inland Revenue Department within the stipulated time and is hopeful of favourable order based on merits of the subject matter.

Notes : The Annual Accounts are available for inspection by Members at the Registered Office of the Holding Company (Colgate-Palmolive (India) Limited)

NPR = Nepalese Rupees

INR = Indian Rupees

INR 1 = NPR 1.60

Figures in Indian Rupees are given as required by the Ministry of Finance, Department of Company Affairs, New Delhi.

Schedule 17 : Significant Accounting Policies & Notes to Accounts

1) Significant Accounting Policies

a) Basis of Accounting

Financial statements are prepared under the historical cost convention, in accordance with Nepal Accounting Standards and generally accepted accounting principles applicable in Nepal and the requirements of Company Act, 2063.

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

b) Fixed Assets

Fixed Assets are recorded at cost less accumulated depreciation. The Company capitalizes all direct costs relating to the acquisition and installation of Fixed Assets. Fixed Assets individually costing less than Rs. 8,000 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 Act including additional depreciation permitted by the Industrial Enterprises Act 2049. Leasehold land is amortized over the period of lease.

d) 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.

e) Inventories

Inventories are valued at lower of cost or net realizable value. Cost is determined using standard cost method that approximates actual costs.

f) Retirement Benefits

Retirement benefits to employees comprise payments to gratuity fund, provident fund and superannuation fund and all contributions to the provident fund and superannuation funds are charged to profit & loss account as incurred. In respect of local employees provident fund contributions are made to Karmachari Sanchaya Kosh. Contributions to

provident and superannuation funds of employees seconded from Colgate-Palmolive (India) Limited has been paid into funds maintained by Colgate-Palmolive (India) Limited. Liabilities in respect of gratuity are provided for as per Labour Act, 2049.

g) Revenue Recognition

Sales are recognized on dispatch to customers and are recorded net of Value Added Tax.

h) Staff Housing and Bonus

Company has discharged its obligation towards the Staff Employee Housing requirement through its own housing policy framed for providing financial assistance to its employees for suitable housing requirements. The employees have availed benefits under the above policy and therefore no separate provision for housing is desired in the books of accounts. Since the Company has incurred losses for the period no provision for bonus is required as per Act.

i) Foreign Currency Transactions

Foreign currency transactions are accounted at exchange rates prevailing on the date of the transactions. 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. 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.

j) Basis of Provision for Debtors, Loans and Advances

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

2) Notes to Accounts

a) Previous year's figures have been regrouped/rearranged wherever necessary to facilitate comparison.

b) Total Exports sales of Rs. 4,592.42 lacs are those made to Colgate-Palmolive (India) Limited.

c) Custom duty & Value Added Tax paid on import of raw & packing materials is recoverable against export pursuant to statutory enactment and accordingly 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, based on status of claims at balance sheet date.

d) Provision for Existing Assets

Considering continuing political instability and the uncertain investment climate in Nepal the Company has made an additional provision of Rs. 248.55 lacs towards the existing fixed assets at its factory at Hetauda in the current year. The total provision against the existing fixed assets is Rs. 531.58 lacs.

e) Provision for Contingencies

Considering continuing political instability and the uncertain investment climate in Nepal the Company has made an additional provision of Rs. 2,153.26 lacs towards contingencies.

f) Capital Reduction

The Company, pursuant to the provisions of the Company Act 2063 and approval from the Department of Industries and Company Registrars Office has reduced its capital from Rs. 1,700 lacs fully paid-up (17 lacs ordinary shares of Rs. 100 each) to Rs. 170 lacs fully paid-up (Rs. 1.70 lacs ordinary shares of Rs. 100 each) during the year. The reduction in capital of Rs. 1,530 lacs has been remitted to the parent company, Colgate-Palmolive (India) Limited.

Per our attached report.

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

Kathmandu
Date : 7th August, 2007

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

Auditors' Report

To the Board of Directors of Colgate-Palmolive (India) Limited

1. We have audited the attached Consolidated Balance Sheet of Colgate-Palmolive (India) Limited and its subsidiaries as at March 31, 2008, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Management of Colgate-Palmolive (India) Limited. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 10,024.94 Lacs as at March 31, 2008 and total revenues of Rs. 11,912.44 Lacs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements and on the basis of the separate audited financial statements of Colgate-Palmolive (India) Limited and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Colgate-Palmolive (India) Limited and its aforesaid subsidiaries, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Colgate-Palmolive (India) Limited and its subsidiaries as at March 31, 2008;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated result of operations of Colgate-Palmolive (India) Limited and its subsidiaries for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Colgate-Palmolive (India) Limited and its subsidiaries for the year ended on that date.

Partha Ghosh

Partner

Membership No. F-55913

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, May 30, 2008

Consolidated Balance Sheet as at March 31, 2008

	Schedule	Rs. Lacs	Rs. Lacs	As at March 31, 2007 Rs. Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	1	13,59.93		135,99.28
Reserves and Surplus	2	<u>153,69.34</u>		142,40.39
			167,29.27	<u>278,39.67</u>
Minority Interest			4,07.73	–
Loan Funds				
Unsecured Loans	3		4,68.75	4,27.50
Total			<u>176,05.75</u>	<u>282,67.17</u>
Application of Funds				
Fixed Assets				
Gross Block	4	517,53.69		440,70.93
Less : Depreciation/Amortisation/Impairment		<u>307,74.74</u>		273,02.60
Net Block		209,78.95		167,68.33
Capital Work-in-Progress and Advances for Capital Expenditure		<u>30,52.24</u>		24,34.45
			240,31.19	192,02.78
Investments	5		65,21.03	130,21.03
Deferred Tax Asset (Net)	6		28,31.11	25,66.95
Current Assets, Loans and Advances				
Inventories	7	86,24.87		80,33.06
Sundry Debtors	8	9,38.66		9,40.80
Cash and Bank Balances	9	148,13.24		114,86.42
Interest Accrued on Investments/Deposits		2,59.39		3,86.32
Loans and Advances	10	149,04.88		149,21.88
		<u>395,41.04</u>		<u>357,68.48</u>
<i>Less :</i>				
Current Liabilities and Provisions				
Liabilities	11	352,10.17		305,73.29
Provisions	12	<u>201,08.45</u>		117,18.78
		553,18.62		<u>422,92.07</u>
Net Current Assets			(157,77.58)	(65,23.59)
Total			<u>176,05.75</u>	<u>282,67.17</u>

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

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

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, May 30, 2008

For and on behalf of the Board

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

P. K. Ghosh
R. D. Calmeyer

M. A. Elias
J. K. Setna

K. V. Vaidyanathan

Mumbai, May 30, 2008

Consolidated Profit and Loss Account for the year ended March 31, 2008

	Schedule	Rs. Lacs	Rs. Lacs	2006-2007 Rs. Lacs
Income				
Sales		1,553,68.26		1,385,85.82
Less : Excise Duty (Refer Note 2 on Schedule 25)		79,83.20		90,24.09
			1,473,85.06	1,295,61.73
Other Income	13		77,18.21	65,92.93
			1,551,03.27	1,361,54.66
Expenditure				
Cost of Goods Sold	14	598,21.90		572,65.94
Employee Costs	15	124,82.26		171,44.33
Other Expenses	16	501,12.81		402,41.91
Depreciation/Amortisation/Impairment	4	20,92.51		19,57.34
			1,245,09.48	1,166,09.52
Profit before Taxation			305,93.79	195,45.14
Current Tax		67,41.59		59,60.70
Deferred Tax		(2,43.05)		(16,75.09)
Fringe Benefit Tax		4,27.56		4,20.00
			69,26.10	47,05.61
Profit after tax and before minority interest			236,67.69	148,39.53
Less : Minority Interest			(91.68)	–
Profit after Taxation			235,76.01	148,39.53
Add : Balance Brought Forward			22,73.97	38,48.14
Profit Available for Appropriation			258,49.98	186,87.67
Appropriation :				
First Interim Dividend			81,59.57	57,79.68
Second Interim Dividend			–	44,19.77
Special Dividend - Proposed			–	27,19.86
Final Dividend - Proposed			95,19.50	–
Dividend Tax [Includes Rs. 20,80.08 Lacs (Previous Year : Rs. Nil) on Reduction of Share Capital]			51,37.42	18,92.71
Transfer to General Reserve			24,01.90	16,01.68
Balance Carried Forward			6,31.59	22,73.97
			258,49.98	186,87.67
Earnings Per Equity Share (Rupees)				
[Face Value of Re. 1 (Previous Year : Rs. 10) per equity share]				
Basic and Diluted (Refer Schedule 22)			17.34	10.91

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

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

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, May 30, 2008

For and on behalf of the Board

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

P. K. Ghosh
R. D. Calmeyer

M. A. Elias
J. K. Setna

K. V. Vaidyanathan

Mumbai, May 30, 2008

Consolidated Cash Flow Statement for the year ended March 31, 2008

	2007-2008	2006-2007
	Rs. Lacs	Rs. Lacs
Cash flow from Operating Activities :		
Net Profit before Tax	305,93.79	195,45.14
Adjustment for :		
Unrealised Foreign Exchange Loss (Net)	23.19	22.07
Depreciation/Amortisation	20,92.51	19,57.34
Interest Expense	1,22.60	98.04
Profit on Sale of Fixed Assets (Net)	(86.75)	(8,78.23)
Interest Income	(21,08.43)	(16,88.26)
Operating Profit before Working Capital Changes	306,36.91	190,56.10
Adjustment for (Increase)/Decrease in Working Capital :		
Inventories	5,80.09	(4,48.57)
Sundry Debtors	2.14	(2,82.00)
Loans and Advances	5,01.94	(12,05.07)
Current Liabilities and Provisions	23,05.21	48,25.62
Cash Generated from Operations	340,26.29	219,46.08
Direct Taxes Paid (Net)	(48,90.95)	(61,77.68)
Net Cash from/(used in) Operating Activities (A)	291,35.34	157,68.40
Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(45,19.18)	(38,46.28)
Sale of Fixed Assets	1,83.97	9,11.60
(Purchase)/Sale of Investments	65,00.00	15,00.00
Investment in subsidiaries	(6,31.49)	-
Inter-Corporate Deposits (Placed)/Refunded (Net)	(28,15.00)	1,10.00
Interest Received	22,42.61	17,25.98
Net Cash from/(used in) Investing Activities (B)	9,60.91	4,01.30
Cash Flow from Financing Activities :		
Long Term Loans Availed/(Paid) (Net)	41.25	(8.02)
Interest Paid	(1,22.60)	(98.04)
Dividend Paid	(116,72.48)	(120,67.56)
Repayment of Capital	(121,30.53)	-
Dividend Tax Paid	(39,29.04)	(14,30.47)
Net Cash from/(used in) Financing Activities (C)	(278,13.40)	(136,04.09)
Net increase in Cash and Cash Equivalents (A+B+C)	22,82.85	25,65.61
Cash and Cash Equivalents at the beginning of the year	114,86.42	89,20.81
Cash and Cash Equivalents on Acquisition of Subsidiaries	10,43.97	-
Cash and Cash Equivalents at the end of the year	148,13.24	114,86.42

Consolidated Cash Flow Statement for the year ended March 31, 2008 (Contd.)

	As at March 31, 2008 Rs. Lacs	As at March 31, 2007 Rs. Lacs
Cash and Cash Equivalents comprise :		
Balances with Scheduled Banks in		
– Cash on Hand	2.10	0.30
– Current Accounts	38,57.49	53,26.22
– Deposit Accounts	103,58.59	51,10.86
– Unpaid Dividend Accounts	5,95.06	10,49.04
Cash and Cash Equivalents as at the end of the year	148,13.24	114,86.42

Notes :

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements".
2. Net Cash from Operating Activities for the year is after cash outflow of **Rs. 99.96 Lacs** (Previous Year : Rs. 54,54.05 Lacs) for Voluntary Retirement Scheme.
3. Previous year's figures have been re-grouped and re-arranged wherever necessary.

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

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, May 30, 2008

For and on behalf of the Board

Deputy Chairman	P. K. Ghosh
Managing Director	R. D. Calmeyer
Whole-time Director & Chief Financial Officer	M. A. Elias
Director	J. K. Setna
Whole-time Director & Company Secretary	K. V. Vaidyanathan

Mumbai, May 30, 2008

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2008

	Rs. Lacs	As at March 31, 2008 Rs. Lacs	As at March 31, 2007 Rs. Lacs
Schedule 1 : Share Capital			
Authorised			
1,37,00,00,000 (Previous Year : 13,70,00,000) Equity Shares of Re. 1 (Previous Year : Rs. 10) each		137,00.00	137,00.00
Note : Pursuant to the approval by the shareholders and consequent to the scheme of reduction of share capital becoming finally effective, the Company has altered the authorised share capital to 1,37,00,00,000 shares of Re.1 each effective November 1, 2007.			
Issued, Subscribed and Paid-up			
13,59,92,817 Equity Shares of Re. 1 (Previous Year : Rs. 10) each fully paid		13,59.93	135,99.28
Of the above:			
(i) 5,44,76,910 Shares are held by Colgate-Palmolive Company, U.S.A., the Ultimate Holding Company.			
(ii) 1,48,79,426 Shares are held by Colgate-Palmolive (Asia) Pte Ltd., Subsidiary of the Ultimate Holding Company.			
(iii) 11,18,85,735 Shares of Rs. 10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.			
Note : Pursuant to the scheme of reduction of share capital u/s 100 of the Companies Act, 1956 of India as approved by the shareholders and Bombay High Court, the Company reduced the face value of its shares from Rs. 10 per share to Re.1 per share effective November 1, 2007. Consequently, the Company has paid Rs. 9 per share to the shareholders on December 14, 2007.			
Schedule 2 : Reserves and Surplus			
Capital Reserve			
Consideration for vacating rented godown	6.50		6.50
Special Capital Incentive from Government	20.00		20.00
On Acquisition of Subsidiaries	<u>3,61.00</u>		<u>—</u>
		3,87.50	26.50
Share Premium Account			
		12,79.93	12,79.93
General Reserve			
Balance, beginning of the year	106,59.99		93,17.40
(Add)/Less : Employee Retirement Benefits adjusted against reserve (Net of Deferred Tax) (Refer Schedule 18)	(8.43)		2,59.09
	<u>106,68.42</u>		<u>90,58.31</u>
Add : Transfer from Profit and Loss Account	24,01.90		16,01.68
		130,70.32	106,59.99
Profit and Loss Account Balance			
		6,31.59	22,73.97
		153,69.34	142,40.39
Schedule 3 : Unsecured Loans			
Loans		4,68.75	4,27.50
		4,68.75	4,27.50

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2008

Schedule 4 : Fixed Assets (Refer Note 3 on Schedule 17)

Rs. Lacs

Particulars	Gross Block		Depreciation/Amortisation/Impairment				Net Book Value	
	As at March 31, 2007	Acquisition of Subsidiaries (Refer Note (iv) below)	Up to March 31, 2007	For the Year	Impairment of Assets (Refer Note (iii) below)	Disposals/Transfers	As at March 31, 2008	As at March 31, 2007
Intangible Assets								
Goodwill and Trademarks	27,29.81	-	27,29.81	-	-	-	27,29.81	-
Copyrights and Design	13,52.90	-	13,52.90	-	-	-	13,52.90	-
Technical Know-how	49,83.70	-	49,83.70	-	-	-	49,83.70	-
Tangible Assets								
Land - Leasehold (Refer Note (i) below)	4,59.46	74.64	53.03	7.80	-	-	4,65.74	4,06.43
Buildings (Refer Note (ii) below)	107,41.17	2,42.42	38,34.77	3,32.61	-	-	71,77.42	69,06.40
Plant and Machinery	197,87.45	25,43.11	109,92.91	15,13.22	-	4,88.59	126,09.63	87,94.54
Furniture and Equipment	39,83.85	2,90.71	33,27.65	2,25.13	6.15	45.17	7,13.62	6,56.20
Vehicles	32.59	41.25	27.83	23.60	7.60	30.26	12.54	4.76
Total	440,70.93	36,89.79	273,02.60	19,43.65	6.15	5,64.02	209,78.95	167,68.33
Total Previous Year	433,21.56	-	269,00.85	15,98.57	3,58.77	15,55.59	273,02.60	
Add : Capital Work-in-Progress including advances on Capital Account		23,38.33					30,52.24	24,34.45
Total							240,31.19	192,02.78

Notes :

- (i) Land - Leasehold comprises of lease rights in respect of the land in the possession of the Company under Lease/Agreements to Lease with Maharashtra Industrial Development Corporation (MIDC) at Waluj and Dombivli, City Industrial Development Corporation of Maharashtra Limited at Aurangabad, Industrial Area Development Agency at Baddi, Hetauda in possession of the Company under lease with Hetauda Industrial District and Goa Daman & Diu Industrial Development Corporation at Goa.
- (ii) Buildings comprise of : (a) Factory Building at Sewri and leasehold rights in the land on which the building stands. While the ownership of the factory building is in the name of the Company, Mumbai Port Trust (MPT) has not yet effected formal transfer of lease rights in the said land, in favour of the Company. As regards the plot of land adjoining the factory building, MPT has revoked its offer of assignment. The Company has made a representation to MPT in this respect and the matter is pending. The amount of stamp duty and legal costs for such transfer will be capitalised when paid, (b) Factory buildings at Waluj, Aurangabad, (c) a residential building at Aurangabad, (d) Research Centre at Powai, Mumbai, (e) Building at MIDC Dombivli, (f) Factory Building at Hetauda, Nepal (g) Factory Building at Baddi, (h) Factory Building at Hyderabad.
- (iii) The Assets of the Company have been assessed for Impairment in accordance with Accounting Standard 28 "Impairment of Assets." Consequently, impairment of Rs. 6.15 Laacs (Previous Year : Rs. 3.58.77 Laacs) has been provided in the accounts during the year.
- (iv) Represents Gross Block and Accumulated Depreciation respectively, as on November 1, 2007, in respect of acquired subsidiaries.

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2008

	As at March 31, 2008 Rs. Lacs	As at March 31, 2007 Rs. Lacs
Schedule 5 : Investments		
(Refer Note 5 on Schedule 17)		
(At Cost - Long Term, Unquoted, unless otherwise stated)		
A. Other Investments (Listed but not quoted) (Non-Trade)		
5.20% (Tax Free) Secured, Redeemable, Non-Convertible Railway Bonds of Indian Railway Finance Corporation Limited (Series 44th 'A') of the face value of Rs. 20,00 Lacs.	–	20,00.00
6.15% (Taxable) National Textile Corporation Bonds of the face value of Rs. 10,00 Lacs.	10,00.00	10,00.00
5.25% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4D) of the face value of Rs. 10,00 Lacs.	–	10,00.00
6.35% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Limited (Series 7A) of the face value of Rs. 20,00 Lacs.	–	20,00.00
5.10% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4A) of the face value of Rs. 15,00 Lacs.	–	15,00.00
5.75% (Taxable) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 2) of the face value of Rs. 20,00 Lacs.	19,44.02	19,44.02
6.70% (Taxable) Unsecured, Redeemable, Non-Convertible, Non-Priority Sector Bonds of Hudco-Bonds (Series - 13) of the face value of Rs. 10,00 Lacs.	9,98.17	9,98.17
9.25% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Hudco-Gujarat Punarnirman (Series - 1C) of the face value of Rs. 9,50 Lacs.	9,59.00	9,59.00
	49,01.19	114,01.19
B. Other Investments (Listed and quoted) (Non-Trade)		
6.75% Tax Free Bonds of Unit Trust of India of the face value of Rs. 10,71.48 Lacs [Market Value Rs. 10,65.59 Lacs (Previous Year : Rs. 10,71.48 Lacs)]	10,88.33	10,88.33
6.60% Tax Free Bonds of Unit Trust of India of the face value of Rs. 5,00 Lacs [Market Value Rs. 4,94.00 Lacs (Previous Year : Rs. 5,00.00 Lacs)]	5,31.51	5,31.51
	16,19.84	16,19.84
Total	65,21.03	130,21.03
Aggregate book value of Investments :		
Listed but not quoted	49,01.19	114,01.19
Listed and quoted - Market Value Rs. 15,59.59 Lacs (Previous Year : Rs. 15,71.48 Lacs)	16,19.84	16,19.84
	65,21.03	130,21.03
Schedule 6 : Deferred Tax Asset/(Liability)[Net]		
(Refer Note 10 on Schedule 17)		
Timing Difference between book and tax depreciation	(15,56.25)	(14,23.00)
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	12,53.80	16,48.38
Accrual for expenses allowable only on payment	31,33.56	23,41.57
	28,31.11	25,66.95

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2008

	As at March 31, 2008 Rs. Lacs	As at March 31, 2007 Rs. Lacs
Schedule 7 : Inventories		
(Refer Note 6 on Schedule 17)		
Stores and Spares	4,66.83	4,18.36
Raw and Packing Materials	16,71.66	14,00.97
Work-in-Process	3,27.26	1,86.56
Finished Goods	61,59.12	60,27.17
	<u>86,24.87</u>	<u>80,33.06</u>
Schedule 8 : Sundry Debtors		
Unsecured : Considered Good		
Over Six Months	-	-
Others	9,38.66	9,40.80
	<u>9,38.66</u>	<u>9,40.80</u>
Schedule 9 : Cash and Bank Balances		
Cash on hand	2.10	0.30
Balances with Scheduled Banks in :		
- Current Accounts	38,57.49	53,26.22
- Deposit Accounts	103,58.59	51,10.86
- Unclaimed Dividend Accounts	5,95.06	10,49.04
	<u>148,13.24</u>	<u>114,86.42</u>
Schedule 10 : Loans and Advances		
Secured :		
Loans to Employees	3,55.06	4,13.92
Unsecured : Considered Good		
Inter-Corporate Deposits	78,34.00	68,19.00
Advances Recoverable in Cash or in Kind or for Value to be Received	25,64.26	34,18.51
Advance Tax (net of Provision for Taxation)	-	11,83.57
Balances with Excise Authorities	3,31.09	1,36.75
Deposits - Others	38,20.47	29,50.13
	<u>149,04.88</u>	<u>149,21.88</u>
Schedule 11 : Liabilities		
Acceptances	-	40,47.19
Sundry Creditors	306,48.95	232,65.68
Unclaimed Dividends	5,95.06	10,49.04
Other Liabilities	39,66.16	22,11.38
	<u>352,10.17</u>	<u>305,73.29</u>
Schedule 12 : Provisions		
Taxation (net of advance tax payments)	5,87.04	-
Fringe Benefit Taxation (net of advance tax payments)	4,43.67	3,49.00
Special Dividend - Proposed	-	27,19.86
Final Dividend - Proposed	95,19.50	-
Dividend Tax	16,88.21	4,62.24
Retirement/Employee Benefits (Refer Note 8 on Schedule 17 and Schedule 18)	12,47.02	7,28.59
Others/Contingencies (Refer Note 7 on Schedule 17 and Schedule 24)	66,23.01	74,59.09
	<u>201,08.45</u>	<u>117,18.78</u>
	<u>553,18.62</u>	<u>422,92.07</u>

Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2008

	Rs. Lacs	2007-2008 Rs. Lacs	2006-2007 Rs. Lacs
Schedule 13 : Other Income			
Interest			
– On Bank Deposits		6,04.92	2,98.34
– On Long Term Investments		7,42.76	8,07.82
– Others		7,60.75	5,82.10
Cash Discount		1,34.95	1,46.86
Rental Income		–	8.37
Provisions no Longer Required Written Back		7,12.00	–
Service Income		44,08.87	33,73.40
Profit on Sale of Assets (Net)		86.75	8,78.23
Export Duty Drawback Entitlement		–	2,05.93
Miscellaneous		2,67.21	2,91.88
		<u>77,18.21</u>	<u>65,92.93</u>
Schedule 14 : Cost of Goods Sold			
Opening Stock			
Work-in-Process	1,86.56		2,86.28
Finished Goods	60,27.17		55,00.08
Work-in-Process/Finished Goods of Acquired Subsidiaries	<u>3,23.04</u>		–
		65,36.77	57,86.36
Raw and Packing Materials Consumed			
Opening Stock	14,00.97		15,54.84
Add : Raw and Packing Materials of Acquired Subsidiaries	7,86.50		–
Add : Purchases [Net of transfer of Rs. 5,22.03 Lacs (Previous Year : Rs. 11,04.66 Lacs)]	<u>356,50.87</u>		263,41.75
	378,38.34		278,96.59
Less : Closing Stock	<u>16,71.66</u>		14,00.97
		361,66.68	264,95.62
		427,03.45	322,81.98
Purchased Finished Goods		237,36.57	313,02.46
Less : Closing Stock			
Work-in-Process	3,27.26		1,86.56
Finished Goods	<u>61,59.12</u>		60,27.17
		64,86.38	62,13.73
Increase/(Decrease) in Excise Duty on Finished Goods (Refer Note 2 on Schedule 25)		(1,31.74)	(1,04.77)
		<u>598,21.90</u>	<u>572,65.94</u>
Schedule 15 : Employee Costs			
Salaries, Wages and Bonus		104,96.28	99,91.11
Voluntary Retirement Scheme Cost		99.96	58,02.00
Contribution to Provident, Gratuity and Other Funds		12,48.85	8,38.29
Staff Welfare Expenses		6,37.17	5,12.93
		<u>124,82.26</u>	<u>171,44.33</u>

Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2008

	Rs. Lacs	2007-2008 Rs. Lacs	2006-2007 Rs. Lacs
Schedule 16 : Other Expenses			
Consumption of Stores and Spares		4,48.84	4,44.33
Processing Charges		77.31	54.82
Power and Fuel		8,81.63	7,89.30
Freight and Forwarding Charges		35,35.63	28,96.06
Rent		6,07.22	4,09.85
Rates and Taxes		7,63.16	5,88.93
Insurance		1,81.44	2,06.15
Repairs and Maintenance			
– Plant and Machinery	10,39.92		7,41.39
– Buildings	94.27		2,02.66
– Others	2,05.48		1,09.17
		13,39.67	10,53.22
Advertising and Sales Promotion		256,50.83	207,53.94
Directors' Fees		10.90	12.40
Sales Taxes absorbed		5,10.30	5,96.93
Royalty		47,69.55	33,79.35
Bad Debts Written Off		12.10	46.01
Exchange Loss (Net)		1,16.99	1,50.58
Interest		1,22.60	98.04
Travel and Conference Expenses		22,56.29	21,01.41
Outside Services		24,39.20	17,06.19
Miscellaneous		63,89.15	49,54.40
		501,12.81	402,41.91

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008 and Consolidated Profit and Loss Account for the year ended March 31, 2008

Schedule 17 : Significant Accounting Policies

1. Basis of Accounting

The Consolidated Financial Statements of Colgate-Palmolive (India) Limited (“the Company”) and its domestic and foreign subsidiaries (collectively referred to as “the Group”) are prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the Accounting Standard 21 on “Consolidated Financial Statements”, to the extent possible in the same format as that adopted by the Company for its separate financial statements.

2. Principles of Consolidation

The consolidated financial statements have been prepared on the following basis :

- The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.
- Intra group balances and intra group transactions and resulting profits are eliminated in full.
- Subsidiaries are no longer consolidated from the date of disposal.

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008 and Consolidated Profit and Loss Account for the year ended March 31, 2008

- The subsidiaries considered in the consolidated financial statements are :

	Country of Incorporation	% voting power held as at March 31, 2008	% voting power held as at March 31, 2007
Colgate-Palmolive (Nepal) Private Limited	Nepal	100	100
Advanced Oral Care Products Private Limited*	India	75	–
Professional Oral Care Products Private Limited*	India	75	–
SS Oral Hygiene Products Private Limited*	India	75	–

* Effective November 1, 2007, the Company has acquired 75% of the shareholding of three companies namely Advanced Oral Care Products Private Limited, Professional Oral Care Products Private Limited and SS Oral Hygiene Products Private Limited.

3. Fixed Assets

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

Intangible Assets

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

Tangible Assets

Leasehold land is being amortised over the period of lease.

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

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

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

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

Impairment

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

4. Revenue Recognition

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

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008 and Consolidated Profit and Loss Account for the year ended March 31, 2008

5. Investments

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

6. Inventories

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

7. Provisions and Contingent Liabilities

Provisions are recognised when the Group has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the Group has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

8. Expenditure

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

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

The Group has Defined Benefit Plan comprising of Gratuity Fund and Pension Scheme, as applicable. The Group contributes to the Gratuity Fund which is recognised by the Income Tax Authorities and administered through its trustees/appropriate authorities, as applicable. The liability for the Gratuity Fund and the Pension Scheme is determined on the basis of an independent actuarial valuation done at the year end. The Group has Leave Encashment Entitlements which are provided on the basis of independent actuarial valuation. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

Expenditure on voluntary retirement scheme is charged to the Profit and Loss Account in the year in which it is incurred.

9. Foreign Currency Transactions

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

The Consolidated Financial Statements are prepared in Indian Rupees, which is the functional currency for the Company and its domestic subsidiaries. However, Nepalese Rupee is the functional currency for its subsidiary

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008 and Consolidated Profit and Loss Account for the year ended March 31, 2008

located in Nepal. The translation of Nepalese Rupees into the reporting currency, is performed for assets, liabilities, revenues, costs and expenses using the standard exchange rate of 1 Indian Rupee = 1.6 Nepalese Rupees. There is no resultant exchange gain/loss on such translation.

10. Taxation

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

Schedule 18 : Employee Benefits

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

I Defined Contribution Plans

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

	2007-2008	2006-2007
	Rs. Lacs	Rs. Lacs

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

– Employers' Contribution to Provident Fund*	3,66.72	2,91.80
– Employers' Contribution to Superannuation Fund	2,09.03	2,35.78
– Employers' Contribution to Employees' State Insurance	10.65	4.97
– Employers' Contribution to Employees' Pension Scheme, 1995	78.48	73.03

Included in Contribution to provident and other funds (Refer Schedule 15)

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

II Defined Benefit Plans

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

Discount Rate (per annum)	8.50%	8.35%
Rate of increase in Compensation levels	10% for first five years & 7% thereafter	12% for first year & 7% thereafter
Rate of Return on Plan Assets (for Funded Scheme)	7.50%	7.50%
Expected Average remaining working lives of employees (years)	17.05	15.61

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008
and Consolidated Profit and Loss Account for the year ended March 31, 2008

Schedule 18 : Employee Benefits - (Contd.)

	2007-2008 Rs. Lacs	2006-2007 Rs. Lacs
A) (i) Changes in the Present Value of Obligation (Funded scheme)		
Opening Present Value of Obligation	14,73.19	17,60.01
Opening Present Value of Obligation of Acquired Subsidiaries	84.69	–
Interest Cost	1,20.75	1,27.91
Current Service Cost	1,64.37	1,71.95
Past Service Cost	–	–
Curtailment Cost/(Credit)	–	–
Settlement Cost/(Credit)	–	(3,74.12)
Benefits Paid	(3,42.00)	(1,83.04)
Actuarial (gain)/loss on obligations	3,74.35	(29.52)
Closing Present Value of Obligation	18,75.35	14,73.19
A) (ii) Changes in the Present Value of Obligation (Non-Funded scheme)		
Opening Present Value of Obligation	64.34	63.56
Interest Cost	3.15	0.73
Current Service Cost	4.68	1.19
Past Service Cost	–	–
Curtailment Cost/(Credit)	–	–
Settlement Cost/(Credit)	–	–
Benefits Paid	–	–
Actuarial (gain)/loss on obligations	9.06	(1.14)
Closing Present Value of Obligation	81.23	64.34
B) (i) Changes in the Fair value of Plan Assets (For Funded Scheme)		
Opening Present Value of Plan Assets	15,07.21	13,89.48
Opening Present Value of Plan Assets of Acquired Subsidiaries	63.45	–
Expected Return on Plan Assets	1,10.17	1,30.61
Actuarial Gains and (Losses)	(18.48)	(42.20)
Contributions	1,55.60	6,31.75
Benefits Paid	(3,42.00)	(1,83.04)
Assets Distributed on Settlement	–	(4,19.39)
Closing Fair Value of Plan Assets	14,75.95	15,07.21
(ii) Percentage of each category of Plan Assets to total Fair Value of Plan Assets		
Category of Assets (% Allocation)	%	%
Government of India Securities	14%	14%
Corporate Bonds	37%	39%
Special Deposit Scheme	20%	17%
Insurer Managed Funds	21%	0%
Others	8%	30%

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008 and Consolidated Profit and Loss Account for the year ended March 31, 2008

Schedule 18 : Employee Benefits - (Contd.)

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets	2007-2008	2006-2007
	Rs. Lacs	Rs. Lacs
Present Value of Funded Obligation as at the end of the year	18,75.35	14,73.19
Fair Value of Plan Assets as at the end of the year	14,75.95	15,07.21
Funded Status	3,99.40	(34.02)
Present Value of unfunded Obligation as at the end of the year	81.23	64.34
Unrecognised Actuarial (gains)/losses	–	–
Unfunded Liability Recognised in Balance Sheet	4,80.63	30.32
Included in Provisions (Refer Schedule 12)		
D) (i) Amount recognised in the Balance Sheet (Funded Scheme)		
Present Value of Obligation as at the end of the year	18,75.35	14,73.19
Fair Value of Plan Assets as at the end of the year	14,75.95	15,07.21
Liability/(Asset) recognised in the Balance Sheet	3,99.40	(34.02)
(ii) Amount recognised in the Balance Sheet (Non-Funded Scheme)		
Present Value of Obligation as at the end of the year	81.23	64.34
Liability/(Asset) recognised in the Balance Sheet	81.23	64.34
E) (i) Expenses recognised in the Profit and Loss Account (Funded Scheme)		
Current Service Cost	1,64.37	1,71.95
Interest Cost	1,20.75	1,27.91
Expected Return on Plan Assets	(1,10.17)	(1,30.61)
Settlement Cost/(Credit)	–	45.27
Net actuarial (gain)/loss recognised in the period	3,92.13	12.68
Total Expenses recognised in the Profit and Loss Account	5,67.08	2,27.20
(ii) Expenses recognised in the Profit and Loss Account (Non-Funded Scheme)		
Current Service Cost	4.68	5.92
Past Service Cost	–	–
Interest Cost	3.15	0.73
Expected Return on Plan Assets	–	–
Curtailment Cost/(Credit)	–	–
Settlement Cost/(Credit)	–	–
Net actuarial (gain)/loss recognised in the period	9.06	(1.14)
Total Expenses recognised in the Profit and Loss Account	16.89	5.51
Included in Contribution to Provident and Other Funds (Refer Schedule 15)		

III Other Employee Benefit Plan

The liability for leave encashment as at the year end is **Rs. 7,66.39 Lacs** (Previous Year: Rs. 6,98.27 Lacs). In accordance with the transitional provisions of Accounting Standard 15, changes in actuarial assumptions due to adoption of the revised accounting standard of **Rs. 8.43 Lacs** (Previous Year : Rs. 2,59.09 Lacs) net of deferred tax of **Rs. 5.79 Lacs** (Previous Year : Rs. 1,31.46 Lacs) have been adjusted against General Reserve.

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008 and Consolidated Profit and Loss Account for the year ended March 31, 2008

Schedule 19 : Segment Information

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

Primary Reportable Segment

Particulars	2007-2008 Rs. Lacs	2006-2007 Rs. Lacs
1. Segment Revenue from Operations	1,473,85.06	1,295,61.73
Unallocated Income	44,08.87	35,79.33
Other Income	33,09.34	30,13.60
	1,551,03.27	1,361,54.66
2. Segment Results	271,51.50	162,40.26
Add : Unallocated results	2,55.55	3,89.32
Add : Other Income	33,09.34	30,13.60
Less : Interest	1,22.60	98.04
Total Profit before Tax	305,93.79	195,45.14
3. Capital Employed		
Segment Assets	511,41.98	414,94.16
Add : Unallocated Corporate Assets	217,82.39	290,65.08
Total Assets	729,24.37	705,59.24
Segment Liability	392,71.36	357,07.48
Add : Unallocated Corporate Liability	165,16.01	70,12.09
Total Liability	557,87.37	427,19.57
Segment Capital Employed	118,70.62	57,86.68
Add : Unallocated Capital Employed	52,66.38	220,52.99
Total Capital Employed	171,37.00	278,39.67
4. Capital Expenditure		
Segment Capital Expenditure	42,56.41	36,29.73
Add : Unallocated Capital Expenditure	2,62.77	2,16.55
Total Capital Expenditure	45,19.18	38,46.28
5. Depreciation/Amortisation/Impairment		
Segment Depreciation	18,67.37	17,22.46
Add : Unallocated Depreciation	2,25.14	2,34.88
Total Depreciation	20,92.51	19,57.34
6. Significant Non Cash Expenditure (excluding depreciation)	12.10	46.01

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008 and Consolidated Profit and Loss Account for the year ended March 31, 2008

Schedule 19 : Segment Information - (Contd.)

Secondary Reportable Segment	India		Outside India		Rs. Lacs Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
	Revenue by geographical segment					
External	1,459,88.59	1,285,83.06	13,96.47	9,78.67	1,473,85.06	1,295,61.73
Internal Segment	—	—	—	—	—	—
Total	1,459,88.59	1,285,83.06	13,96.47	9,78.67	1,473,85.06	1,295,61.73
Carrying amount of segment assets	509,57.32	411,68.27	1,84.66	3,25.89	511,41.98	414,94.16
Capital Expenditure	42,49.96	36,22.24	6.45	7.49	42,56.41	36,29.73

Schedule 20 : Disclosure of Related Parties

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

- i) **Ultimate Holding Company** : Colgate-Palmolive Company, U.S.A.
- ii) **Group Companies where common control exists** :
 - : Colgate-Palmolive (Malaysia) Mktg. SDN BHD
 - : Colgate-Palmolive, Poland Sp.z.o.o
 - : Colgate-Palmolive, Philippines, Inc.
 - : Colgate-Palmolive, East Africa Ltd., Kenya
 - : Colgate-Palmolive, Marocco Limited
 - : Colgate-Palmolive Pty Ltd., South Africa
 - : Colgate-Palmolive Pty Ltd., Australia
 - : Colgate-Palmolive (Thailand) Ltd.
 - : Colgate-Palmolive (H.K.) Ltd., Honkong
 - : Colgate-Palmolive Management Services (H.K.) Limited
 - : Colgate-Palmolive (Guangzhou) Co. Ltd., China
 - : Colgate-Palmolive Son Hai Ltd., Vietnam
 - : Colgate Sanxiao (Consumer Products) Company Limited
 - : Colgate-Palmolive, Senegal S. A.
 - : Colgate-Palmolive (Png) Limited
 - : Colgate-Palmolive (U.K.) Limited
 - : Hawley & Hazel Chemical Company (H.K.) Limited
 - : Colgate-Palmolive (Burlington) Limited
 - : Colgate-Palmolive, Temizlik, Urunleri, Turkey
 - : Colgate-Palmolive Cameroun S.A.
 - : Colgate-Palmolive Romania srl.
 - : Mission Hills S.A. DE C.V.
 - : CP Global Export - France
 - : Colgate-Palmolive (Fiji) Limited
 - : Colgate-Palmolive Company Puerto Rico
 - : Colgate-Palmolive (E) Pte Ltd.
 - : Colgate-Palmolive Industria E Comercio Ltda, Brazil
 - : Colgate-Palmolive Arabia Ltd.
 - : Colgate Palmolive Compania, Colombia
 - : Colgate-Palmolive (Asia) Pte. Ltd. Singapore
 - : Colgate-Palmolive Compania Anonima, Caracas
 - : Colgate-Palmolive Tanzania Limited
 - : CP Hawley & Hazel Chemical Co., (ZS) Ltd.
 - : Colgate-Palmolive Zambia Inc.
- iii) **Key Management Personnel** :
 - : Roger Calmeyer
 - : Moses Elias
 - : K. V. Vaidyanathan
 - : Vinay Hegde (upto July 31, 2007)
 - : Graeme Dalziel (upto May 31, 2006)
- iv) **Relatives of Key Management Personnel** :
 - : Mrs. Pratima Elias

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008 and Consolidated Profit and Loss Account for the year ended March 31, 2008

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

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

Nature of Transaction	Rs. Lacs									
	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
Purchase of Goods/Materials										
Colgate-Palmolive (Thailand) Ltd.	-	-	2,09.16	1,76.44	-	-	-	-	2,09.16	1,76.44
Colgate Sanxiao (Consumer Products) Company Limited	-	-	3,39.56	3,77.16	-	-	-	-	3,39.56	3,77.16
Others	-	-	93.04	1,60.19	-	-	-	-	93.04	1,60.19
Sub-Total	-	-	6,41.76	7,13.79	-	-	-	-	6,41.76	7,13.79
Sale of Goods/Materials										
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	4,75.11	2,28.63	-	-	-	-	4,75.11	2,28.63
Colgate-Palmolive Romania srl.	-	-	58.29	66.46	-	-	-	-	58.29	66.46
Colgate-Palmolive Tanzania Ltd.	-	-	1,01.60	-	-	-	-	-	1,01.60	-
Colgate-Palmolive Compania, Columbia	-	-	-	1,04.15	-	-	-	-	-	1,04.15
Others	-	-	1,16.55	58.66	-	-	-	-	1,16.55	58.66
Sub-Total	-	-	7,51.55	4,57.90	-	-	-	-	7,51.55	4,57.90
Sale of Assets										
Colgate-Palmolive, Poland Sp.z.o.o	-	-	13.23	-	-	-	-	-	13.23	-
Sub-Total	-	-	13.23	-	-	-	-	-	13.23	-
Services Rendered										
Colgate-Palmolive Company, U.S.A.	44,60.45	33,93.24	-	-	-	-	-	-	44,60.45	33,93.24
Others	-	-	-	20.19	-	-	-	-	-	20.19
Sub-Total	44,60.45	33,93.24	-	20.19	-	-	-	-	44,60.45	34,13.43
Services Received										
Colgate-Palmolive Company, U.S.A.	16,97.47	11,15.66	-	-	-	-	-	-	16,97.47	11,15.66
Colgate-Palmolive Management Services (H.K.) Limited	-	-	11,45.12	7,47.05	-	-	-	-	11,45.12	7,47.05
Sub-Total	16,97.47	11,15.66	11,45.12	7,47.05	-	-	-	-	28,42.59	18,62.71
Reimbursement of Expenses Receivable/(Payable)										
Colgate-Palmolive Company, U.S.A.	(8,63.77)	(7,98.75)	-	-	-	-	-	-	(8,63.77)	(7,98.75)
Others	-	-	(3.14)	(18.18)	-	-	-	-	(3.14)	(18.18)
Sub-Total	(8,63.77)	(7,98.75)	(3.14)	(18.18)	-	-	-	-	(8,66.91)	(8,16.93)
Others - Payable/(Receivable)										
Colgate-Palmolive Company, U.S.A.	26.46	56.45	-	-	-	-	-	-	26.46	56.45
Colgate-Palmolive Pty Ltd., Australia	-	-	(10.88)	-	-	-	-	-	(10.88)	-
Colgate-Palmolive Management Services (H.K.) Limited	-	-	4.64	20.54	-	-	-	-	4.64	20.54
Others	-	-	5.75	15.14	-	-	-	-	5.75	15.14
Sub-Total	26.46	56.45	(0.49)	35.68	-	-	-	-	25.97	92.13

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008 and Consolidated Profit and Loss Account for the year ended March 31, 2008

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

Nature of Transaction	Rs. Lacs									
	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
Dividend Paid/Proposed										
Colgate-Palmolive Company, U.S.A.	70,81.99	51,75.31	-	-	-	-	-	-	70,81.99	51,75.31
Colgate-Palmolive (Asia) Pte. Ltd., Singapore	-	-	19,34.33	14,13.55	-	-	-	-	19,34.33	14,13.55
Sub-Total	70,81.99	51,75.31	19,34.33	14,13.55	-	-	-	-	90,16.32	65,88.86
Reduction of Share Capital										
Colgate-Palmolive Company, U.S.A.	49,02.92	-	-	-	-	-	-	-	49,02.92	-
Colgate-Palmolive (Asia) Pte. Ltd., Singapore	-	-	13,39.15	-	-	-	-	-	13,39.15	-
Sub-Total	49,02.92	-	13,39.15	-	-	-	-	-	62,42.07	-
Royalty and Technical Fees										
Colgate-Palmolive Company, U.S.A.	42,24.36	30,25.97	-	-	-	-	-	-	42,24.36	30,25.97
Sub-Total	42,24.36	30,25.97	-	-	-	-	-	-	42,24.36	30,25.97
Remuneration										
Roger Calmeyer	-	-	-	-	4,98.52	2,96.84	-	-	4,98.52	2,96.84
Graeme Dalziel	-	-	-	-	-	2,60.06	-	-	-	2,60.06
Moses Elias	-	-	-	-	4,39.83	3,71.87	-	-	4,39.83	3,71.87
K.V.Vaidyanathan	-	-	-	-	1,65.35	96.27	-	-	1,65.35	96.27
Vinay Hegde	-	-	-	-	57.26	1,59.00	-	-	57.26	1,59.00
Sub-Total	-	-	-	-	11,60.96	11,84.04	-	-	11,60.96	11,84.04
Dividend										
Sub-Total	-	-	-	-	0.10	0.11	-	-	0.18	0.38
Reduction of Share Capital										
Sub-Total	-	-	-	-	0.10	0.11	-	-	0.18	0.38
Repayment of Loan										
Sub-Total	-	-	-	-	0.11	-	-	-	0.21	-
Interest on Loan received										
Sub-Total	-	-	-	-	1.20	1.20	-	-	1.20	1.20
Outstanding Receivable net of Payable										
Sub-Total	-	-	-	-	0.76	0.80	-	-	0.76	0.80
Outstanding Payable net of Receivable										
Sub-Total	35,45.70	6,70.14	1,91.30	2,52.70	24.76	25.96	-	-	2,16.06	2,78.66
			15,38.37	11,63.62	-	-	-	-	50,84.07	18,33.76

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008
and Consolidated Profit and Loss Account for the year ended March 31, 2008

	2007-2008	2006-2007
	Rs. Lacs	Rs. Lacs
Schedule 21 : Lease Accounting		
1. The Group 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	4,48.44	4,10.68
Greater than 1 year but less than 5 years	3,86.10	3,66.91
Greater than 5 years	–	–
2. Lease payments recognised in Consolidated Profit and Loss Account are included in "Miscellaneous" under Other Expenses in Schedule 16	5,96.17	4,18.79

Schedule 22 : Earnings Per Share

Profit After Taxation (Rs. Lacs)	235,76.01	148,39.53
Weighted average number of shares (Nos.)	13,59,92,817	13,59,92,817
Nominal Values of shares outstanding (Rs.)	1	10
Basic and Diluted Earnings Per Share (Rs.)	17.34	10.91

Schedule 23 : Contingencies and Commitments

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	18,93.15	12,64.23
2. Contingent liabilities not provided for in respect of : (Refer Note 7 on Schedule 17)		
(i) Guarantees given by the Group	2,75.00	15,20.00
(ii) Counter Guarantees given to the Banks	2,32.73	1,97.67
(iii) Cheques Discounted with Banks	31,64.18	29,67.28
(iv) Claims against the Group not acknowledged as debts	55.82	70.76
(v) Others		
– Excise Matters	2,56.40	2,33.04
– Service Tax Matters	7,64.28	10,21.77
– Sales Tax Matters	–	31,59.52
– Income Tax Matters	17.43	–

Note :

Contingent Liabilities disclosed above represent possible obligations where the possibility of cash outflow to settle the obligation is remote.

Schedule 24 : Others/Contingencies

(Refer Note 7 on Schedule 17)

	Commercial/Vendors	Direct/Indirect Taxes	Rs. Lacs
	(Refer Note 1 below)	(Refer Note 2 below)	Total
Opening Balance	18,13.73	56,45.36	74,59.09
Add : Provision made	65.67	9,81.28	10,46.95
Less : Provision Utilised/Reversed	7,12.00	11,71.03	18,83.03
Closing Balance	<u>11,67.40</u>	<u>54,55.61</u>	<u>66,23.01</u>

Notes forming part of the Consolidated Balance Sheet as at March 31, 2008 and Consolidated Profit and Loss Account for the year ended March 31, 2008

Schedule 24 : Others/Contingencies - (Contd.)

Notes :

1. Commercial/Vendors

Represents estimates made for probable liabilities/claims arising out of commercial transaction with vendors. Further information usually required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" is not disclosed since the same can be prejudicial to the interests of the Group.

2. Direct/Indirect Taxes

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

Schedule 25 : Supplementary Information

1. Derivative Instruments:

Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of The Institute of Chartered Accountants of India (ICAI)

Details of foreign currency balances not hedged :

Particulars	Foreign Currency Denomination	2007-2008		2006-2007	
		Foreign Currency Amount in Lacs	Indian Rupees equivalent in Lacs	Foreign Currency Amount in Lacs	Indian Rupees equivalent in Lacs
Assets (Trade Receivables)	USD	6.55	2,61.82	9.27	4,05.72
Assets (Loans and Advances)	USD	0.99	40.18	1.91	82.82
	GBP	—	—	0.18	15.67
Liabilities (Trade Payables)	EUR	0.70	43.05	0.01	0.28
	GBP	—	—	0.19	16.49
	USD	86.47	34,62.96	27.40	11,91.41

The foreign currency outstandings have been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11 "The effects of Changes in Foreign Exchange Rates (Revised 2003)".

- The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as excised duty expense in "Cost of Goods Sold - Increase/(Decrease) in Excise Duty on Finished Goods" under Schedule 14 annexed and forming part of Consolidated Profit and Loss Account.
- The financial statements of the subsidiaries have been audited by firms other than Price Waterhouse.
- Previous year's figures have been re-grouped and re-arranged wherever necessary.

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

		For and on behalf of the Board	
Partha Ghosh		Deputy Chairman	P. K. Ghosh
Partner		Managing Director	R. D. Calmeyer
Membership No. F-55913		Whole-time Director & Chief Financial Officer	M. A. Elias
For and on behalf of		Director	J. K. Setna
Price Waterhouse		Whole-time Director & Company Secretary	K. V. Vaidyanathan
Chartered Accountants			
Mumbai, May 30, 2008		Mumbai, May 30, 2008	

Statement pursuant to Section 212 of The Companies Act, 1956, relating to subsidiary companies

Name of the Subsidiary	Financial Year ending of the subsidiary	Number of equity shares held	Extent of holding	For financial year of the subsidiary			For the previous financial years since it became a subsidiary	
				Profit/(losses) so far it concerns the holding company and not dealt with in the books of accounts of the holding company	Profit/(losses) so far it concerns the members of the holding company and dealt with in the books of accounts of the holding company	Profit/(losses) so far it concerns the members of the holding company and not dealt with in the books of accounts of the holding company	Profit/(losses) so far it concerns the members of the holding company and dealt with in the books of accounts of the holding company	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Colgate-Palmolive (Nepal) Private Limited -Nepalese Rs. -Indian Rs.	July 16, 2007 (Ashad 32, 2064)	1,70,000 of Rs.100 each fully paid	100%	Rs. Lacs (13,15.48)	Rs. Lacs -	Rs. Lacs 1.93	Rs. Lacs 25,75.50	
Advanced Oral Care Products Private Limited (Effective November 1, 2007)	March 31, 2008	1,50,000 of Rs.100 each fully paid	75%	25.99	-	1.21	16,09.69	
Professional Oral Care Products Private Limited (Effective November 1, 2007)	March 31, 2008	9,00,600 of Rs. 10 each fully paid	75%	89.21	-	-	-	
SS Oral Hygiene Products Private Limited (Effective November 1, 2007)	March 31, 2008	1,50,000 of Rs.10 each fully paid	75%	1,59.83	-	-	-	

Changes in Company's interest in Colgate-Palmolive (Nepal) Private Limited between July 16, 2007 and March 31, 2008 : NIL
 Material changes for Colgate-Palmolive (Nepal) Private Limited between July 16, 2007 and March 31, 2008 in respect of Fixed Assets of, Investments of, Moneys lent, Moneys borrowed (other than meeting current liabilities) : NIL

For and on behalf of the Board

P. K. Ghosh
 Deputy Chairman
R. D. Calmeyer
 Managing Director
M. A. Elias
 Whole-time Director &
 Chief Financial Officer
J. K. Setna
 Director
K. V. Vaidyanathan
 Whole-time Director &
 Company Secretary
 Mumbai, May 30, 2008

**Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956
relating to subsidiary companies**

Rs. in Lacs

Name of the Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Details of investments (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before taxation	Provision for Taxation	Profit/ (Loss) after taxation	Proposed Dividend
Advanced Oral Care Products Private Limited (Effective November 1, 2007)	2,00.00	3,02.52	41,57.52	36,55.00	-	37,20.00	2,75.28	2,40.63	34.65	2,30.00
Professional Oral Care Products Private Limited (Effective November 1, 2007)	1,20.08	2,66.01	26,53.53	22,67.44	-	39,55.91	3,36.59	2,17.65	1,18.94	1,14.08
SS Oral Hygiene Products Private Limited (Effective November 1, 2007)	20.00	3,08.22	10,96.60	7,68.38	-	14,63.96	3,48.99	1,35.89	2,13.10	70.00

For and on behalf of the Board
P. K. Ghosh Deputy Chairman
R. D. Calmeyer Managing Director
M. A. Elias Whole-time Director & Chief Financial Officer
J. K. Setna Director
K. V. Vaideyanathan Whole-time Director & Company Secretary

Mumbai, May 30, 2008