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Board of Directors

	<i>Chairman</i>	F. T. Garcia
	<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
	<i>Whole-time Director</i>	V. Hegde
		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>	V. Hegde
	<i>Sales</i>	S. Bharatwaj
	<i>R & D</i>	S. Manek
	<i>Information Technology</i>	A. Pande
	<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									
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
A. Operating Results :										
Sales	1,019,73#	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
Other Income	12,48#	16,31#	22,89#	29,51	30,95	35,76	29,92	34,23	46,09#	67,00
Net Profit After Tax	80,07	45,67	51,79	62,50	69,79	88,66	108,00	113,29	137,60	160,17
Cash Profits	101,24	70,30	75,00	82,72	91,94	108,13	132,26	135,66	169,03	175,42
B. Financial Position :										
Fixed Assets (Net)	194,46	226,17	215,58	196,93#	172,31	158,02	93,95	147,21	169,12	192,03
Current Assets (Net)	83,17	58,47	80,31	31,26#	56,86	29,52	36,77	(62,83)	(49,64)	(66,23)
Others (Net)	20,51	14,23	11,08	23,97#	27,72	89,62	115,76	169,37	155,95	159,00
TOTAL ASSETS	298,14	298,87	306,97	252,16	256,89	277,16	246,48	253,75	275,43	284,80
Share Capital	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99
Reserves and Surplus	157,37	157,75	164,26	103,12	111,65	139,03	108,32	113,78	135,08	144,53
SHAREHOLDERS' FUNDS	293,36	293,74	300,25	239,11	247,64	275,02	244,31	249,77	271,07	280,52
Loan Funds	4,78	5,13	6,72	13,05	9,25	2,14	2,17	3,98	4,36	4,28
TOTAL CAPITAL EMPLOYED	298,14	298,87	306,97	252,16	256,89	277,16	246,48	253,75	275,43	284,80
C. Equity Share Data :										
Earnings Per Share (Rs.)	5.89	3.36	3.81	4.60	5.13	6.52	7.94	8.33	10.12	11.78
Dividend Per Share (Rs.)	3.00	3.00	3.00	8.25*	4.25	4.25	6.00**	7.00	7.50	9.50***
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)	2,38	2,41	2,30	2,22	2,15	2,07	1,85	1,59	1,41	1,40

Re-grouped

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

** Including one-time special 25th Anniversary Dividend 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-sixth Annual General Meeting of COLGATE-PALMOLIVE (INDIA) LIMITED will be held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg, J.V.P.D. Scheme, Vile-Parle (West), Mumbai 400 056 on Friday, July 27, 2007 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2007 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. P. K. Ghosh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. A. Elias, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

“RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the approval of the Company be and is hereby accorded to the re-appointment of Mr. M. A. Elias as a Whole-time Director of the Company for a period of five years effective April 1, 2007 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Elias, a copy whereof initialled by the Vice-Chairman for the purpose of identification is placed before the Meeting, with a liberty to the Board of Directors or Managing Director to alter and vary such terms and conditions, including remuneration within, however, the maximum limit prescribed under Schedule XIII of the Act.

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

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

“RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the approval of the Company be and is hereby accorded to the re-appointment of Mr. K.V. Vaidyanathan as a Whole-time Director of the Company for a period of five years effective April 1, 2007 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Vaidyanathan, a copy whereof initialled by the Vice-Chairman for the purpose of identification is placed before the Meeting, with a liberty to the Board of Directors or Managing Director, to alter and vary such terms and conditions, including remuneration within, however, the maximum limit prescribed under Schedule XIII of the Act.

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

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

“RESOLVED that pursuant to Section 100 and other applicable provisions, if any, of the Companies Act, 1956 read with Article 8 of the Articles of Association of the Company and subject to confirmation of the High Court of Judicature at Bombay/Tribunal (“the Court”) and subject to obtaining such approvals/consents as may be required and further subject to such conditions as may be prescribed while granting such approvals/consents and confirmations which the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include a committee constituted by the Board for this purpose) may agree and accept, the share capital of the Company be reduced to Re. 1/- per share fully paid-up out of the face value of the equity shares of the Company of Rs.10/- per share fully paid-up which face value post such reduction shall become Re. 1/- per share fully paid-up and the face value of the equity shares so reduced at the rate of Rs. 9/- (Rupees nine only) per share (hereinafter referred to as the “Capital Reduction”), which is being in excess of the wants of the Company, be paid to the Members of the Company on a Record Date to be fixed by the

Board upon the Capital Reduction outlined herein becoming finally effective.

RESOLVED FURTHER that the Capital Reduction will be subject to and dependent upon the benefit thereof being extended to all Members of the Company uniformly.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to make such applications to the Court/Tribunal as may be required and agree to any modifications or conditions that may be suggested, imposed or stipulated by the Court or any other authority or effect such modifications as may be considered in the best interest of the Company and its Members and to give such directions or instructions as they, from time to time, may think fit or proper (including directions for settling any question, doubt or difficulty which may arise in this regard) and to do all such acts, deeds, matters and things as the Board, in its absolute discretion, may consider necessary, expedient, usual or proper.”

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

“RESOLVED that upon the Capital Reduction set out in resolution at Item No. 7 of the Notice convening the Annual General Meeting becoming finally effective and pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 and of the Articles of Association of the Company, the nominal face value of the equity share of Rs.10/- (Rupees ten only) each of the Company be and shall stand reduced to Re. 1/- (Rupee one only) per share and the relevant Capital Clauses in the Memorandum and Articles of Association of the Company be accordingly altered as proposed in the resolutions at Item Nos. 9 and 10 of the Notice convening the Annual General Meeting.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, including issue of fresh share certificates and execute all such documents, instruments and writings as may be required in the said connection and to delegate all or any of the powers herein vested in them to any Committee of Directors or any Director(s) to give effect to the aforesaid resolution.”

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

“RESOLVED that upon the Capital Reduction set out in resolution at Item No. 7 of the Notice convening the Annual General Meeting becoming finally effective, existing Clause V of the Memorandum of Association of the Company be deleted and the following new Clause V be substituted in place thereof –

V. The Authorised Capital of the Company is Rs.137,00,00,000 (Rupees one hundred thirty-seven crores) divided into 1,37,00,00,000 (One hundred thirty-seven crores) shares of Re.1/- (Rupee one only) each.’”

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

“RESOLVED that upon the Capital Reduction set out in resolution at Item No. 7 of the Notice convening the Annual General Meeting becoming finally effective and pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered by deleting existing Article 3 and substituting the following new Article 3 in place thereof –

‘3. The Authorised Share Capital of the Company shall be as per Clause V of its Memorandum of Association.’”

11. To appoint Auditors and to fix their remuneration.

By Order of the Board

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

Date : May 3, 2007

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

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. An explanatory statement under Section 173 of the Companies Act, 1956 in respect of Items 5 to 10 to be transacted at the meeting is appended hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 20, 2007 to Friday, July 27, 2007 (both days inclusive).
4. The Board has recommended a special 70th Anniversary dividend at its meeting held on May 3, 2007. This dividend, if approved by the Members at the ensuing Annual General Meeting to be held on July 27, 2007, will be paid on or about August 21, 2007 to those Members whose names appear in the Company's Register of Members on July 27, 2007. 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 19, 2007 as per details thereof to be furnished by the depositories.
5. 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, 912, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021.
6. 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.
7. To avoid the incidence of fraudulent encashment of the warrants, the Members are requested to intimate the Registrars and Share Transfer Agents of the Company under the signature of the Sole/First joint holder the following information so that the Bank Account Number and Name and Address of the Bank can be printed on dividend warrants :
 - a) Name of Sole/First Joint holder and Folio Number
 - b) Particulars of Bank Account viz.
 - i) Name of the Bank
 - ii) Name of the Branch
 - iii) Complete address of the Bank with pin code number
 - iv) Account type, whether Savings or Current Account
 - v) Bank Account Number allotted by the Bank.
8. 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.
9. 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.
10. Members holding shares in Demat form may please note that the bank account details given by them to their Depository Participants (DPs) and passed on to the Company by such DPs would be printed on the dividend warrants of the concerned members. However, if any member wants to receive dividend in any other bank account, such Member should change/correct the bank account details with their concerned DPs. The Company would not entertain any request from such shareholders directly for deletion/change in the bank account details to be printed on the dividend warrants.
11. 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 to be transferred to the

said Fund. During the Financial Year 2006-07, unclaimed amount of Dividend (Rs. 22,33,618/-) declared for the year 1998-99 has been transferred to the Investor Education and Protection Fund on November 29, 2006.

12. 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**.
13. 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.
14. At the ensuing Annual General Meeting, Mr. P. K. Ghosh and Mr. M. A. Elias shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. Ghosh are given below and that of Mr. Elias are given in the explanatory statement relating to Item No. 5 of the Notice.

Mr. P.K. Ghosh :

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

Other Directorships :

Does not hold any other directorship.

Committee Membership :

Member of the Audit Committee and Chairman of the Shareholders'/Investors' Grievance Committee of the Company.

Annexure to the Notice

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

Item 5

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

Mr. Elias was appointed a Whole-time Director of the Company effective April 1, 1997 and thereafter re-appointed for a period of five years from April 1, 2002. In recognition of his extensive exposure and experience, the Board of Directors of the Company ("the Board") has re-appointed him a Whole-time Director of the Company for a further period of five years from April 1, 2007 subject to the approval of the shareholders. The Board is of the opinion that his re-appointment as a Whole-time Director of the Company would be in the best interest of the Company. The Board has no hesitation in commending his appointment.

The Directorship and Membership details of Mr. Elias are given below :

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

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

The remuneration payable to Mr. Elias shall be determined by the Board or Managing Director from time to time

within, however, the maximum limit prescribed under Schedule XIII of the Companies Act, 1956 :

1. Salary :
2. Commission or Performance Linked Incentive or Bonus :

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

3. Perquisites :

He shall be entitled to furnished/non-furnished accommodation, gas, electricity, medical reimbursement, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-tax Rules, 1962, being restricted to Rs. 30 Lacs per annum.

4. Company's contribution to provident fund and superannuation fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid.
5. Mr. Elias being an expatriate, in addition to the perquisites stipulated above, he shall also be entitled to :

- a) Leave Travel Concession :

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

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

Actual expenses incurred on travel and on packing, forwarding, loading/unloading, as well as freight, insurance, customs duty, clearing expenses and local transportation in connection with the moving of personal effects for self and family. Such expenses may be reimbursed at the time of his finally leaving the employment

of the Company. In case he joins another affiliate of the Colgate Group, the said affiliate will bear these expenses.

In the event of absence or inadequacy of profits in any financial year, Mr. Elias will be paid the aforesaid remuneration and perquisites as minimum remuneration for that year in accordance with the provisions of the Companies Act, 1956.

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

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

A copy of the draft agreement referred to in the resolution would be available for inspection by the Members at the Registered Office of the Company during business hours on any working day, excluding Saturday, upto and including the day of this Meeting.

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

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

Item 6

Mr. K. V. Vaidyanathan is a lawyer with varied professional experience and expertise in a broad spectrum of corporate laws, economic laws and intellectual property rights and is also a Member of the Institute of Company Secretaries of India. He joined the Company as Company Secretary in 1991 and was appointed a Whole-time Director of the Company effective April 1, 1997 and thereafter re-appointed for a period of five years from April 1, 2002. He has made several significant contributions to the Company's growth and implementation of investment plans and business strategies. His contributions have been invaluable.

In recognition of his accomplishments, the Board of Directors of the Company ("the Board") has re-appointed him a Whole-time Director of the Company for a further period of five years from April 1, 2007, subject to the approval of the shareholders. The Board is of the opinion that his re-appointment as a Whole-time Director of the Company would be in the best interest of the Company. The Board has no hesitation in commending his appointment.

The Directorship and Membership details of Mr. Vaidyanathan are given below :

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

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

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

1. Salary :
Upto Rs. 5,00,000/- per month.
2. Commission or Performance Linked Incentive or Bonus :
Not exceeding 1% of the net profit of the Company in any financial year as the Board or Managing Director may determine from time to time but shall not exceed the amount equivalent to the salary for the relevant period; it may be paid pro-rata on a monthly basis at the absolute discretion of the Board or Managing Director.
3. Perquisites :
He shall be entitled to furnished/non-furnished accommodation or house rent allowance in lieu thereof, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites to be determined in accordance with the Income-tax Rules, 1962 being restricted to Rs. 30 Lacs per annum.
4. The Company's contribution to provident fund and superannuation fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid.

In the event of absence or inadequacy of profits in any financial year, Mr. Vaidyanathan will be paid the aforesaid remuneration and perquisites as minimum remuneration for that year in accordance with the provisions of the Companies Act, 1956.

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

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

A copy of the draft agreement referred to in the resolution would be available for inspection by the Members at the Registered Office of the Company during business hours on any working day, excluding Saturday, upto and including the day of this Meeting.

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

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

Items 7 to 10

The Board of Directors of the Company ("the Board") at their meeting held on May 3, 2007 has approved the Capital Reduction so as to reduce the fully paid face value of shares from Rs. 10/- per share to Re. 1/- per share involving payment of Rs. 9/- per share to the Members of the Company as a "deemed dividend" on a Record Date to be determined by the Board after the said Capital Reduction becoming finally effective.

The Capital Reduction is conditional on and subject to :

- a) the approval of the Special Resolution at Item No. 7 by the Members of the Company;
- b) the confirmation of the High Court of Judicature at Bombay under Section 100 of the Companies Act, 1956;
- c) any other approval, consent or order of the appropriate authorities/forum as may be considered necessary and appropriate by the Board being obtained and granted in respect of any of the matters for which such approval, consent or order is required; and

- d) the benefit of the Capital Reduction being extended to all Members of the Company uniformly.

The Company has been advised that the amount payable as a “deemed dividend” under the Capital Reduction will not be taxable in the hands of Members. However, the Company will be liable to pay Dividend Distribution Tax. The payment under the Capital Reduction will not entail declaration or distribution of any dividend for the purposes of Section 205 and 205A of the Companies Act, 1956.

The resolution at Item No. 7 is designed to obtain the approval of the Members pursuant to Article 8 of the Company’s Articles of Association which, *inter alia*, empowers the Company to reduce its capital subject to the provisions of Sections 100 to 105 of the Companies Act, 1956.

The logic and rationale for proposing the Capital Reduction to the Members of the Company are given hereunder :

1. The Authorised Share Capital of the Company is Rs. 137,00,00,000/- comprising of 13,70,00,000 equity shares of Rs. 10/- each. The present Issued, Subscribed and Paid-up Share Capital is Rs. 135,99,28,170/- comprising of 13,59,92,817 equity shares of Rs. 10/- each.
2. The Company is engaged in the manufacture and/or marketing of fast moving consumer goods. The Company has maintained an impressive and consistent track record of profitable growth reflective of its leadership in the Oral Care market. Its performance has been driven by the Management’s strategy of successfully re-deploying the profits to support the Company’s core operations besides being able to significantly reduce its working capital requirement owing to several steps taken to improve the Company’s operational efficiency. During the past two years, the Company has made significant investments for creating incremental toothpaste productive capacity at Baddi. While the investments required for capital assets on an on-going basis are not significant given that the Company is not engaged in a capital intensive business, the Company will continue to make sustained commercial investments to reinforce and strengthen its market leadership position for which adequate cash will continue to be available with the Company post implementation of the Capital Reduction.
3. The Company has been following a rich dividend paying policy over the years backed up by a high dividend payout to its Members. Despite the high dividend payout ratio, the Shareholders’ Funds have

increased to Rs. 2,80.5 Crores out of the total Capital Employed of Rs. 2,84.8 Crores as of 31st March, 2007. Moreover, the Company has rewarded its Members with a series of bonus issues since 1982 which is borne out by the fact that of Rs. 1,36.0 Crores of its Issued and Paid-up Capital, Rs. 1,09.9 Crores constitute Bonus Shares.

4. The Shareholders’ Funds are represented by the significant cash surplus on the Company’s books as is evident from Rs. 3,13.2 Crores lying in the form of Investments in taxable/tax-free bonds, Inter-corporate deposits and cash as on 31st March, 2007.
5. It is obvious from the above that the Company has surplus cash in excess of its operational needs. Investments in treasury, which satisfy the Company’s investment criteria of security and liquidity, have yielded an incremental return of only 6 per cent as against the return on the Company’s core operations, which is significantly higher.

Hence the Board has come to the conclusion that it is financially prudent for the Company to return its share capital, which is in excess of its wants, to the Members by restructuring the capital structure as proposed in the Resolution at Item No. 7 of the Notice. Through this process of reduction of capital, the Company will be able to return Rs. 1,22.4 Crores of the Shareholders’ Funds to the Members, without any restriction or cap as is applicable to a scheme of buy-back under Section 77A of the Companies Act, 1956. Further, the amount of Rs. 9/- per share so reduced from the face value of Rs. 10/- per share and paid in cash to each Member would benefit all Members uniformly.
6. Even after the implementation of the Capital Reduction, the Company will have a strong Balance Sheet positively impacting its return on equity from 117.8 per cent to 214.1 per cent based on its Balance Sheet as of 31st March, 2007. The Company will continue to have substantial reserves, which can be leveraged in an effective manner to fund any future organic or inorganic plans that are part of its growth strategy. The Capital Reduction also does not affect the Company’s ability in future to increase its share capital and/or raise funds by way of borrowings to meet the Company’s growth plans, including any possible acquisition.
7. The Capital Reduction proposal is, therefore, in the best interest of the Company and its Members for various reasons including the following :

- a) that the Capital Reduction proposal will address the overcapitalisation issue faced by the Company and the benefit thereof will be available to all the Members uniformly;
- b) that even after the Capital Reduction, the Company will continue to have a strong Balance Sheet positively impacting the return on equity from 117.8 per cent to 214.1 per cent based on the Balance Sheet as of 31st March, 2007;
- c) that the Capital Reduction will help individual Members invest the funds to maximize the returns therefrom as against the Company's investments in treasury which yielded a return of only 6 per cent as of 31st March, 2007; and
- d) the Capital Reduction will not affect the Company's ability to fund its future growth plans as it will continue to have a strong Balance Sheet with cash surplus.

It is pertinent to note that the shareholding pattern will remain unchanged even after implementation of the Capital Reduction. However, the present Issued, Subscribed and Paid-up Share Capital will be reduced from Rs. 135,99,28,170/- comprising of 13,59,92,817 equity shares of Rs. 10/- each fully paid-up to Rs. 13,59,92,817/- comprising of 13,59,92,817 equity shares of Re. 1/- each fully paid-up upon the Capital Reduction becoming finally effective.

Barring unforeseen circumstances, the Company expects to maintain and grow its business operations and reward its Members consistent with its investor-friendly policy.

The resolutions for altering the capital clauses in the Memorandum and Articles of Association of the Company as set out at Item Nos. 8 to 10 are proposed to reflect the corresponding changes in the capital clauses of the Memorandum and Articles of Association of the Company

upon the Capital Reduction referred to at Item No. 7 becoming finally effective. The Board accordingly commends passing the resolutions set out at Item Nos. 7 to 10 of the Notice convening the Annual General Meeting.

In the event of the any of the said approval, consent or order not being obtained and/or the Capital Reduction not being confirmed by the High Court for any reason whatsoever on or before 31st December, 2007 or within such further period or periods as may be determined by the Board or if the benefit of the Capital Reduction is not uniformly available to all Members of the Company for any reason whatsoever, the Board shall at their sole discretion be entitled to withdraw the Capital Reduction proposal and the Company shall bear the expenses for the same.

A copy of the Memorandum and Articles of Association of the Company and the audited accounts for the year ended 31st March, 2007 would be available for inspection by the Members at the Registered Office of the Company during business hours on any working day, excluding Saturday, upto and including the day of this Meeting.

The Directors may be deemed to be concerned or interested in the resolutions at Item Nos. 7 to 10 to the extent of their respective shareholdings in the Company.

By Order of the Board

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

Date : May 3, 2007

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

Report of the Directors

To
The Members
Colgate-Palmolive (India) Limited

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended March 31, 2007.

Financial Results

(Rs. in Crores)

	2006-07	2005-06
Total Revenues	13,62.14	11,70.28
Sales (Excluding Excise Duty)	12,95.14	11,24.19
Other Income	67.00	46.09
Profit before Taxation	2,01.61	1,87.88
Provision for Taxation	41.44	50.28
Profit after Taxation	1,60.17	1,37.60
Balance brought forward	28.84	21.30
Profit available for Appropriation	1,89.01	1,58.90
Appropriation :		
Dividend	1,29.19	1,02.00
Dividend Tax	18.93	14.30
General Reserve	16.02	13.76
Balance carried forward	24.87	28.84
	1,89.01	1,58.90

Business Performance

Your Company's sales and volume registered a strong growth during 2006-07. Sales for the year increased by 15 per cent at Rs.12,95.1 Crores as against Rs.11,24.2 Crores during 2005-06. Your Company registered an overall volume growth of 10 per cent with toothpaste recording an impressive volume growth of 9 per cent during the year.

After adjusting a pre-tax charge of Rs. 58.0 Crores for a Voluntary Retirement Scheme (VRS) implemented in September, 2006 at the Sewri manufacturing facility and certain credits, the profit after tax has registered an

impressive growth of 16 per cent at Rs.1,60.2 Crores as against Rs.1,37.6 Crores during 2005-06. Excluding the VRS and certain credits, the profit after tax from operations for the year works out to Rs.1,85.3 Crores, a 26 per cent increase over the previous year.

The underlying performance can be gauged from the following key ratios :

	2006-07	2005-06
Earnings per share (Rs.)	11.8	10.1
Dividend per share (Rs.)	9.5	7.5
Return on Equity (%)	117.8	101.2
Return on Networth (%)	58.1	52.8

A strong business performance, increased innovation in managing the supply chain and an efficient collection system have ensured strong cash generation during the year. Surplus funds have been prudently invested after ensuring that such investments satisfy the Company's criteria of security and liquidity.

Business Prospects

The market shares of your Company are steadily increasing in all segments of the Oral Care market. The launch of innovative products such as Colgate Active Salt, Colgate MaxFresh and Colgate 360° Toothbrush has contributed to the market share growth. In addition, your Company focuses on driving effectiveness and efficiency in all areas of operation and getting closer to its consumers, customers and the dental profession in order to better understand and satisfy their needs.

Many purchase decisions are made at the retail shelf. The store is becoming an increasingly important arena for marketing battles, particularly with the advent of modern format retail stores. To address this growing trend, your Company, which has always been in the forefront of consumer research, is now also investing in the generation of shopper insights. Developing a better understanding of how shoppers behave in the store and what influences their decisions at the point of purchase helps your Company identify shopper marketing opportunities and ensure that shoppers choose our brands in the store.

Your Company likewise works closely with trade partners to jointly grow category sales. The relationships established with trade partners are being strengthened by using a number of initiatives. One of the initiatives taken is the development of multi-functional selling teams that have been organised for major customers. These teams consist of professionals specialising in different functions to serve each customer's multi-disciplinary needs. The team collaborates with the customers to share expertise and develop the most efficient ways of growing categories by identifying the right mix of products, determining how best to promote them and how to better use resources. Your Company also focuses on

strengthening its relationships with retailers of all sizes to ensure availability of its products on shelves everywhere to drive growth.

Another key element of your Company's growth strategy is to continuously strengthen and build on its long-standing relationships with the dental profession and thereby ensure that dentists endorse Colgate products. The methods range from sampling Colgate products to dentists and reaching them through a professional field force to participating in dental conventions and creating alliances with dental schools, all activities that bring Colgate closer to dental professionals. Your Company also works closely with the dental profession to increase oral health awareness in the country and improve oral care practices. Since 2004, your Company has been conducting the Oral Health Month every year, reaching out to more and more towns.

As a result of these initiatives, the right products reach consumers through the right channels with the right price and promotion plan faster and more efficiently, to create a win-win situation for both your Company and its consumers.

Dividend

For the financial year 2006-07, two interim dividends were paid – Rs. 4.25 per share on November 27, 2006 and Rs. 3.25 per share on March 30, 2007. In addition, your Directors have recommended a special 70th Anniversary dividend for the financial year 2006-07 at Rs. 2.00 per share. This dividend, if approved by the Members at the ensuing Annual General Meeting to be held on July 27, 2007, will be paid on or about August 21, 2007 to those Members whose names appear in the Company's Register of Members on July 27, 2007. 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 19, 2007 as per details thereof to be furnished by the depositories.

Accordingly, the total dividend (including the dividend recommended) for the financial year 2006-07 works out to Rs. 9.50 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- c) that to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) that they have prepared the annual accounts on a going concern basis.

Sewri Manufacturing Facility

With a view to enhancing the cost effectiveness and strengthening the Company's long-term competitiveness, your Company offered a voluntary retirement package at its Sewri facility well above the statutory norms, applying its usual caring, humane and fair approach. This package was availed by all the workers and staff of the Sewri facility, which discontinued its operations effective September 27, 2006.

Capital Restructure

At the Board Meeting held on May 3, 2007, the Directors have approved a proposal on the Capital Reduction so as to reduce the fully paid face value of shares from Rs. 10/- per share to Re. 1/- per share involving payment of Rs. 9/- per share to the Members of the Company as a "deemed dividend" on a Record Date to be fixed by the Board after the said Capital Reduction becoming finally

effective. The said Capital Reduction is subject to the approval of the Members at the ensuing Annual General Meeting and a confirmation by the High Court of Judicature at Bombay under Section 100 of the Companies Act, 1956.

The Company has been advised that the amount payable as a "deemed dividend" under the Capital Reduction will not be taxable in the hands of the Members. However, the Company will be liable to pay Dividend Distribution Tax.

As details relating to the Capital Reduction have been set out in the explanatory statement to the Notice convening the Annual General Meeting of the Company, the same are not being reproduced in this Report.

Oral Health Care

Continuing the long-standing commitment to improving oral health among children, your Company has established a new Oral Health Center of Excellence in New Delhi. This Center will implement child and parent education programs, provide critically needed preventive dental services, conduct continuing education training for local dental health professionals and distribute one million dental health packs over five years. The Center is part of a global network of Oral Health Clinics that Colgate is developing with the backing of the World Health Organisation's Global Child Dental Health Taskforce.

Your Company in partnership with the Indian Dental Association organised, once again, a month-long awareness campaign under the banner of Oral Health Month with the theme "Towards Zero Tooth Decay" in September, 2006 to establish and promote the importance of good oral hygiene and regular dental check-ups. During this Oral Health Month, free dental check-ups were done in dental clinics for the first time in 102 cities where approximately 5,000 dentists took part.

Nepal Subsidiary

The state of political instability and the deteriorating law and order situation continue to be a source of concern. Your Company is closely monitoring the situation and has taken steps to protect its assets and people.

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

During the year, Mr. M. A. Elias and Mr. K. V. Vaidyanathan have been re-appointed as Whole-time Directors of the Company effective April 1, 2007 for a period of five years, subject to the approval of the Shareholders.

Under Article 124 of the Company's Articles of Association, Mr. P. K. Ghosh and Mr. M. A. Elias retire by rotation at the 66th Annual General Meeting and, being eligible, offer themselves for re-appointment.

Auditors

Messrs. Price Waterhouse, Chartered Accountants, Auditors of the Company, 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 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 3, 2007

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 practising 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 four Whole-time Directors (the Managing Director and three Executive Directors) and five Non-executive Directors including the Chairman of the Board. Four of the five Non-executive Directors are Independent Directors. Accordingly, the composition of the Board is in conformity with the 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. R. A. Shah	Non-executive	14 @	9	4
Mr. P. K. Ghosh	Non-executive	–	–	–
Mr. R. D. Calmeyer*	Executive	–	–	–
Mr. G. D. Dalziel **	Executive	–	–	–
Mr. M. A. Elias	Executive	–	–	–
Mr. K. V. Vaidyanathan	Executive	–	–	–
Mr. V. Hegde	Executive	–	–	–
Mr. J. K. Setna	Non-executive	2	1	–
Mr. V. S. Mehta	Non-executive	1	–	–

@ Includes Foreign bodies corporate

* Appointed Managing Director effective June 1, 2006

** Ceased to be the Managing Director effective May 31, 2006

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

During the year 2006-07, 11 Board Meetings were held on April 18 and 26, May 17, June 23, July 26,

August 8, September 22, October 9 and 31, 2006; January 22 and March 9, 2007. The last Annual General Meeting of the Company was held on August 8, 2006.

Name of Director	No. of Board Meetings attended	Attendance at last AGM
Mr. F. T. Garcia	3	Present
Mr. R. A. Shah	10	Present
Mr. P. K. Ghosh	6	Absent
Mr. R. D. Calmeyer*	8 @	Present
Mr. G. D. Dalziel **	2	Not applicable
Mr. M. A. Elias	11	Present
Mr. K. V. Vaidyanathan	11	Present
Mr. J. K. Setna	11	Present
Mr. V. S. Mehta	8	Present
Mr. V. Hegde	11	Present

@ Includes participation via teleconference.

* Appointed Managing Director effective June 1, 2006

** Ceased to be the Managing Director effective May 31, 2006

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 2006-07, 5 Audit Committee Meetings were held on April 26, July 26, September 22, October 31, 2006 and January 22, 2007. Mr. R. A. Shah, Mr. J. K. Setna and Mr. V. S. Mehta attended all the meetings of the Committee. Mr. P. K. Ghosh could not attend the Committee Meetings held on July 26 and September 22, 2006.

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, 2007 are given below :

	Rs. Lacs
a) Salary	8,16.17
b) Benefits	1,87.32
c) Performance linked Incentive/Commission/Bonus	1,80.55
d) Sitting fees	12.40
Total	11,96.44

Note : The appointment of each of the four 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.

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

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

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

During the year 2006-07, 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	13	13
Non-receipt of shares lodged for transfer	2	2
Others	9	9
Total	24	24

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
2003-04	August 18, 2004	The Sivaswamy Auditorium, Mumbai	3.30 p.m.
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.

No Special Resolution was passed during the last three years. No Special Resolution requiring a postal ballot was passed last year or is 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 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 significantly over ten per cent, the tooth powder market grew around ten 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 90 gms. - one of the lowest in the world. The recent 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 September, 2006 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, 2007 was 1,160.

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

implied in the statement depending on circumstances.

10. General Shareholder Information

Annual General Meeting

Date and Time : July 27, 2007 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 20, 2007 to July 27, 2007 (both days inclusive).

Dividend Payment Date

Dividend	Payment Date
First Interim 2006-07	November 27, 2006
Second Interim 2006-07	March 30, 2007
Final dividend 2006-07, if declared	August 21, 2007

Listing on Stock Exchanges

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

Stock Code

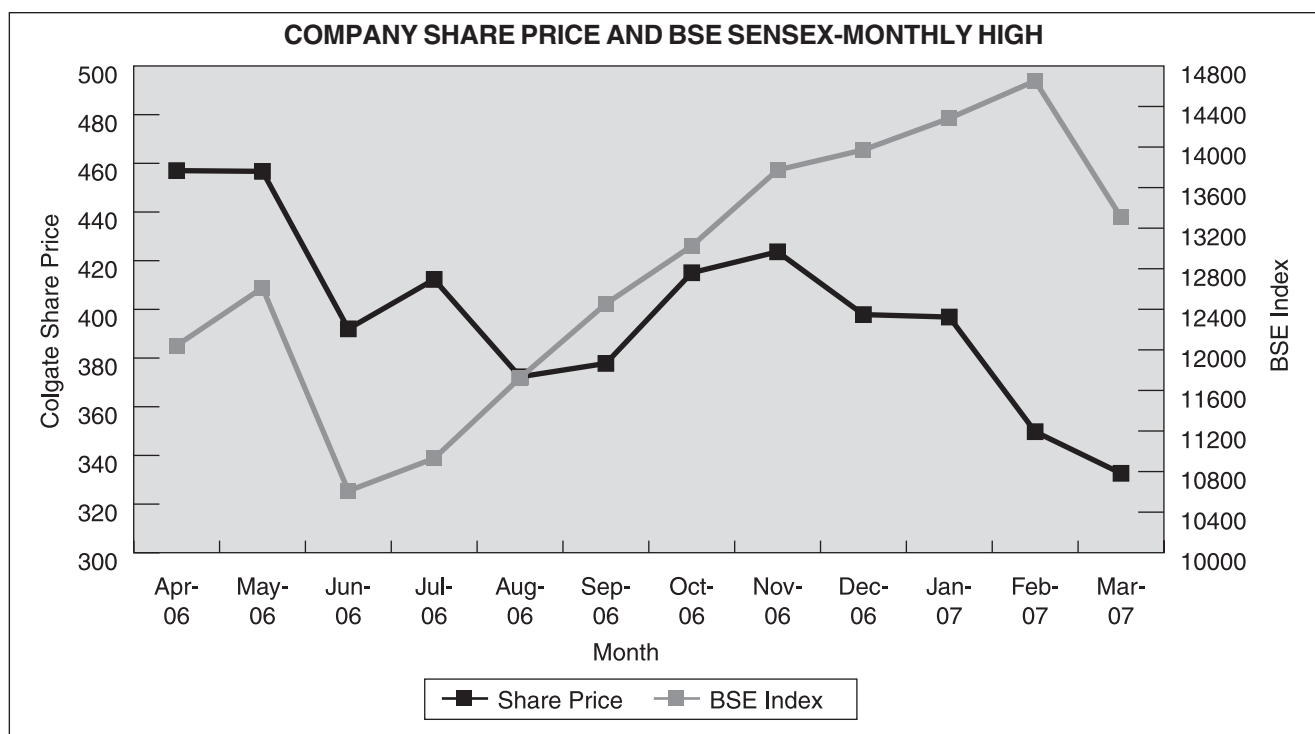
Bombay Stock Exchange Limited, Mumbai (physical & demat)	– Code : 500 830
National Stock Exchange of India Limited, Mumbai (physical & demat)	– Code : Colgate

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, 2006	457.00	398.50	476.30	381.00
May, 2006	456.70	349.95	468.00	284.20
June, 2006	392.00	313.55	399.90	276.00
July, 2006	412.30	358.15	422.00	355.10
August, 2006	372.30	350.90	385.00	336.10
September, 2006	377.80	362.20	389.00	355.10
October, 2006	415.05	368.40	422.00	366.55
November, 2006	423.65	378.95	429.50	373.55
December, 2006	397.85	357.05	404.90	346.10
January, 2007	396.85	349.70	404.50	346.50
February, 2007	349.75	303.60	360.00	296.00
March, 2007	332.65	295.05	341.90	291.00

Performance in comparison to BSE Sensex



Registrars and Share Transfer Agents

Sharepro Services (India) Private Limited
 912, Raheja Centre, Free Press Journal Marg
 Nariman Point, Mumbai 400 021
 Tel : 022 - 2288 1569/2284 4668
 Fax : 022 - 2282 5484
 Email : sharepro@vsnl.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, 2007)

Category	Number of shares	%
Foreign Collaborators	69356336	51.00
Resident Individuals	34075379	25.06
Foreign Institutional Investors	16117600	11.85
NRIs/OCBs	384759	0.28
Domestic Companies	2570144	1.89
Non-domestic Companies	1280	0.00
Banks and Mutual Funds	2939946	2.16
Financial Institutions	10547373	7.76
Total	135992817	100.00

Distribution of Shareholding (as at March 31, 2007)

Description	Holder(s)		Holder(s)	
	Folios	%	Shares	%
1 - 500	123192	88.046	12271249	9.023
501 - 1000	8160	5.832	5890057	4.331
1001 - 2000	5731	4.096	7852113	5.774
2001 - 3000	2058	1.471	5305240	3.901
3001 - 4000	236	0.169	817287	0.601
4001 - 5000	148	0.106	665929	0.490
5001 - 10000	228	0.163	1487863	1.094
10001 & above	164	0.117	101703079	74.786
Total	139917	100.00	135992817	100.00

Dematerialisation of shares and liquidity

As on March 31, 2007, 42.23 % 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 86.19% 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, 2007.

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
912, Raheja Centre, Free Press Journal Marg
Nariman Point, Mumbai 400 021
Tel : 022-2288 1569/2284 4668
Fax : 022-2282 5484
Email : sharepro@vsnl.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, 2007.

For Colgate-Palmolive (India) Limited

R. D. Calmeyer
Managing Director

Mumbai, May 3, 2007

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, 2007, 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 3, 2007

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 endeavour to improve energy conservation and utilisation.

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

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

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

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

3. Future plan of action :

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

4. Expenditure on R & D :	2006-07
	[Rs. Lacs]
a) Capital	16.95
b) Recurring	3,95.84
c) Total	4,12.79
d) Total R & D expenditure as a percentage of total turnover	0.32

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 toothpaste formulae.
- * The Company has developed and launched Colgate tooth powder with clinically proven anti-carries agent to make teeth stronger and healthier. It has also developed and launched a new Citrus Blast variant of Colgate Maxfresh toothpaste and Palmolive Naturals Liquid Handwash.

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

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

3. Imported Technology :

The Company continues to receive technological assistance from Colgate-Palmolive Company, U.S.A., for development and manufacture of 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. 37,19.46 Lacs. The particulars of foreign exchange earned/utilised during the year are given in Schedule 25 to the Accounts.

Auditors' Report

To the Members of Colgate-Palmolive (India) Limited

1. We have audited the attached Balance Sheet of Colgate-Palmolive (India) Limited ("the Company") as at March 31, 2007, 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, 2007, and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on March 31, 2007 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, 2007;
 - (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.

Mumbai, May 3, 2007

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

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, 2007)

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets. (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. Accordingly, clauses (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, 2007)

- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing 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, 2007, 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, 2007 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.	4.62	Customs, Excise and Service Tax Appellate Tribunal
		Excise duty liability for the Financial Years 2000-2001, 2001-2002, 2002-2003, 2003-2004 and 2004-2005.	2,37.70	First Appellate Authorities
	Sub total		2,42.32	
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 and Punjab.	Sales tax in dispute for the Financial Years 1990-1991, 1994-1995 to 1997-1998, 2000-2001 to 2003-2004 and 2005-2006.	39,88.50	Assessing Authorities and First Appellate Authorities of various states
		Sales tax in dispute for the Financial Years 1988-1989, 1994-1995, 1997-98, 1999-2000 and 2001-2002.	1,78.75	Sales Tax Appellate Tribunal of various states
	Sub total		41,67.25	
3.	Service Tax The Finance Act, 1994	Service tax in dispute for the Financial Year 2005-2006	7,00.63	Customs, Excise and Service Tax Appellate Tribunal
		Service tax in dispute for the Financial Years 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006 and 2006-2007.	13,51.83	First Appellate Authorities
	Sub total		20,52.46	
	Grand Total		64,62.03	

* Rs. 41,67.25 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, 2007)

- (x) The Company has no accumulated losses as at March 31, 2007 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 3, 2007

Balance Sheet as at March 31, 2007

	Schedule	Rs. Lacs	Rs. Lacs	As at March 31, 2006 Rs. Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	1	135,99.28		135,99.28
Reserves and Surplus	2	<u>144,53.38</u>		<u>135,07.72</u>
			280,52.66	271,07.00
Loan Funds				
Unsecured Loans	3		<u>4,27.50</u>	<u>4,35.52</u>
Total			<u>284,80.16</u>	<u>275,42.52</u>
Application of Funds				
Fixed Assets				
Gross Block	4	411,45.91		403,53.52
Less : Depreciation/Amortisation/Impairment		<u>243,77.58</u>		<u>243,50.98</u>
Net Block		167,68.33		160,02.54
Capital Work-in-Progress and Advances for Capital Expenditure		<u>24,34.45</u>		<u>9,09.02</u>
			192,02.78	169,11.56
Investments	5		133,33.53	148,33.53
Deferred Tax Asset (Net)	6		25,66.95	7,61.46
Current Assets, Loans and Advances				
Inventories	7	80,32.63		74,35.72
Sundry Debtors	8	9,32.63		6,47.60
Cash and Bank Balances	9	111,71.91		87,96.73
Interest Accrued on Investments/Deposits		3,86.32		4,24.04
Loans and Advances	10	<u>151,17.92</u>		<u>128,41.45</u>
		356,41.41		<u>301,45.54</u>
<i>Less :</i>				
Current Liabilities and Provisions				
Liabilities	11	315,71.85		282,35.86
Provisions	12	<u>106,92.66</u>		<u>68,73.71</u>
		422,64.51		<u>351,09.57</u>
Net Current Assets			(66,23.10)	<u>(49,64.03)</u>
Total			<u>284,80.16</u>	<u>275,42.52</u>

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 3, 2007

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

Mumbai, May 3, 2007

Profit and Loss Account for the Year ended March 31, 2007

	Schedule	Rs. Lacs	Rs. Lacs	2005-2006 Rs. Lacs
Income				
Sales		1,385,38.29		1,217,50.88
Less : Excise Duty (Refer Note 11 on Schedule 25)		90,24.09		93,31.85
		<hr/>	1,295,14.20	1,124,19.03
Other Income	13		67,00.03	46,08.95
			<hr/>	<hr/>
			1,362,14.23	1,170,27.98
Expenditure				
Cost of Goods Sold	14	576,36.74		505,36.20
Employee Costs	15	169,93.08		96,88.82
Other Expenses	16	398,98.03		348,72.28
Depreciation/Amortisation/Impairment	4	15,25.79		31,42.75
		<hr/>	1,160,53.64	982,40.05
Profit before Taxation			201,60.59	187,87.93
Current Tax		53,97.85		46,86.60
Deferred Tax		(16,74.03)		(2,58.46)
Fringe Benefit Tax		4,20.00		6,00.00
		<hr/>	41,43.82	50,28.14
Profit after Taxation			160,16.77	137,59.79
Balance Brought Forward			28,83.89	21,30.00
Profit Available for Appropriation			189,00.66	158,89.79
Appropriation :				
First Interim Dividend			57,79.68	37,39.80
Second Interim Dividend			44,19.77	40,79.78
Special Dividend - Proposed			27,19.86	-
Third Interim Dividend			-	23,79.87
Dividend Tax			18,92.71	14,30.47
Transfer to General Reserve			16,01.68	13,75.98
Balance Carried Forward			24,86.96	28,83.89
			<hr/>	<hr/>
			189,00.66	158,89.79
Earnings Per Equity Share (Rupees)				
(Face Value of Rs. 10 per equity share)				
Basic and Diluted (Refer Schedule 24)			11.78	10.12

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

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, May 3, 2007

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

Mumbai, May 3, 2007

Cash Flow Statement for the Year ended March 31, 2007

	2006-2007	2005-2006
	Rs. Lacs	Rs. Lacs
Cash Flow from Operating Activities :		
Net Profit before Tax	201,60.59	187,87.93
Adjustment for :		
Unrealised Foreign Exchange Loss (Net)	22.07	48.76
Depreciation/Amortisation/Impairment	15,25.79	31,42.75
Diminution in Value of Investments	–	7,50.00
Interest Expense	98.04	58.61
Profit on Sale of Fixed Assets (Net)	(8,47.43)	(6,88.56)
Interest Income	(16,80.75)	(14,72.77)
Dividend from Wholly-owned Subsidiary	(1,96.56)	–
Operating Profit before Working Capital Changes	190,81.75	206,26.72
Adjustment for (Increase)/Decrease in Working Capital :		
Inventories	(5,96.91)	11.18
Sundry Debtors	(2,85.03)	10,87.42
Loans and Advances	(18,44.00)	(9,11.75)
Current Liabilities and Provisions	52,06.13	44,94.53
Cash Generated from Operations	215,61.94	253,08.10
Direct Taxes Paid (Net)	(61,38.12)	(68,48.30)
Net Cash from/(used in) Operating Activities	154,23.82	184,59.80
(Refer Note 2 below)	(A)	
Cash Flow from Investing Activities :		
Purchase of Fixed Assets/Pre-Operative Expenses	(38,44.92)	(49,85.60)
Sale of Fixed Assets	8,75.34	6,96.60
(Purchase)/Sale of Investments	15,00.00	4,94.45
Inter-Corporate Deposits (Placed)/Refunded (Net)	1,10.00	(15,46.00)
Interest Received	17,18.47	15,95.71
Dividend from Wholly-owned Subsidiary	1,96.56	–
Net Cash from/(used in) Investing Activities	5,55.45	(37,44.84)
(B)		
Cash Flow from Financing Activities :		
Long Term Loans Availed/(Paid) (Net)	(8.02)	37.64
Interest Paid	(98.04)	(58.61)
Dividend Paid	(120,67.56)	(97,94.69)
Dividend Tax Paid	(14,30.47)	(17,16.56)
Net Cash from/(used in) Financing Activities	(136,04.09)	(115,32.22)
(C)		
Net increase in Cash and Cash Equivalents	23,75.18	31,82.74
Cash and Cash Equivalents at the beginning of the year	87,96.73	56,13.99
Cash and Cash Equivalents at the end of the year	111,71.91	87,96.73
	(A+B+C)	

Cash Flow Statement for the Year ended March 31, 2007 (Contd.)

	As at March 31, 2007 Rs. Lacs	As at March 31, 2006 Rs. Lacs
Cash and Cash Equivalents comprise :		
Balances with Scheduled Banks in		
– Current Accounts	50,12.01	28,58.54
– Deposit Accounts	51,10.86	30,21.04
– Unpaid Dividend Accounts	10,49.04	29,17.15
Cash and Cash Equivalents as at the end of the year	<u>111,71.91</u>	<u>87,96.73</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" issued by the Institute of Chartered Accountants of India.
2. Net Cash from Operating Activities for the year is after cash outflow of Rs. 54,54.05 Lacs (Previous Year : Rs. Nil) for Voluntary Retirement Scheme.
3. Previous year's 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 3, 2007

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**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 3, 2007

Schedules forming part of the Balance Sheet as at March 31, 2007

	Rs. Lacs	As at March 31, 2007 Rs. Lacs	As at March 31, 2006 Rs. Lacs
Schedule 1 : Share Capital			
Authorised			
13,70,00,000 Equity Shares of Rs. 10 each		<u>137,00.00</u>	<u>137,00.00</u>
Issued, Subscribed and Paid-up			
13,59,92,817 Equity Shares of Rs. 10 each fully paid		<u>135,99.28</u>	<u>135,99.28</u>
Of the above :			
(i) 5,44,76,910 Shares are held by Colgate-Palmolive Company, U.S.A., the Ultimate Holding Company.			
(ii) 1,48,79,426 Shares are held by Colgate-Palmolive (Asia) Pte Ltd., Subsidiary of the Ultimate Holding Company.			
(iii) 11,18,85,735 Shares of Rs. 10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.			
Schedule 2 : Reserves and Surplus			
Capital Reserve			
Consideration for vacating rented godown	6.50		6.50
Special Capital Incentive from State Government	<u>20.00</u>		<u>20.00</u>
		26.50	26.50
Share Premium Account		12,79.93	12,79.93
General Reserve			
Balance, beginning of the year	93,17.40		79,41.42
Less : Employee Retirement Benefits adjusted against reserve (Net of Deferred Tax) (Refer Schedule 23)	<u>2,59.09</u>		—
	90,58.31		79,41.42
Add : Transfer from Profit and Loss Account	<u>16,01.68</u>		13,75.98
		106,59.99	93,17.40
Profit and Loss Account Balance		24,86.96	28,83.89
		<u>144,53.38</u>	<u>135,07.72</u>
Schedule 3 : Unsecured Loans			
Loans [Repayable within one year Rs. 4,27.50 Lacs (Previous Year : Rs. 23.02 Lacs)]		<u>4,27.50</u>	4,35.52
		<u>4,27.50</u>	<u>4,35.52</u>

Schedules forming part of the Balance Sheet as at March 31, 2007

Schedule 4 : Fixed Assets (Refer Note 2 on Schedule 17)

Particulars	Gross Block			Depreciation/Amortisation/Impairment			Net Book Value			
	As at March 31, 2006	Additions/Transfers	Disposals/Transfers	As at March 31, 2007	Upto March 31, 2006	For the Year of Assets	Disposals/Transfers	Upto March 31, 2007	As at March 31, 2006	As at March 31, 2007
Intangible Assets										
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	-	-
Tangible Assets										
Land - Leasehold (Refer Note (i) below)	4,29.45	-	-	4,29.45	18.14	4.88	-	23.02	4,06.43	4,11.31
Buildings (Refer Note (ii) below)	102,00.46	5.51	6,21.09	95,84.88	29,97.49	3,02.08	-	26,78.48	69,06.40	72,02.97
Plant and Machinery	170,33.05	20,60.78	8,89.84	182,03.99	92,45.87	10,26.40	-	94,09.45	87,94.54	77,87.18
Furniture and Equipment	35,88.30	2,53.20	12.91	38,28.59	29,97.71	1,86.70	-	31,72.39	6,56.20	5,90.59
Vehicles	35.85	-	3.26	32.59	25.36	5.73	-	27.83	4.76	10.49
Total	403,53.52	23,19.49	15,27.10	411,45.91	243,50.98	15,25.79	-	243,77.58	167,68.33	160,02.54
Total Previous Year	324,44.95	111,78.42	32,69.85	403,53.52	244,70.04	19,66.69	11,76.06	243,50.98		
Add : Capital Work-in-Progress including advances on Capital Account Rs. 4,96.52 Lacs (Previous Year : Rs. 7,00.95 Lacs)									24,34.45	9,09.02
Total									192,02.78	169,11.56

- 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, 2007

	As at March 31, 2007 Rs. Lacs	As at March 31, 2006 Rs. Lacs
Schedule 5 : Investments		
(Refer Note 3 on Schedule 17)		
(At Cost - Long Term, Unquoted, unless otherwise stated)		
A. In Wholly-owned Subsidiary Companies (Refer Notes 1 and 2 below)		
NIL (Previous Year : 3,500) Equity Shares of Rs. 10 each fully paid in Multimint Leasing & Finance Limited.	-	0.35
NIL (Previous Year : 3,020) Equity Shares of Rs. 10 each fully paid in Jigs Investments Limited.	-	0.30
NIL (Previous Year : 302) Equity Shares of Rs. 100 each fully paid in Passion Trading & Investment Company Limited.	-	0.30
17,00,000 Equity Shares of Nepalese Rs. 100 each fully paid in Colgate-Palmolive (Nepal) Private Limited.	10,62.50	10,62.50
	10,62.50	10,63.45
<i>Less : Provision for Diminution in the value of Investments</i>	7,50.00	7,50.95
	3,12.50	3,12.50
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	20,00.00
7.80% (Tax Free) Secured, Redeemable, Non-Convertible Railway Bonds of Indian Railways Finance Corporation Limited (Series 36) of the face value of Rs. 15,00 Lacs.	-	15,00.00
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	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	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	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
	114,01.19	129,01.19

Schedules forming part of the Balance Sheet as at March 31, 2007

	As at March 31, 2007 Rs. Lacs	As at March 31, 2006 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. 10,71.48 Lacs (Previous Year : Rs. 10,82.19 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. 5,00.00 Lacs (Previous Year : Rs. 5,03.75 Lacs)]	5,31.51	5,31.51
	16,19.84	16,19.84
	133,33.53	148,33.53
Aggregate book value of Investments :		
Unquoted	3,12.50	3,12.50
Listed but not quoted	114,01.19	129,01.19
Listed and quoted - Market Value Rs. 15,71.48 Lacs (Previous Year : Rs. 15,85.94 Lacs)	16,19.84	16,19.84
	133,33.53	148,33.53
Notes :		
1. Multimint Leasing & Finance Limited, Jigs Investments Limited and Passion Trading & Investments Company Limited are defunct companies. The Registrar of Companies has struck off the names of the aforesaid subsidiaries from the Register of Companies in the current financial year.		
2. Provision for diminution : Rs. 7,50.00 Lacs towards diminution in the value of Company's Investment in its Wholly-owned subsidiary in Nepal.		
Schedule 6 : Deferred Tax Asset/(Liability) [Net] (Refer Note 9 on Schedule 17)		
Timing Difference between book and tax depreciation	(14,23.00)	(10,35.79)
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	16,48.38	1,70.01
Accrual for expenses allowable only on payment	23,41.57	16,27.24
	25,66.95	7,61.46
Schedule 7 : Inventories (Refer Note 4 on Schedule 17)		
Stores and Spares	4,18.36	2,22.59
Raw and Packing Materials	14,00.97	14,50.65
Work-in-Process	1,86.56	2,84.33
Finished Goods	60,26.74	54,78.15
	80,32.63	74,35.72
Schedule 8 : Sundry Debtors Unsecured : Considered Good		
Over Six Months	-	-
Others	9,32.63	6,47.60
	9,32.63	6,47.60

Schedules forming part of the Balance Sheet as at March 31, 2007

	As at March 31, 2007 Rs. Lacs	As at March 31, 2006 Rs. Lacs
Schedule 9 : Cash and Bank Balances		
Balances with Scheduled Banks in :		
– Current Accounts	50,12.01	28,58.54
– Deposit Accounts	51,10.86	30,21.04
– Unclaimed Dividend Accounts	10,49.04	29,17.15
	<u>111,71.91</u>	<u>87,96.73</u>
Schedule 10 : Loans and Advances		
(Refer Note 10 on Schedule 25)		
Secured :		
Loans to Employees	4,07.50	3,38.32
[include amounts due from an officer of the Company Rs. 25.96 Lacs (Previous Year : Rs. 27.16 Lacs) - maximum amounts due during the year : Rs. 27.16 Lacs (Previous Year : Rs. 28.57 Lacs)]		
Unsecured : Considered Good		
Inter-Corporate Deposits	68,19.00	69,29.00
Advance Tax (net of Provision for Taxation)	13,35.18	7,92.71
Advances Recoverable in Cash or in Kind or for Value to be Received	35,87.01	26,26.40
Balances with Excise Authorities	22.88	1,02.29
Deposits - Others	29,46.35	20,52.73
	<u>151,17.92</u>	<u>128,41.45</u>
Schedule 11 : Liabilities		
Acceptances	40,47.19	29,12.64
Sundry Creditors (Refer Note 8 on Schedule 25)	242,83.00	209,52.30
[include amount due to Wholly-owned subsidiary: Rs. 11,63.25 Lacs (Previous Year : Rs. 3,49.48 Lacs)]		
Unclaimed Dividends*	10,49.04	29,17.15
Other Liabilities	21,92.62	14,53.77
	<u>315,71.85</u>	<u>282,35.86</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
Schedule 12 : Provisions		
Fringe Benefit Taxation (net of advance tax payments)	3,49.00	2,10.00
Special Dividend – Proposed	27,19.86	–
Dividend Tax	4,62.24	–
Retirement Benefits (Refer Note 7 on Schedule 17 and Schedule 23)	9,22.20	8,08.65
Others/Contingencies (Refer Note 6 on Schedule 17 and Schedule 19)	62,39.36	58,55.06
	<u>106,92.66</u>	<u>68,73.71</u>
	<u>422,64.51</u>	<u>351,09.57</u>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2007

	Rs. Lacs	2006-2007 Rs. Lacs	2005-2006 Rs. Lacs
Schedule 13 : Other Income			
Interest			
– On Bank Deposits		2,98.34	1,45.33
– On Long Term Investments		8,07.82	9,29.82
– Others		5,74.59	3,97.62
[Tax Deducted at Source Rs. 2,66.72 Lacs (Previous Year : Rs. 2,17.82 Lacs)]			
Cash Discount		1,46.86	1,18.08
Rental Income		8.37	71.46
[Tax Deducted at Source Rs. 1.88 Lacs (Previous Year : Rs. 15.01 Lacs)]			
Bad Debts Recovered		–	49.14
Service Income		33,73.40	20,47.84
Profit on Sale of Assets (Net)		8,47.43	6,88.56
Dividend from Wholly-owned Subsidiary		1,96.56	–
[Tax Deducted at Source Rs. 9.83 Lacs (Previous Year : Rs. Nil)]			
Export Duty Drawback Entitlement		2,05.93	–
Miscellaneous		2,40.73	1,61.10
		<u>67,00.03</u>	<u>46,08.95</u>
Schedule 14 : Cost of Goods Sold			
Opening Stock			
Work-in-Process	2,84.33		2,95.80
Finished Goods	54,78.15		62,20.85
		57,62.48	65,16.65
Raw and Packing Materials Consumed			
Opening Stock	14,50.65		7,43.84
Add : Purchases [Net of transfer of Rs. 11,04.66 Lacs (Previous Year : Rs. 11,73.95 Lacs)]	238,77.71		214,05.79
	253,28.36		221,49.63
Less : Closing Stock	14,00.97		14,50.65
		239,27.39	206,98.98
Purchased Finished Goods			
Less : Closing Stock		296,89.87	272,15.63
Work-in-Process	1,86.56	342,64.94	294,18.80
Finished Goods	60,26.74		57,62.48
		62,13.30	(3,35.75)
		(1,04.77)	
		<u>576,36.74</u>	<u>505,36.20</u>
Schedule 15 : Employee Costs			
Salaries, Wages and Bonus			
Voluntary Retirement Scheme Cost		98,60.36	83,51.24
Contribution to Provident, Gratuity and Other Funds		58,02.00	–
Staff Welfare Expenses		8,28.23	9,19.94
		5,02.49	4,17.64
		<u>169,93.08</u>	<u>96,88.82</u>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2007

	Rs. Lacs	2006-2007 Rs. Lacs	2005-2006 Rs. Lacs
Schedule 16 : Other Expenses			
Consumption of Stores and Spares		4,12.01	5,61.96
Processing Charges		54.82	41.41
Power and Fuel		7,63.15	6,68.05
Freight and Forwarding Charges		28,96.06	24,84.07
Rent		4,08.99	3,94.39
Rates and Taxes		5,88.93	77.46
Insurance		1,87.74	1,41.16
Repairs and Maintenance			
– Plant and Machinery	7,12.73		6,74.57
– Buildings	1,97.92		47.24
– Others	1,09.17		59.82
		10,19.82	7,81.63
Advertising and Sales Promotion		207,50.36	197,80.52
Directors' Fees		12.40	12.40
Auditors' Remuneration :			
– As Auditors	60.50		60.50
– In other capacity in respect of			
• Other Matters	25.30		11.20
– Out-of-Pocket Expenses	1.35		2.36
		87.15	74.06
Sales Taxes absorbed		5,96.93	27.34
Royalty		33,79.35	24,37.25
Bad Debts Written Off		46.01	33.14
Diminution in Value of Investments		–	7,50.00
Exchange Loss (Net)		1,50.58	52.98
Interest [Includes Rs. 34.67 Lacs (Previous Year : Rs. 34.59 Lacs) on Fixed Loans]		98.04	58.61
Travel and Conference Expenses		20,76.51	15,05.17
Miscellaneous		63,69.18	49,90.68
		398,98.03	348,72.28

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

Schedule 17 : Significant Accounting Policies

1. Basis of Accounting

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

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, 2007 and Profit and Loss Account for the year ended March 31, 2007

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. The Company contributes to State Plans namely Employees' State Insurance Fund and Employees' Pension Scheme 1995.

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

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

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, except those relating to acquisition of fixed assets, which are included in the cost of the fixed assets.

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 : Contingencies and Commitments

	2006-2007 Rs. Lacs	2005-2006 Rs. Lacs
1. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances of Rs. 4,96.52 Lacs (Previous Year : Rs. 7,00.95 Lacs)]	12,64.23	7,00.06
2. Contingent liabilities not provided for in respect of : (Refer Note 6 on Schedule 17)		
(i) Guarantees given by the Company	15,20.00	14,20.00
(ii) Counter Guarantees given to the Banks	1,97.67	2,24.79
(iii) Cheques Discounted with Banks	29,67.28	18,33.13
(iv) Claims against the Company not acknowledged as debts	70.76	36.01
(v) Excise Matters	2,33.04	3,00.20
(vi) Service Tax Matters	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 19 : Others/Contingencies

(Refer Note 6 on Schedule 17)

	Commercial/Vendors (Refer Note 1 below)	Direct/Indirect Taxes (Refer Note 2 below)	Rs. Lacs Total
Opening Balance	14,60.88	43,94.18	58,55.06
Add : Additional provision made	-	12,18.70	12,18.70
Provision Reversed	(3,48.88)	(4,85.52)	(8,34.40)
Closing Balance	11,12.00	51,27.36	62,39.36

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 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.

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

Schedule 20 : Disclosure of Related Parties

1. Related Party Disclosures, as required by Accounting Standard 18, "Related Party Disclosures", issued by the Institute of Chartered Accountants of India are given below :

- i) Ultimate Holding Company** : Colgate-Palmolive Company, U.S.A.
- ii) Wholly-owned Subsidiaries** : Colgate-Palmolive (Nepal) Private Limited
: Passion Trading & Investment Company Limited*
: Multimint Leasing & Finance Limited*
: Jigs Investments Limited*

* In the current year, the Registrar of Companies has struck off the names of the aforesaid subsidiaries from the Register of Companies.

- 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., Hong Kong
: 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 (Png) Limited
: Hawley & Hazel Chemical Company (H.K.) Limited
: Colgate Oral Pharmaceuticals, Inc.
: Colgate-Palmolive, Temizlik, Urunleri, Turkey
: Colgate-Palmolive Cameroun S.A.
: Colgate-Palmolive Romania srl.
: Colgate-Palmolive (Mexico) S.A. de C.V.
: CP Global Export - France
: Colgate-Palmolive (Fiji) Limited
: Colgate-Palmolive Company Puerto Rico
: Colgate-Palmolive Senegal - N.S.O.A.
: Colgate-Palmolive (E) Pte Ltd.
: Colgate-Palmolive (Gulf States) Ltd.
: Colgate-Palmolive (Egypt) S.A.E.
: Colgate-Palmolive Industria E Commercio Ltda, Brazil
: Colgate-Palmolive Arabia Ltd.
: Colgate-Palmolive Compania, Colombia
: Colgate-Palmolive (Asia) Pte Ltd., Singapore
: Colgate-Palmolive Compania Anonima, Caracas
: Colgate-Palmolive (Pakistan) Ltd.
: Colgate-Palmolive (Burlington) Limited
: Colgate-Palmolive (Middle East Exports) Ltd.
: Colgate-Palmolive Mozambique, LDA
: Colgate-Palmolive Manufacturing (UK) Ltd.
- iv) Key Management Personnel** : Roger Calmeyer (effective June 1, 2006)
: Graeme Dalziel (upto May 31, 2006)
: Moses Elias
: K. V. Vaidyanathan
: Vinay Hegde
- v) Relatives of Key Management Personnel** : Mrs. Pratima Elias

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

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

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

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
	Rs. Lacs											
Purchase of Goods/Materials												
Colgate-Palmolive Company, U.S.A.	-	0.27	-	-	-	-	-	-	-	-	-	0.27
Colgate Sanxiao (Consumer Products) Company Limited	-	-	-	-	3,777.16	1,45.02	-	-	-	-	3,777.16	1,45.02
Colgate-Palmolive (Nepal) Private Limited	-	-	29,62.48	31,74.47	3,366.63	4,25.91	-	-	-	-	29,62.48	31,74.47
Others	-	-	-	-	-	-	-	-	-	-	3,366.63	4,25.91
Sub - Total	-	0.27	29,62.48	31,74.47	7,13.79	5,70.93	-	-	-	-	36,76.27	37,45.67
Sale of Goods												
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	-	-	2,28.63	14.33	-	-	-	-	2,28.63	14.33
Colgate-Palmolive Romania srl.	-	-	-	-	66.46	50.86	-	-	-	-	66.46	50.86
Colgate Palmolive Marocco Limited	-	-	-	-	13.74	34.11	-	-	-	-	13.74	34.11
Colgate-Palmolive Compania, Columbia	-	-	-	-	1,04.15	21.31	-	-	-	-	1,04.15	21.31
CP Global Export - France	-	-	-	-	-	32.94	-	-	-	-	-	32.94
Others	-	-	-	-	44.92	74.30	-	-	-	-	44.92	74.30
Sub - Total	-	-	-	-	4,57.90	2,27.85	-	-	-	-	4,57.90	2,27.85
Purchase of Assets/Spares												
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	-	-	-	7,45.48	-	-	-	-	-	7,45.48
Colgate-Palmolive (Nepal) Private Limited	-	-	6.13	-	-	-	-	-	-	-	6.13	-
Others	-	-	-	-	-	45.30	-	-	-	-	-	45.30
Sub - Total	-	-	6.13	-	-	7,90.78	-	-	-	-	6.13	7,90.78
Sale of Assets												
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	-	-	-	58.75	-	-	-	-	-	58.75
Sub - Total	-	-	-	-	-	58.75	-	-	-	-	-	58.75
Services Rendered												
Colgate-Palmolive Company, U.S.A.	33,93.24	20,59.28	-	-	-	-	-	-	-	-	33,93.24	20,59.28
Others	-	-	-	-	20.19	-	-	-	-	-	20.19	-
Sub - Total	33,93.24	20,59.28	-	-	20.19	-	-	-	-	-	34,13.43	20,59.28
Services Received												
Colgate-Palmolive Company, U.S.A.	11,15.66	11,68.58	-	-	-	-	-	-	-	-	11,15.66	11,68.58
Colgate-Palmolive Management Services (H.K.) Limited	-	-	-	-	7,47.05	5,59.90	-	-	-	-	7,47.05	5,59.90
Sub - Total	11,15.66	11,68.58	-	-	7,47.05	5,59.90	-	-	-	-	18,62.71	17,28.48
Reimbursement of Expenses Receivable/(Payable)												
Colgate-Palmolive Company, U.S.A.	(7,98.75)	(5,48.98)	-	-	-	-	-	-	-	-	(7,98.75)	(5,48.98)
Others	-	-	-	-	(18.18)	32.32	-	-	-	-	(18.18)	32.32
Sub - Total	(7,98.75)	(5,48.98)	-	-	(18.18)	32.32	-	-	-	-	(8,16.93)	(5,16.66)

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

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		Parties referred to in (v) above		Total		
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	
Others - Payable													
Colgate-Palmolive Company, U.S.A.	56.45	38.55	-	-	-	-	-	-	-	-	56.45	38.55	
Colgate-Palmolive Management Services (H.K.) Limited	-	-	20.54	(0.99)	(0.99)	-	-	-	-	-	20.54	(0.99)	
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	5.88	10.61	10.61	-	-	-	-	-	5.88	10.61	
Others	-	-	9.26	14.47	14.47	-	-	-	-	-	9.26	14.47	
Sub-Total	56.45	38.55	35.88	24.09	24.09	-	-	-	-	-	92.13	62.64	
Dividend Paid/Proposed													
Colgate-Palmolive Company, U.S.A.	51,75.31	44,94.95	-	-	-	-	-	-	-	-	51,75.31	44,94.95	
Colgate-Palmolive (Asia) Pte Ltd., Singapore	-	-	14,13.55	7,06.77	7,06.77	-	-	-	-	-	14,13.55	7,06.77	
Sub-Total	51,75.31	44,94.95	14,13.55	7,06.77	7,06.77	-	-	-	-	-	65,88.86	52,01.72	
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.	30,25.97	22,30.30	-	-	-	-	-	-	-	-	30,25.97	22,30.30	
Sub-Total	30,25.97	22,30.30	-	-	-	-	-	-	-	-	30,25.97	22,30.30	
Remuneration													
Roger Calmeyer	-	-	-	-	-	-	2,96.84	-	-	-	2,96.84	-	
Graeme Datzel	-	-	-	-	-	-	2,60.06	4,89.56	-	-	2,60.06	4,89.56	
Moses Elias	-	-	-	-	-	-	3,71.87	2,51.38	-	-	3,71.87	2,51.38	
K. V. Vaidyanathan	-	-	-	-	-	-	96.27	93.61	-	-	96.27	93.61	
Vinay Hegde	-	-	-	-	-	-	1,59.00	36.39	-	-	1,59.00	36.39	
Sub-Total	-	-	-	-	-	-	11,84.04	8,70.94	-	-	11,84.04	8,70.94	
Dividend													
	-	-	-	-	-	-	0.11	0.09	0.27	0.25	0.38	0.34	
Sub-Total	-	-	-	-	-	-	0.11	0.09	0.27	0.25	0.38	0.34	
Repayment of Loan													
	-	-	-	-	-	-	1.20	1.41	-	-	1.20	1.41	
Sub-Total	-	-	-	-	-	-	1.20	1.41	-	-	1.20	1.41	
Interest on Loan received													
	-	-	-	-	-	-	0.80	0.83	-	-	0.80	0.83	
Sub-Total	-	-	-	-	-	-	0.80	0.83	-	-	0.80	0.83	
Outstanding Receivable net of Payable													
	-	-	2,52.70	68.38	68.38	-	25.96	27.16	-	-	2,78.66	95.54	
Outstanding Payable net of Receivable	6,70.14	8,11.77	11,63.62	11,18.04	11,18.04	3,49.48	-	-	-	-	29,97.01	22,79.29	

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

	2006-2007	2005-2006
	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	4,10.68	3,92.54
Greater than 1 year but less than 5 years	3,66.91	4,75.75
Greater than 5 years	-	-
2. Lease payments recognised in Profit and Loss Account are included in "Miscellaneous" under Other Expenses in Schedule 16.	4,18.79	4,40.10

Schedule 22 : Segment Information

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

Primary Reportable Segment

Particulars	2006-2007	2005-2006
	Rs. Lacs	Rs. Lacs
1. Segment Revenue from Operations	1,295,14.20	1,124,19.03
Unallocated Income	35,79.33	20,47.84
Other Income	31,20.70	25,61.11
	1,362,14.23	1,170,27.98
2. Segment Results	167,48.61	161,44.67
Add : Unallocated Results	3,89.32	1,40.76
Add : Other Income	31,20.70	25,61.11
Less : Interest and Financial Charges	98.04	58.61
Total Profit before Tax	201,60.59	187,87.93
3. Capital Employed		
Segment Assets	412,15.48	340,30.61
Add : Unallocated Corporate Assets	295,29.19	286,21.48
Total Assets	707,44.67	626,52.09
Segment Liability	396,16.02	327,33.13
Add : Unallocated Corporate Liability	30,75.99	28,11.96
Total Liability	426,92.01	355,45.09
Segment Capital Employed	15,99.46	12,97.48
Add : Unallocated Capital Employed	264,53.20	258,09.52
Total Capital Employed	280,52.66	271,07.00
4. Capital Expenditure		
Segment Capital Expenditure	36,28.37	47,22.54
Add : Unallocated Capital Expenditure	2,16.55	2,12.08
Total Capital Expenditure	38,44.92	49,34.62
5. Depreciation/Amortisation/Impairment		
Segment Depreciation	12,90.91	28,80.41
Add : Unallocated Depreciation	2,34.88	2,62.34
Total Depreciation	15,25.79	31,42.75
6. Significant Non Cash Expenditure (excluding depreciation)	46.01	7,83.14

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

Schedule 22 : Segment Information - (Contd.)

Secondary Reportable Segment

	Rs. Lacs					
	India		Outside India		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
Revenue by geographical segment						
External	1,285,83.06	1,117,92.91	9,31.14	6,26.12	1,295,14.20	1,124,19.03
Internal Segment	—	—	—	—	—	—
Total	1,285,83.06	1,117,92.91	9,31.14	6,26.12	1,295,14.20	1,124,19.03
Carrying amount of segment assets	412,15.48	340,30.61	—	—	412,15.48	340,30.61
Capital Expenditure	36,28.37	47,22.54	—	—	36,28.37	47,22.54

Schedule 23 : Employee Benefits

Disclosures in Notes to Accounts

During the year, the Company has done an early adoption of Accounting Standard 15 (Revised 2005) 'Employee Benefits'.

The Company has classified the 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 :

	Rs. Lacs
– Employers' Contribution to Provident Fund	2,86.90
– Employers' Contribution to Superannuation Fund	2,35.35
– Employers' Contribution to Employees' State Insurance	4.97
– Employers' Contribution to Employees' Pension Scheme 1995	73.03
Included in Contribution to Provident and other funds (Refer Schedule 15)	

II. Defined Benefit Plans

Contribution to Gratuity Fund (Funded Scheme) and contribution to Pension Scheme (Non-Funded Scheme). In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions :

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

A) Changes in the Present Value of Obligation

	Funded Scheme Rs. Lacs	Non-Funded Scheme Rs. Lacs
Present Value of Obligation as at April 1, 2006	17,60.01	63.56
Interest Cost	1,27.91	0.73
Current Service Cost	1,71.95	1.19
Settlement Cost/(Credit)	(3,74.12)	—
Benefits Paid	(1,83.04)	—
Actuarial (gain)/loss on Obligations	(29.52)	(1.14)
Present Value of Obligation as at March 31, 2007	14,73.19	64.34

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

Schedule 23 : Employee Benefits - (Contd.)

B) Changes in the Fair Value of Plan Assets	Rs. Lacs
(For Funded Scheme)	
Present Value of Plan Assets as at April 1, 2006	13,89.48
Expected Return on Plan Assets	1,30.61
Actuarial Gains and (Losses)	(42.20)
Contributions	6,31.75
Benefits Paid	(1,83.04)
Assets Distributed on Settlement	(4,19.39)
Fair Value of Plan Assets as at March 31, 2007	15,07.21

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets	Rs. Lacs
Present Value of funded Obligation as at March 31, 2007	14,73.19
Fair Value of Plan Assets as at the end of the year	15,07.21
Funded Status	(34.02)
Present Value of unfunded Obligation as at March 31, 2007	64.34
Unrecognised Actuarial (gains)/losses	—
Unfunded Liability/(Net Asset) Recognised in Balance Sheet	30.32
Included in Provisions (Refer Schedule 12)	

D) Amount recognised in the Balance Sheet	Funded Scheme	Non-Funded Scheme
	Rs. Lacs	Rs. Lacs
Present Value of Obligation as at March 31, 2007	14,73.19	64.34
Fair Value of Plan Assets as at the end of the year	15,07.21	—
Liability/(Asset) recognised in the Balance Sheet	(34.02)	64.34
Included in Provisions (Refer Schedule 12)		

E) Expenses recognised in the Profit and Loss Account	Funded Scheme	Non-Funded Scheme
	Rs. Lacs	Rs. Lacs
Current Service Cost	1,71.95	1.19
Past Service Cost	—	—
Interest Cost	1,27.91	0.73
Expected Return on Plan Assets	(1,30.61)	—
Curtailment Cost/(Credit)	—	—
Settlement Cost/(Credit)	45.27	—
Net actuarial (gain)/loss recognised in the period	12.68	(1.14)
Total Expenses recognised in the Profit and Loss Account	2,27.20	0.78

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

In accordance with the transitional provisions of Accounting Standard 15, changes in actuarial assumptions due to adoption of the revised accounting standard of Rs. 2,59.09 Lacs (net of deferred tax of Rs. 1,31.46 Lacs) have been adjusted against General Reserve.

Schedule 24 : Earnings Per Share

	2006-2007	2005-2006
Profit After Taxation (Rs. Lacs)	160,16.77	137,59.79
Weighted average number of shares (Nos.)	13,59,92,817	13,59,92,817
Nominal Value of shares outstanding (Rs.)	10	10
Basic and Diluted Earnings Per Share (Rs.)	11.78	10.12

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

Schedule 25 : Supplementary Information

1. Details of Raw and Packing Materials consumed :

	Unit	2006-2007		2005-2006	
		Quantity	Value Rs. Lacs	Quantity	Value Rs. Lacs
Chemicals	M.T.	32,036	118,80.30	27,687	95,35.04
Tubes and Containers	Gross	26,65,639	64,32.26	25,35,859	63,19.95
Oils	M.T.	367	18,44.15	424	19,54.17
Cartons	Gross	22,73,444	34,39.23	21,05,023	28,63.21
Others			14,36.11		12,00.56
Less : Transfer of Materials			11,04.66		11,73.95
Total			239,27.39		206,98.98

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

	2006-2007		2005-2006	
	Value Rs. Lacs	% to Total Consumption	Value Rs. Lacs	% to Total Consumption
Raw and Packing Materials :				
Imported at landed cost	32,06.99	13	25,38.10	12
Indigenously obtained	207,20.40	87	181,60.88	88
Total	239,27.39	100	206,98.98	100
Stores and Spare Parts :				
Imported at landed cost	2,71.51	66	1,02.21	18
Indigenously obtained	1,40.50	34	4,59.75	82
Total	4,12.01	100	5,61.96	100

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

	2006-2007 Rs. Lacs	2005-2006 Rs. Lacs
Raw Materials	28,46.76	22,45.27
Finished Goods	7,15.61	5,48.48
Capital Goods	10,66.17	19,10.10
Spares	4,19.59	4,42.74

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

	2006-2007 Rs. Lacs	2005-2006 Rs. Lacs
Travelling	97.32	59.62
Royalty (Net of tax)	29,20.95	19,29.48
Services Received	15,38.09	9,06.75
Others	16,13.32	5,80.29

5. Earnings in foreign currency (on receipt basis) :

	2006-2007 Rs. Lacs	2005-2006 Rs. Lacs
Exports at F.O.B. Value	6,09.23	6,26.12
Services Rendered	31,10.23	8,22.31

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

Schedule 25 : Supplementary Information - (Contd.)

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	2006-2007 Rs. Lacs	2005-2006 Rs. Lacs
2004-05	Third Interim	6,93,56,336	–	10,40.35
2005-06	First Interim	6,93,56,336	–	19,07.30
2005-06	Second Interim	5,44,76,910	–	16,34.31
2005-06	Third Interim	5,44,76,910	9,53.35	–
2006-07	First Interim	5,44,76,910	23,15.27	–
2006-07	Second Interim	5,44,76,910	17,70.50	–
			50,39.12	45,81.96

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

2005-06	Second Interim	1,48,79,426	–	4,46.38
2005-06	Third Interim	1,48,79,426	2,60.39	–
2006-07	First Interim	1,48,79,426	6,32.38	–
2006-07	Second Interim	1,48,79,426	4,83.58	–
			13,76.35	4,46.38

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	2006-2007	M.T.	See Note (i) below	23,265	9,521
	2005-2006	M.T.	”	23,265	14,613
Toothpaste	2006-2007	M.T.	See Note (ii) below	40,000	26,705
	2005-2006	M.T.	”	40,000	16,491
Toothbrushes and Shave Brushes	2006-2007	Doz.	Not Applicable	–	106,653
	2005-2006	Doz.	”	–	112,922

Notes :

- (i) The industrial undertaking was established prior to the enactment of the Industries (Development & Regulation) Act, 1951 (“The Industries Act”). The Company, therefore, did not require any industrial license at the time of establishment of its undertaking, but required registration under the Industries Act which was obtained in 1954. In 1957, the Company was granted a license for substantial expansion for manufacture of toothpaste, face cream and snow, talcum and face powders, oils and shampoos and other requirements. In 1966, Government recognised Company’s toothpaste mixing capacity as 1,550 tonnes per annum based on actual

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

Schedule 25 : Supplementary Information - (Contd.)

production at that time and advised the Company that its industrial undertaking was exempt from the provisions of the Industries Act. The Company applied for endorsement of its productive capacity on its Registration Certificate in pursuance of Government Notification dated July 5, 1975. In February 1979, Government endorsed annual productive capacity of 771 tonnes in respect of tooth powder and advised the Company that the productive capacities of other items shall be as specified in the industrial license granted in 1957. The installed capacity was last assessed by the Company in 1980 at 4,500 tonnes for tooth powder and 11,000 tonnes for toothpaste. The Company has filed a writ petition in the High Court for a declaration that it has not effected any unauthorised "substantial expansion" as contemplated in Section 13(1)(d) of the Industries Act. The petition has been admitted by the High Court which has passed an order restraining the Government (pending the hearing and final disposal of the petition) from adopting any proceeding against the Company for alleged contravention of the provisions of the Industries Act. Toothpaste has now been delicensed in terms of Government notification issued in May 2002. Following acceptance of voluntary retirement package by all workers and staff, the production activity of toothpaste at the Sewri facility has been discontinued effective September 27, 2006.

- (ii) 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 40,000 tonnes.
- (iii) The bristling operations for toothbrushes and shave brushes are carried out under manufacturing arrangements with third parties.
- (iv) 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.

(b) Opening and Closing Stocks of Finished Goods :

	2006-2007				2005-2006			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Doz.	Rs. Lacs	Doz.	Rs. Lacs	Doz.	Rs. Lacs	Doz.	Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	59,36,468	48,43.87	64,72,264	51,28.02	73,96,030	54,53.54	59,36,468	48,43.87
Toothbrushes and Shave Brushes	12,71,989	6,22.60	15,50,015	8,78.88	17,91,127	7,40.47	12,71,989	6,22.60
Others		11.68		19.84		26.84		11.68
Total		54,78.15		60,26.74		62,20.85		54,78.15

(c) Sale by Class of Goods :

	Unit	2006-2007		2005-2006	
		Quantity	Value	Quantity	Value
			Rs. Lacs		Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	Doz.	8,23,02,066	1,166,24.35	5,79,61,255	1,009,45.19
Toothbrushes and Shave Brushes	Doz.	1,53,73,342	127,08.61	1,02,69,998	112,63.17
Others			1,81.24		2,10.67
Total			1,295,14.20		1,124,19.03

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

Schedule 25 : Supplementary Information - (Contd.)

(d) Purchase of Finished Goods :

	Unit	2006-2007		2005-2006	
		Quantity	Value Rs. Lacs	Quantity	Value Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	Doz.	3,82,88,586	281,93.23	3,81,13,129	252,19.41
Toothbrushes and Shave Brushes	Doz.	1,45,74,714	59,45.29	1,01,45,340	40,92.77
Others			1,26.42		1,06.62
Total			342,64.94		294,18.80

8. To the best of our knowledge and as per the information available with the Management,
- (a) Sundry Creditors include an amount of **Rs. 3,25.20 Lacs** (Previous Year : Rs. 58.18 Lacs) due to small scale industrial undertakings.
- (b) There are no dues to small scale industrial undertakings outstanding for more than 30 days.
- (c) There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date.
The Micro, Small and Medium Enterprises have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

	2006-2007 Rs. Lacs	2005-2006 Rs. Lacs
9. (a) Remuneration to the Directors		
Salaries	8,16.17	5,54.68
Commission/Bonus	1,80.55	1,53.81
Contribution to Provident and other Funds	12.92	12.94
Other Perquisites	1,74.40	1,49.51
Total	11,84.04	8,70.94

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

	2006-2007		2005-2006	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
Profit before Taxation		201,60.59		187,87.93
Add : (i) Remuneration paid to the Directors	11,84.04		8,70.94	
(ii) Directors' Fees	12.40		12.40	
(iii) Depreciation/Amortisation/Impairment	15,25.79		31,42.75	
(iv) Diminution in value of Investments	—		7,50.00	
(v) Profit on sale of Fixed Assets as per Section 350	6,25.87		6,56.79	
Less : (i) Depreciation/Amortisation as per Section 350	13,18.96		17,58.21	
(ii) Profit on sale of Fixed Assets (net)	8,47.43		6,88.56	
		11,81.71		29,86.11
Net Profit for the purpose of Directors' Commission		213,42.30		217,74.04
Commission @ 1% of Net Profit		2,13.42		2,17.74
Restricted to		1,80.55		1,53.81

Notes forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007

Schedule 25 : Supplementary Information - (Contd.)

10. As at the year-end the Company -

- a) has no loans and advances in the nature of loans to subsidiary and associates,
- b) has no loans and advances in the nature of loans to subsidiary and associates, wherein there is no repayment schedule or repayment is beyond seven years, and
- c) 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 excise duty expense in "Cost of Goods Sold - Increase/(Decrease) in Excise Duty on Finished Goods" under Schedule 14 annexed and forming part of Profit and Loss Account.

12. Derivative Instruments - Details of foreign currency balances not hedged :

Particulars	Foreign Currency Denomination	Foreign Currency Amount in Lacs	Indian Rupees equivalent in Lacs
Assets (Trade Receivables)	USD	9.27	4,05.72
Assets (Loans and Advances)	USD	1.91	82.82
	GBP	0.18	15.67
Liabilities (Trade Payables)	EUR	0.01	0.28
	GBP	0.19	16.49
	USD	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)'.

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 3, 2007

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**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 3, 2007

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

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details :		Application of Funds :	
Registration No.	2700	Net Fixed Assets	1920278
State code	11	Investments	1333353
Balance Sheet Date	31-03-2007	Deferred Tax Asset (Net)	256695
		Net Current Assets	(662310)
		Misc. Expenditure	—
		Accumulated Losses	—
II. Capital raised during the year (Amount in Rs. Thousands) :		IV. Performance of Company (Amount in Rs. Thousands) :	
Public Issue	—	Turnover (Including Other Income)	13621423
Rights Issue	—	Total Expenditure	11605364
Bonus Issue	—	Profit Before Tax	2016059
Private Placement	—	Profit After Tax	1601677
		Earnings per Share in Rs.*	11.78
		Dividend %	95%
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands) :		* Based on weighted average number of equity shares - 13,59,92,817	
Total Liabilities (Including Shareholders' Funds)	7074467	V. Generic Names of Three Principal Products/ Services of the Company (as per Monetary Terms) :	
Total Assets	7074467	Item Code No. (ITC Code)	330610.02
Sources of Funds :		Product Description	Toothpaste
Paid-up Capital	1359928	Item Code No. (ITC Code)	330610.01
Reserves and Surplus	1445338	Product Description	Tooth Powder
Secured Loans	—	Item Code No. (ITC Code)	960321.00
Unsecured Loans	42750	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
Whole-time Director & Company Secretary	K. V. Vaidyanathan

Mumbai, May 3, 2007

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

The Company holds the entire equity share capital of Colgate-Palmolive (Nepal) Private Limited consisting of 17,00,000 shares of Nepalese Rs.100 each fully paid-up.

Multimint Leasing and Finance Limited, Jigs Investments Limited and Passion Trading and Investments Company Limited are defunct companies. Based on the application made by the Company on December 23, 2003, during the current financial year, the Registrar of Companies has struck off the names of the aforesaid subsidiaries from the Register of Companies.

Colgate-Palmolive (Nepal) Private Limited, made a profit

of Nepalese Rs. 17,52.33 Lacs for the year ended July 16, 2006 (Cumulative profit of Nepalese Rs. 1.93 Lacs as on July 16, 2006) out of which Nepalese Rs. 17,52.33 Lacs has not been dealt with in the books of accounts.

Changes in Company's interest in Colgate-Palmolive (Nepal) Private Limited between July 16, 2006 and March 31, 2007 : **Nil**.

Material changes for Colgate-Palmolive (Nepal) Private Limited between July 16, 2006 and March 31, 2007 in respect of Fixed Assets, Investments, Money lent, Monies borrowed (other than meeting current liability) : **Nil**.

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

Mumbai, May 3, 2007

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Report of the Directors

To
The Members
Colgate-Palmolive (Nepal) Private Limited

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended Ashad 32, 2063 (July 16, 2006).

Financial Results

	Nepalese Rs. in Lacs	
	2062-63	2061-62
Sales & Other Income	<u>41,49.52</u>	<u>78,54.09</u>
Profit/(Loss) for the year	8,38.93	(19,30.53)
Prior year's adjustments— reversal of provisions	<u>67.47</u>	<u>5,25.54</u>
Profit Before Taxation	9,06.40	(14,04.99)
Provision for Taxation (net of reversal)	14.33	55.54
Profit from Assets disposal	<u>8,60.26</u>	<u>—</u>
Profit After Taxation	17,52.33	(14,60.53)
Balance brought forward	(14,35.90)	24.63
Profit available for appropriation	3,16.43	(14,35.90)
Appropriation :		
Dividend	3,14.50	—
Provision for prior year taxes	<u>—</u>	<u>—</u>
Balance carried forward	1.93	(14,35.90)

Business Operations

The fiscal year 2062-63 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. The security situation continues to be tense and uncertain.

Although the Company has been making every effort to improve its performance, the future outlook depends upon several factors including political stability, security situations, etc. over which it has no control.

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 global standards.

Future Outlook

While the future continues to be uncertain and difficult, your Company continues to manufacture and export tooth powder at optimum efficiency, relying on continuity of orders from, and the support of, 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.

Security

The security issue continues to be a cause of great concern. The Company has made its own security arrangements which are being upgraded from time to time. The Company continues to spend substantial amount on security every year to maintain 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.

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 has maintained 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 at nominal rates.

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 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
Date : 2nd December, 2006 { K. V. Vaidyanathan

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

**Independent Auditors' 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, 2006 (Corresponding to 32 Ashad, 2063), 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.

We have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. Proper books of account as required by law have been kept by the Company so far as appears from our examination of such books and the balance sheet, profit and loss account and the cash flow statement, prepared in accordance with the Nepal Accounting Standards, are in agreement with the books of account maintained by the Company. To the best of

our information and according to explanations given to us and from our examination of the books of account necessary for the purpose of our audit, we have not come across cases where 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 and we did not come across any fraudulent cases relating to the accounts.

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, 2006 (Corresponding to 32 Ashad, 2063), 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.

T. R. Upadhyay
Senior Partner

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

Kathmandu
Date : 2nd December, 2006

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Balance Sheet
as at July 16, 2006 (Ashad 32, 2063)

	Schedule	As at July 16, 2006 (NPR)	As at July 16, 2006 (INR)	As at July 15, 2005 (NPR)	As at July 15, 2005 (INR)
Capital & Liabilities					
Capital & Reserve Fund					
Share Capital	1	170,000,000.00	106,250,000.00	170,000,000.00	106,250,000.00
Reserves and Retained Profit	2	193,167.47	120,729.67	(143,590,011.06)	(89,743,756.91)
Medium and Long Term Loans					
Secured Loans	3	—	—	—	—
Unsecured Loans		—	—	—	—
Total		170,193,167.47	106,370,729.67	26,409,988.94	16,506,243.09
Assets					
Fixed Assets					
Gross Block	4	477,505,974.67	298,441,234.17	530,598,934.52	331,624,334.08
Less : Depreciation/Amortisation		281,455,024.91	175,909,390.57	318,072,695.29	198,795,434.56
Less : Assets Written off against prior year Provision		135,684,890.00	84,803,056.25	—	—
Net Block		60,366,059.76	37,728,787.35	212,526,239.23	132,828,899.52
Capital Work-in-Progress		313,494.05	195,933.78	611,932.02	382,457.51
		60,679,553.81	37,924,721.13	213,138,171.25	133,211,357.03
Investments					
	5	—	—	—	—
Current Assets					
Inventories	6	16,304,371.33	10,190,232.08	18,785,364.92	11,740,853.08
Trade and other receivables	7	37,806,910.46	23,629,319.04	7,380,824.71	4,613,015.44
Cash and Bank Balance	8	19,085,668.88	11,928,543.05	17,004,830.78	10,628,019.24
Prepaid Expenses, Loans, Advances	9	172,846,200.35	108,028,875.22	140,078,955.99	87,549,347.49
		246,043,151.02	153,776,969.39	183,249,976.40	114,531,235.25
Less :					
Current Liabilities and Provisions					
Trade and other payables	10	54,263,671.26	33,914,794.54	167,160,282.71	104,475,176.69
Provisions	11	82,265,866.10	51,416,166.31	202,817,876.00	126,761,172.50
		136,529,537.36	85,330,960.85	369,978,158.71	231,236,349.19
Net Current Assets		109,513,613.66	68,446,008.54	(186,728,182.31)	(116,705,113.94)
Total		170,193,167.47	106,370,729.67	26,409,988.94	16,506,243.09
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

Kathmandu
Date : 2nd December, 2006

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

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Profit and Loss Account
for the year ended July 16, 2006 (Ashad 32, 2063)

	Schedule	2005-2006 (NPR)	2005-2006 (INR)	2004-2005 (NPR)	2004-2005 (INR)
Income					
Sales Income	12	406,528,294.48	254,080,184.05	777,626,786.14	486,016,741.34
Less : Material Cost	13	221,583,291.59	138,489,557.24	626,941,985.38	391,838,740.86
Gross Profit		184,945,002.89	115,590,626.81	150,684,800.76	94,178,000.47
Other Income	14	8,423,875.30	5,264,922.06	7,781,662.49	4,863,539.06
Business Expenditure					
Distribution Expenses		7,587,274.43	4,742,046.52	14,287,695.31	8,929,809.57
Administrative Expenses	15	63,766,879.50	39,854,299.69	142,483,146.15	89,051,966.34
Operating Profit		122,014,724.26	76,259,202.66	1,695,621.79	1,059,763.62
Interest Expenses		–	–	6,089,397.26	3,805,873.29
Depreciation/Amortisation		9,816,440.58	6,135,275.36	31,901,524.92	19,938,453.08
Provision for Assets held for disposal/Written down		28,305,038.34	17,690,648.96	135,684,890.00	84,803,056.25
Provision for Voluntary Retirement Scheme		–	–	21,073,130.00	13,170,706.25
Profit/(loss) for the year		83,893,245.34	52,433,278.34	(193,053,320.39)	(120,658,325.24)
Prior year adjustments - Reversal of Provisions		6,747,292.00	4,217,057.50	52,554,527.18	32,846,579.49
Profit before Taxation		90,640,537.34	56,650,335.84	(140,498,793.21)	(87,811,745.76)
Provision for Tax (Current Year)		5,760,090.23	3,600,056.39	5,554,803.00	3,471,751.88
Reversal of Last Year Tax Provision		(4,326,615.00)	(2,704,134.38)		
Profit/(Loss) from Asset Disposal		86,026,116.42	53,766,322.76		
Profit after Taxation		175,233,178.53	109,520,736.58	(146,053,596.21)	(91,283,497.63)
Balance brought forward		(143,590,011.06)	(89,743,756.91)	2,463,585.15	1,539,740.72
Profit available for Appropriation		31,643,167.47	19,776,979.67	(143,590,011.06)	(89,743,756.91)
Dividend		31,450,000.00	19,656,250.00	–	–
Provision for Prior year Taxes		–	–	–	–
Profit transferred to Balance Sheet		193,167.47	120,729.67	(143,590,011.06)	(89,743,756.91)
Significant Accounting Policies & Notes to Accounts					
	17				

Per our attached report

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

Kathmandu
Date : 2nd December, 2006

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

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Cash Flow Statement
for the year ended July 16, 2006 (Ashad 32, 2063)

	2005-2006		2004-2005	
	(NPR)	(INR)	(NPR)	(INR)
A. Cash Flow from Operating Activities :				
Net Profit Before Tax and Extraordinary Items	176,666,653.76	110,416,658.60	(140,498,793.21)	(87,811,745.76)
Add Adjustment for :				
Depreciation and Amortisation	9,816,440.58	6,135,275.36	31,901,524.92	19,938,453.08
Interest Expenses (net)	–	–	6,089,397.26	3,805,873.29
Provisions	13,699,404.87	8,562,128.04	156,905,308.42	98,065,817.76
Less Adjustment for :				
Cash flow due to changes in Working Capital				
a. Decrease/(Increase) in Current Assets	(58,434,396.52)	(36,521,497.83)	61,303,506.29	38,314,691.43
b. Increase/(Decrease) in Current Liabilities	(112,896,611.45)	(70,560,382.16)	29,299,827.27	18,312,392.04
c. Interest payment	–	–	(6,089,397.26)	(3,805,873.29)
d. Advance Income Tax paid	(2,277,940.00)	(1,423,712.50)	(155,000.00)	(96,875.00)
e. Loss on sale of Investment	–	–	1,970,978.90	1,231,861.81
f. Loss/(Profit) on sale of Fixed Assets	(86,026,116.42)	(53,766,322.76)	10,142.92	6,339.33
Net Cash from Operating Activities	(59,452,565.18)	(37,157,853.24)	140,737,495.51	87,960,934.69
B. Cash Flows from Investing Activities :				
Sale/(Purchase) of Fixed Assets	92,983,403.28	58,114,627.05	(1,982,114.77)	(1,238,821.73)
Sale/(Purchase) of Investments	–	–	(1,970,978.90)	(1,231,861.81)
Net Cash Flow from Investing Activities	92,983,403.28	58,114,627.05	(3,953,093.67)	(2,470,683.54)
C. Cash Flows from Financing Activities				
Payment of Long Term Loans	–	–	(135,000,000.00)	(84,375,000.00)
Dividend paid	(31,450,000.00)	(19,656,250.00)	–	–
Net Cash from Financing Activities	(31,450,000.00)	(19,656,250.00)	(135,000,000.00)	(84,375,000.00)
Increase/(Decrease) in Cash A+B+C	2,080,838.10	1,300,523.81	1,784,401.84	1,115,251.15
Cash & Bank Balances at the beginning of the year	17,004,830.78	10,628,019.24	15,220,428.94	9,512,768.09
Cash & Bank Balances at the end of the year	19,085,668.88	11,928,543.05	17,004,830.78	10,628,019.24

Significant Accounting Policies and
Notes to Accounts (Schedule 17)

Per our attached report

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

Kathmandu
Date : 2nd December, 2006

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

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Schedules to the Accounts

	As at July 16, 2006 (NPR)	As at July 16, 2006 (INR)	As at July 15, 2005 (NPR)	As at July 15, 2005 (INR)
Schedule 1 : Share Capital				
Authorised Capital (6,000,000 Equity Shares of Rs. 100 each)	<u>600,000,000.00</u>	<u>375,000,000.00</u>	<u>600,000,000.00</u>	<u>375,000,000.00</u>
Issued, Subscribed & Paid-up (1,700,000 Ordinary Shares of Rs. 100 each entirely held by Colgate-Palmolive (India) Limited)	<u>170,000,000.00</u>	<u>106,250,000.00</u>	<u>170,000,000.00</u>	<u>106,250,000.00</u>
Total	<u>170,000,000.00</u>	<u>106,250,000.00</u>	<u>170,000,000.00</u>	<u>106,250,000.00</u>
Schedule 2 : Reserves and Retained Profit				
Profit & Loss Account	<u>193,167.47</u>	<u>120,729.67</u>	<u>(143,590,011.06)</u>	<u>(89,743,756.91)</u>
Total	<u>193,167.47</u>	<u>120,729.67</u>	<u>(143,590,011.06)</u>	<u>(89,743,756.91)</u>
Schedule 3 : Medium and Long Term Loans				
Secured Loans	-	-	-	-
Unsecured Loans	-	-	-	-
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 16/07/2005 (NPR)	Additions/ Transfers (NPR)	Deductions/ Transfers (NPR)	As at 16/07/2006 (NPR)	As at 16/07/2005 (NPR)	Additions/ Transfers (NPR)	Deductions/ Transfers (NPR)	As at 16/07/2006 (NPR)	As at 15/07/2005 (NPR)	
Land - Leasehold	4,800,000 (3,000,000)	- (-)	- (-)	4,800,000 (3,000,000)	1,930,000 (1,206,250)	240,000 (150,000)	- (-)	2,170,000 (1,356,250)	2,870,000 (1,793,750)	
Buildings	182,846,093 (114,278,808)	2,158,308 (1,348,942)	- (-)	185,004,400 (115,627,750)	63,861,509 (39,913,443)	86,976,138 (54,360,086)	- (-)	150,837,647 (94,273,529)	118,984,584 (74,365,365)	
Plant & Machinery	318,513,582 (199,070,989)	2,463,873 (1,539,921)	57,863,141 (36,164,463)	263,114,315 (164,446,447)	232,446,229 (145,278,893)	56,646,917 (35,404,323)	46,434,111 (29,021,319)	242,659,035 (151,661,897)	86,067,353 (53,792,096)	
Computers	12,369,902 (7,731,189)	110,000 (68,750)	- (-)	12,479,902 (7,799,939)	10,165,360 (6,353,350)	737,679 (461,049)	- (-)	10,903,039 (6,814,399)	2,204,542 (1,377,839)	
Furniture & Fixtures	12,069,357 (7,543,348)	45,670 (28,544)	7,670 (4,794)	12,107,357 (7,567,098)	9,669,597 (6,043,498)	900,596 (562,873)	- (-)	10,570,193 (6,606,371)	2,399,760 (1,499,850)	
Total	530,598,934 (331,624,334)	4,777,851 (2,986,157)	57,870,811 (36,169,257)	477,505,974 (298,441,234)	318,072,695 (198,795,434)	145,501,330 (90,938,331)	46,434,111 (29,021,319)	417,139,914 (260,712,446)	60,366,060 (37,728,788)	
Total Previous Year	521,879,890 (326,174,931)	8,800,025 (5,500,016)	80,981 (50,613)	530,598,934 (331,624,334)	286,218,008 (178,886,255)	31,901,525 (19,938,453)	46,838 (29,274)	318,072,695 (198,795,433)	212,526,239 (132,828,900)	
Capital Work-in-Progress and Advances				313,494 (195,933)					611,932 (382,458)	
Total				477,819,469 (298,637,168)					213,138,171 (133,211,357)	

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) Included in depreciation for the current year is NPR 84,678,431/- (Rs. 52,924,019/-) & NPR 51,006,459/- (Rs. 31,879,037/-) against additional depreciation on Buildings & P&M respectively on account of idle asset of CDC already provided in 2004-05.

iii) Figures in brackets represent Indian Rupees.

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	As at July 16, 2006 (NPR)	As at July 16, 2006 (INR)	As at July 15, 2005 (NPR)	As at July 15, 2005 (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	3,632,542.95	2,270,339.34	4,993,944.54	3,121,215.34
Inventory Stock :				
Raw and Packing Materials	10,995,037.42	6,871,898.39	10,826,941.50	6,766,838.44
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
Goods in Transit	-	-	-	-
Total	<u>16,304,371.33</u>	<u>10,190,232.08</u>	<u>18,785,364.92</u>	<u>11,740,853.08</u>
Schedule 7 : Trade and Other Receivables				
Secured Debtors	37,806,910.46	23,629,319.04	7,380,824.71	4,613,015.44
Schedule 8 : Cash & Bank Balance				
Cash on Hand	42,234.26	26,396.41	59,415.00	37,134.38
Cash at Bank	19,043,434.62	11,902,146.64	16,945,415.78	10,590,884.86
Total	<u>19,085,668.88</u>	<u>11,928,543.05</u>	<u>17,004,830.78</u>	<u>10,628,019.24</u>
Schedule 9 : Prepaid Expenses, Loans, Advances				
Loans and Advances :				
Employees	1,375,992.40	859,995.25	1,426,704.00	891,690.00
Others	14,904,000.00	9,315,000.00	1,644,135.00	1,027,584.38
Deposits	572,469.50	357,793.44	586,969.50	366,855.94
Advance VAT & Customs Duty	114,871,096.98	71,794,435.61	141,363,897.32	88,352,435.83
Margin Money with Bank	196,528.00	122,830.00	227,028.00	141,892.50
Prepaid Expenses	3,989,937.47	2,493,710.92	4,458,797.17	2,786,748.23
Advance Tax	37,579,850.00	23,487,406.25	35,301,910.00	22,063,693.75
Insurance Claims	111,820.00	69,887.50	-	-
Less : Provision for Doubtful Claims & Receivables	(755,494.00)	(472,183.75)	(44,930,485.00)	(28,081,553.13)
Total	<u>172,846,200.35</u>	<u>108,028,875.22</u>	<u>140,078,955.99</u>	<u>87,549,347.49</u>
Schedule 10 : Trade and Other Payables				
Sundry Creditors	54,263,671.26	33,914,794.54	139,647,748.12	87,279,842.58
Advance Received (Net Advance from CPIL)	-	-	27,512,534.59	17,195,334.12
Total	<u>54,263,671.26</u>	<u>33,914,794.54</u>	<u>167,160,282.71</u>	<u>104,475,176.69</u>
Schedule 11 : Provisions				
Gratuity and Others	3,608,172.00	2,255,107.50	4,030,000.00	2,518,750.00
Provision for Assets held for disposal/Written down	28,305,038.34	17,690,648.96	135,684,890.00	84,803,056.25
Provision for Voluntary Retirement Scheme & others	8,389,324.53	5,243,327.83	22,573,130.00	14,108,206.25
Provision for Income Tax (including for prior years)	41,963,331.23	26,227,082.02	40,529,856.00	25,331,160.00
Total	<u>82,265,866.10</u>	<u>51,416,166.31</u>	<u>202,817,876.00</u>	<u>126,761,172.50</u>

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	2005-2006 (NPR)	2005-2006 (INR)	2004-2005 (NPR)	2004-2005 (INR)
Schedule 12 : Sales Income				
Sales - Export	395,489,344.00	247,180,840.00	720,382,921.60	450,239,326.00
Sales - Local	11,038,950.48	6,899,344.05	57,243,864.54	35,777,415.34
Total	406,528,294.48	254,080,184.05	777,626,786.14	486,016,741.34
Schedule 13 : Material Cost				
Opening Stock				
Work-in-Process	280,467.61	175,292.26	559,520.02	349,700.01
Finished Goods	2,684,011.27	1,677,507.04	5,471,165.16	3,419,478.23
	2,964,478.88	1,852,799.30	6,030,685.18	3,769,178.24
Raw and Packing Materials Consumed				
Opening Stock	10,826,941.50	6,766,838.44	48,034,049.33	30,021,280.83
Add : Purchases	220,463,699.59	137,789,812.24	586,668,671.25	366,667,919.53
	231,290,641.09	144,556,650.68	634,702,720.58	396,689,200.36
Less : Closing Stock	10,995,037.42	6,871,898.39	10,826,941.50	6,766,838.44
	220,295,603.67	137,684,752.29	623,875,779.08	389,922,361.93
Purchase of Finished Goods	—	—	—	—
Less : Closing 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
Total	221,583,291.59	138,489,557.24	626,941,985.38	391,838,740.86
Schedule 14 : Other Income				
Sale of Scrap/P&L on sale of Assets	7,529,313.75	4,705,821.09	7,436,609.26	4,647,880.79
Interest Accrued	894,561.55	559,100.97	345,053.23	215,658.27
Total	8,423,875.30	5,264,922.06	7,781,662.49	4,863,539.06
Schedule 15 : Administrative Expenses				
Salaries, Wages, Gratuity, Bonus & Others	29,358,619.43	18,349,137.14	29,602,191.53	18,501,369.70
Contribution to Provident Fund	1,302,404.00	814,002.50	1,676,258.31	1,047,661.45
Staff Welfare Expenses	2,659,623.62	1,662,264.76	1,700,189.65	1,062,618.53
Consumption of Stores and Spares	1,158,357.63	723,973.52	2,101,617.96	1,313,511.23
Power and Fuel	3,036,521.99	1,897,826.24	8,876,090.84	5,547,556.78
Rent	383,276.42	239,547.76	627,673.73	392,296.08
Insurance	3,390,790.70	2,119,244.19	4,377,322.55	2,735,826.59
Royalty & Technical Service Fees	—	—	55,206,332.21	34,503,957.63
Bank Charges	319,873.43	199,920.89	139,676.43	87,297.77
Plant & Machinery Repairs & Upkeep	4,933,711.39	3,083,569.62	11,149,718.76	6,968,574.23
Audit, Tax Audit Fees & Expenses	549,160.00	343,225.00	450,000.00	281,250.00
Legal & Retainer Fees	3,219,811.50	2,012,382.19	1,334,075.00	833,796.88
Telephone, Fax, Postage & Courier Charges	3,735,422.01	2,334,638.76	5,057,958.13	3,161,223.83
Travelling Expenses	3,541,667.54	2,213,542.21	4,405,721.33	2,753,575.83
Advertisement Expenses	1,854,014.00	1,158,758.75	10,246,321.60	6,403,951.00
Security Services	1,674,602.66	1,046,626.66	2,484,490.21	1,552,806.38
Miscellaneous Expenses	2,649,023.18	1,655,639.49	3,047,507.91	1,904,692.44
Total	63,766,879.50	39,854,299.69	142,483,146.15	89,051,966.34

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Schedule 16 : Contingent Liabilities

There are contingent liabilities in respect of : (NPR Lacs)

	As at July 16, 2006	As at July 15, 2005
1. Unexpired Letters of Credit	12.63	19.90
2. Addl. Tax demand raised by LTPO:		
For the Years 2003-04 & 2004-05	124.96	Nil
Total	137.59	19.90

Company has filed appropriate appeal against the impugned order with the IRD 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 Ordinance, 2062.

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 NPR 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 obligations towards the Employee housing requirements 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 Account. However, as per Act appropriate provision for Bonus have been made in the Books of Account.

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

- Previous year's figures have been regrouped/rearranged wherever necessary to facilitate comparison.
- Total Exports sales of NPR 3,954.89 Lacs are those made to Colgate-Palmolive (India) Limited.
- Custom duty & VAT 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.
- Provision for Existing Assets
Considering continuing political instability and security concern the Company has made a provision of NPR 283.05 Lacs towards the existing Building, Plant & Machinery at its factory at Hetauda.
- The Company has recognized the profit on sale of certain toothpaste assets under the head Profit/(Loss) from Assets Disposal in the current year.
- Pursuant to the receipt of our refund claim amounting to NPR 38,679,010/-, which was provided in the previous year, its provision has been reversed in the current year.
- An interim dividend of 18.50% amounting to NPR 31,450,000/- has been declared and distributed from the current year profit by the Board of Directors.

Per our attached report

For T. R. Upadhyaya & Co.
Chartered Accountants

T. R. Upadhyaya
Partner

Kathmandu
Date : 2nd December, 2006

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, 2007, 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. 23,99.95 Lacs as at March 31, 2007 and total revenues of Rs. 31,05.07 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, issued by the Institute of Chartered Accountants of India 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, 2007;
 - (b) in the case of 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 3, 2007

Consolidated Balance Sheet as at March 31, 2007

	Schedule	Rs. Lacs	Rs. Lacs	As at March 31, 2006 Rs. Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	1	135,99.28		135,99.28
Reserves and Surplus	2	142,40.39		144,71.97
			278,39.67	280,71.25
Loan Funds				
Unsecured Loans	3		4,27.50	4,35.52
Total			<u>282,67.17</u>	<u>285,06.77</u>
Application of Funds				
Fixed Assets				
Gross Block	4	440,70.93		433,21.56
Less : Depreciation/Amortisation/Impairment		<u>273,02.60</u>		<u>269,00.85</u>
Net Block		167,68.33		164,20.71
Capital Work-in-Progress and Advances for Capital Expenditure		<u>24,34.45</u>		<u>9,26.50</u>
			192,02.78	173,47.21
Investments	5		130,21.03	145,21.03
Deferred Tax Asset (Net)	6		25,66.95	7,60.40
Current Assets, Loans and Advances				
Inventories	7	80,33.06		75,84.49
Sundry Debtors	8	9,40.80		6,58.80
Cash and Bank Balances	9	114,86.42		89,20.81
Interest Accrued on Investments/Deposits		3,86.32		4,24.04
Loans and Advances	10	<u>151,20.72</u>		<u>136,01.48</u>
		359,67.32		311,89.62
<i>Less :</i>				
Current Liabilities and Provisions				
Liabilities	11	305,54.54		284,19.00
Provisions	12	<u>119,36.37</u>		<u>68,92.49</u>
		424,90.91		353,11.49
Net Current Assets			(65,23.59)	(41,21.87)
Total			<u>282,67.17</u>	<u>285,06.77</u>

The Schedules (1 to 26) referred to herein 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 3, 2007

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**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 3, 2007

Consolidated Profit and Loss Account for the year ended March 31, 2007

	Schedule	Rs. Lacs	Rs. Lacs	2005-2006 Rs. Lacs
Income				
Sales		1,385,85.82		1,219,25.68
Less : Excise Duty		90,24.09		93,31.85
(Refer Note 2 on Schedule 26)			1,295,61.73	1,125,93.83
Other Income	13		65,92.93	47,72.16
			1,361,54.66	1,173,65.99
Expenditure				
Cost of Goods Sold	14	572,65.94		494,30.61
Employee Costs	15	171,44.33		100,05.35
Other Expenses	16	402,41.91		345,28.31
Depreciation/Amortisation/Impairment	4	19,57.34		43,29.56
			1,166,09.52	982,93.83
Profit before Taxation			195,45.14	190,72.16
Current Tax		59,60.70		47,36.20
Deferred Tax		(16,75.09)		(2,67.78)
Fringe Benefit Tax		4,20.00		6,00.00
			47,05.61	50,68.42
Profit after Taxation			148,39.53	140,03.74
Balance Brought Forward			38,48.14	28,50.30
Profit Available for Appropriation			186,87.67	168,54.04
Appropriation :				
First Interim Dividend			57,79.68	37,39.80
Second Interim Dividend			44,19.77	40,79.78
Special Dividend - Proposed			27,19.86	—
Third Interim Dividend			—	23,79.87
Dividend Tax			18,92.71	14,30.47
Transfer to General Reserve			16,01.68	13,75.98
Balance Carried Forward			22,73.97	38,48.14
			186,87.67	168,54.04
Earnings per Equity Share (Rupees) (Face value of Rs. 10 per equity share)				
Basic and Diluted (Refer Schedule 25)			10.91	10.30

The Schedules (1 to 26) referred to herein 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 3, 2007

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**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 3, 2007

Consolidated Cash Flow Statement for the year ended March 31, 2007

	2006-2007	2005-2006
	Rs. Lacs	Rs. Lacs
Cash Flow from Operating Activities :		
Net Profit before Tax	195,45.14	190,72.16
Adjustment for :		
Unrealised Foreign Exchange Loss (Net)	22.07	48.76
Depreciation/Amortisation/Impairment	19,57.34	43,29.56
Interest Expense	98.04	66.02
Profit on Sale of Fixed Assets (Net)	(8,78.23)	(8,42.33)
Interest Income	(16,88.26)	(14,76.24)
Loss/(Profit) on Sale of Investments	–	7.33
Operating Profit before Working Capital Changes	190,56.10	212,05.26
Adjustment for (Increase)/Decrease in Working Capital :		
Inventories	(4,48.57)	2,57.28
Sundry Debtors	(2,82.00)	11,15.13
Loans and Advances	(12,05.07)	(9,75.88)
Current Liabilities and Provisions	48,25.62	40,38.66
Cash Generated from Operations	219,46.08	256,40.45
Direct Taxes Paid (Net)	(61,77.68)	(68,62.55)
Net Cash from/(used in) Operating Activities (A)	157,68.40	187,77.90
(Refer Note 2 below)		
Cash Flow from Investing Activities :		
Purchase of Fixed Assets/Pre-Operative Expenses	(38,46.28)	(50,15.11)
Sale of Fixed Assets	9,11.60	9,37.39
(Purchase)/Sale of Investments	15,00.00	4,87.12
Inter-Corporate Deposits (Placed)/Refunded (Net)	1,10.00	(15,46.00)
Interest Received	17,25.98	15,99.18
Net Cash from/(used in) Investing Activities (B)	4,01.30	(35,37.42)
Cash Flow from Financing Activities :		
Long Term Loans Availed/(Paid) (Net)	(8.02)	(4,84.24)
Interest Paid	(98.04)	(66.02)
Dividend Paid	(120,67.56)	(97,94.69)
Dividend Tax Paid	(14,30.47)	(17,16.56)
Net Cash from/(used in) Financing Activities (C)	(136,04.09)	(120,61.51)
Net Increase in Cash and Cash Equivalents (A+B+C)	25,65.61	31,78.97
Cash and Cash Equivalents at the beginning of the year	89,20.81	57,41.84
Cash and Cash Equivalents at the end of the year	114,86.42	89,20.81

Consolidated Cash Flow Statement for the year ended March 31, 2007 (Contd.)

	As at March 31, 2007 Rs. Lacs	As at March 31, 2006 Rs. Lacs
Cash and Cash Equivalents comprise :		
Cash and Cheques on Hand	0.30	0.28
Balances with Scheduled Banks in		
– Current Accounts	53,26.22	29,82.34
– Deposit Accounts	51,10.86	30,21.04
– Unpaid Dividend Accounts	10,49.04	29,17.15
Cash and Cash Equivalents as at the end of the year	<u>114,86.42</u>	<u>89,20.81</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" issued by the Institute of Chartered Accountants of India.
2. Net Cash from Operating Activities for the year is after cash outflow of Rs. 54,54.05 Lacs (Previous Year : Rs. Nil) 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 3, 2007

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**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 3, 2007

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

	Rs. Lacs	As at March 31, 2007 Rs. Lacs	As at March 31, 2006 Rs. Lacs
Schedule 1 : Share Capital			
Authorised			
13,70,00,000 Equity Shares of Rs. 10 each		<u>137,00.00</u>	<u>137,00.00</u>
Issued, Subscribed and Paid-up			
13,59,92,817 Equity Shares of Rs. 10 each fully paid		<u>135,99.28</u>	<u>135,99.28</u>
Of the above :			
(i) 5,44,76,910 Shares are held by Colgate-Palmolive Company, U.S.A., the Ultimate Holding Company.			
(ii) 1,48,79,426 Shares are held by Colgate-Palmolive (Asia) Pte Ltd., Subsidiary of the Ultimate Holding Company.			
(iii) 11,18,85,735 Shares of Rs. 10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.			
Schedule 2 : Reserves and Surplus			
Capital Reserve			
Consideration for vacating rented godown	6.50		6.50
Special Capital Incentive from State Government	<u>20.00</u>		<u>20.00</u>
		26.50	26.50
Share Premium Account			
		12,79.93	12,79.93
General Reserve			
Balance, beginning of the year	93,17.40		79,41.42
Less : Employee Retirement Benefits adjusted against reserve (Net of Deferred Tax) (Refer Schedule 23)	<u>2,59.09</u>		-
	90,58.31		79,41.42
Add : Transfer from Profit and Loss Account	<u>16,01.68</u>		13,75.98
		106,59.99	93,17.40
Profit and Loss Account Balance			
		<u>22,73.97</u>	38,48.14
		<u>142,40.39</u>	<u>144,71.97</u>
Schedule 3 : Unsecured Loans			
Loans		<u>4,27.50</u>	4,35.52
		<u>4,27.50</u>	<u>4,35.52</u>

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

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

Rs. Lacs

Particulars	Gross Block			Depreciation/Amortisation/Impairment			Net Block			
	As at March 31,2006	Additions/ Transfers	Disposals/ Transfers	As at March 31, 2007	Upto March 31, 2006	For the Year	Impairment of Assets (Refer Note (iii) below)	Upto March 31, 2007	As at March 31, 2007	As at March 31, 2006
Intangible Assets										
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	-	-
Tangible Assets										
Land - Leasehold	4,59.46	-	-	4,59.46	31.27	6.38	15.38	53.03	4,06.43	4,28.19
(Refer Note (i) below)										
Buildings (Refer Note (ii) below)	113,44.69	17.57	6,21.09	107,41.17	39,07.13	3,20.98	2,27.75	38,34.77	69,06.40	74,37.56
Plant and Machinery	186,74.11	20,64.30	9,50.96	197,87.45	107,33.58	10,71.90	1,06.01	109,92.91	87,94.54	79,40.53
Furniture and Equipment	37,41.04	2,56.46	13.65	39,83.85	31,37.10	1,93.58	9.63	33,27.65	6,56.20	6,03.94
Vehicles	35.85	-	3.26	32.59	25.36	5.73	-	27.83	4.76	10.49
Total	433,21.56	23,38.33	15,88.96	440,70.93	269,00.85	15,98.57	3,58.77	273,02.60	167,68.33	164,20.71
Total Previous Year	357,59.08	111,94.02	36,31.54	433,21.56	261,07.77	31,53.50	11,76.06	269,00.85	24,34.45	9,26.50
Add : Capital Work-in-Progress including advances on Capital Account									192,02.78	173,47.21
Total										

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 and Hetauda Industrial Estate, Hetauda in possession of the Company under lease with Hetauda Industrial District.

(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 and (g) Factory Building at Baddi.

(iii) The Assets of the Company have been assessed for Impairment in accordance with Accounting Standard - 28 - Impairment of Assets, issued by the Institute of Chartered Accountants of India. Consequently, impairment of Rs. 3,58.77 Lacs (Previous Year : Rs. 11,76.06 Lacs) has been provided in the accounts during the year.

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

	As at March 31, 2007 Rs. Lacs	As at March 31, 2006 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	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	10,00.00
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	15,00.00
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	20,00.00
7.80% (Tax Free) Secured, Redeemable, Non-Convertible Railway Bonds of Indian Railways Finance Corporation Limited (Series 36) 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 face value Rs. 9,50 Lacs.	9,59.00	9,59.00
	114,01.19	129,01.19
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. 10,71.48 Lacs (Previous Year : Rs. 10,82.19 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. 5,00.00 Lacs (Previous Year : Rs. 5,03.75 Lacs)]	5,31.51	5,31.51
	16,19.84	16,19.84
Total	130,21.03	145,21.03
Aggregate book value of Investments :		
Unquoted	114,01.19	129,01.19
Listed and quoted - Market Value Rs. 15,71.48 Lacs (Previous Year : Rs. 15,85.94 Lacs)	16,19.84	16,19.84
	130,21.03	145,21.03

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

	As at March 31, 2007 Rs. Lacs	As at March 31, 2006 Rs. Lacs
Schedule 6 : Deferred Tax Asset/(Liability) [Net]		
(Refer Note 10 on Schedule 17)		
Timing Difference between book and tax depreciation	(14,23.00)	(10,65.79)
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	16,48.38	1,70.01
Accrual for expenses allowable only on payment	23,41.57	16,56.18
	<u>25,66.95</u>	<u>7,60.40</u>
Schedule 7 : Inventories		
(Refer Note 6 on Schedule 17)		
Stores and Spares	4,18.36	2,43.29
Raw and Packing Materials	14,00.97	15,54.84
Work-in-Process	1,86.56	2,86.28
Finished Goods	60,27.17	55,00.08
	<u>80,33.06</u>	<u>75,84.49</u>
Schedule 8 : Sundry Debtors		
Unsecured : Considered Good		
Over Six Months	-	-
Others	9,40.80	6,58.80
	<u>9,40.80</u>	<u>6,58.80</u>
Schedule 9 : Cash and Bank Balances		
Cash on hand	0.30	0.28
Balances with Scheduled Banks :		
– Current Accounts	53,26.22	29,82.34
– Deposit Accounts	51,10.86	30,21.04
– Unclaimed Dividend Accounts	10,49.04	29,17.15
	<u>114,86.42</u>	<u>89,20.81</u>

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

	As at March 31, 2007 Rs. Lacs	As at March 31, 2006 Rs. Lacs
Schedule 10 : Loans and Advances		
Secured :		
Loans to Employees	4,13.92	3,42.05
Unsecured : Considered Good		
Inter-Corporate Deposits	68,19.00	69,29.00
Advances Recoverable in Cash or in Kind or for Value to be Received	36,17.35	27,58.53
Advance Tax (net of Provision for Taxation)	11,83.57	7,59.40
Balances with Excise Authorities	1,36.75	7,56.20
Deposits - Others	29,50.13	20,56.30
	<u>151,20.72</u>	<u>136,01.48</u>
Schedule 11 : Liabilities		
Acceptances	40,47.19	29,12.64
Sundry Creditors	232,65.68	211,35.44
Unclaimed Dividends	10,49.04	29,17.15
Other Liabilities	21,92.63	14,53.77
	<u>305,54.54</u>	<u>284,19.00</u>
Schedule 12 : Provisions		
Fringe Benefit Taxation (net of advance tax payments)	3,49.00	2,10.00
Special Dividend - Proposed	27,19.86	-
Dividend Tax	4,62.24	-
Retirement/Employee Benefits (Refer Note 8 on Schedule 17)	9,46.18	8,27.43
Others/Contingencies (Refer Note 7 on Schedule 17 and Schedule 19)	74,59.09	58,55.06
	<u>119,36.37</u>	<u>68,92.49</u>
	<u>424,90.91</u>	<u>353,11.49</u>

Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2007

	Rs. Lacs	2006-2007 Rs. Lacs	2005-2006 Rs. Lacs
Schedule 13 : Other Income			
Interest			
– On Bank Deposits		2,98.34	1,45.33
– On Long Term Investments		8,07.82	9,29.82
– Others		5,82.10	4,01.09
Cash Discount		1,46.86	1,18.08
Rental Income		8.37	71.46
Bad Debts Recovered		–	49.14
Profit on Sale of Assets (Net)		8,78.23	8,42.33
Service Income		33,73.40	20,47.84
Export Duty Drawback Entitlement		2,05.93	–
Miscellaneous		2,91.88	1,67.07
		<u>65,92.93</u>	<u>47,72.16</u>
Schedule 14 : Cost of Goods Sold			
Opening Stock			
Work-in-Process	2,86.28		3,00.80
Finished Goods	55,00.08		62,46.30
		57,86.36	65,47.10
Raw and Packing Materials Consumed			
Opening Stock	15,54.84		10,74.87
Add : Purchases [Net of transfer of Rs. 11,04.66 Lacs (Previous Year : Rs. 11,73.95 Lacs)]	263,41.75		232,40.75
	278,96.59		243,15.62
Less : Closing Stock	14,00.97		15,54.84
		264,95.62	227,60.78
		322,81.98	293,07.88
Purchased Finished Goods		313,02.46	262,44.84
Less : Closing Stock			
Work-in-Process	1,86.56		2,86.28
Finished Goods	60,27.17		55,00.08
		62,13.73	57,86.36
Increase/(Decrease) in Excise Duty on Finished Goods (Refer Note 2 on Schedule 26)		(1,04.77)	(3,35.75)
		<u>572,65.94</u>	<u>494,30.61</u>
Schedule 15 : Employee Costs			
Salaries, Wages and Bonus		99,91.11	83,50.30
Voluntary Retirement Scheme Cost		58,02.00	1,48.46
Contribution to Provident, Gratuity and Other Funds		8,38.29	9,29.08
Staff Welfare Expenses		5,12.93	5,77.51
		<u>171,44.33</u>	<u>100,05.35</u>

Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2007

	Rs. Lacs	2006-2007 Rs. Lacs	2005-2006 Rs. Lacs
Schedule 16 : Other Expenses			
Consumption of Stores and Spares		4,44.33	5,69.09
Processing Charges		54.82	41.41
Power and Fuel		7,89.30	7,12.09
Freight and Forwarding Charges		28,96.06	24,84.07
Rent		4,09.85	3,98.56
Rates and Taxes		5,88.93	77.46
Insurance		2,06.15	1,61.85
Repairs and Maintenance			
– Plant and Machinery	7,41.39		7,16.00
– Buildings	2,02.66		47.29
– Others	1,09.17		59.82
		10,53.22	8,23.11
Advertising and Sales Promotion		207,53.94	198,17.93
Directors' Fees		12.40	12.40
Sales Taxes absorbed		5,96.93	27.34
Royalty		33,79.35	25,25.14
Exchange Loss (Net)		1,50.58	52.98
Bad Debts Written Off		46.01	33.14
Loss on Sale of Long Term Investment		–	7.33
Interest		98.04	66.02
Travel and Conference Expenses		21,01.41	15,37.13
Miscellaneous Expenses		66,60.59	51,81.26
		402,41.91	345,28.31

Notes forming part of the Consolidated Balance Sheet as at March 31, 2007 and Consolidated Profit and Loss Account for the year ended March 31, 2007

Schedule 17 : Significant Accounting Policies

1. Basis of Accounting

The Consolidated Financial Statements of Colgate-Palmolive (India) Limited (“the Company”) and its Wholly-owned 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 Consolidation of Financial Statements, issued by the Institute of Chartered Accountants of India 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, 2007 and Consolidated Profit and Loss Account for the year ended March 31, 2007

– The subsidiaries considered in the consolidated financial statements are :

	Country of Incorporation	% voting power held as at March 31, 2007	% voting power held as at March 31, 2006
Colgate-Palmolive (Nepal) Private Limited	Nepal	100	100
Passion Trading & Investments Company Limited*	India	–	100
Multimint Leasing & Finance Limited*	India	–	100
Jigs Investments Limited*	India	–	100

*Refer Note 1 on Schedule 26

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 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).

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 out-sourced products.

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.

Notes forming part of the Consolidated Balance Sheet as at March 31, 2007 and Consolidated Profit and Loss Account for the year ended March 31, 2007

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. The Group contributes to Provident Fund and Superannuation Fund for its employees. 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. The Group contributes to the Gratuity Fund which is recognised by the Income Tax Authorities and administered through its trustees. The liability for the Gratuity Fund and the Pension Scheme is determined on the basis of an independent actuarial valuation done at the year-end. 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, except those relating to acquisition of fixed assets, which are adjusted in the cost of the fixed assets.

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 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.

Notes forming part of the Consolidated Balance Sheet as at March 31, 2007
and Consolidated Profit and Loss Account for the year ended March 31, 2007

	2006-2007 Rs. Lacs	2005-2006 Rs. Lacs
Schedule 18 : Contingencies and Commitments		
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	12,64.23	7,00.06
2. Contingent liabilities not provided for in respect of : (Refer Note 7 on Schedule 17)		
(i) Guarantees given by the Group	15,20.00	14,20.00
(ii) Counter Guarantees given to the Banks	1,97.67	2,24.79
(iii) Cheques Discounted with Banks	29,67.28	18,33.13
(iv) Unexpired Letters of Credit	–	4.26
(v) Claims against the Group not acknowledged as debts	70.76	36.01
(vi) Others		
– Excise Matters	2,33.04	3,00.20
– Service Tax Matters	10,21.77	–
– Income Tax Matters	–	48.60
– 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 19 : Others/Contingencies

(Refer Note 7 on Schedule 17)

	Commercial/Vendors (Refer Note 1 below)	Direct/Indirect Taxes (Refer Note 2 below)	Rs. Lacs Total
Opening Balance	14,60.88	43,94.18	58,55.06
Add : Additional provision made	7,01.73	17,36.70	24,38.43
Provision Reversed	(3,48.88)	(4,85.52)	(8,34.40)
Closing Balance	18,13.73	56,45.36	74,59.09

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 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.

Notes forming part of the Consolidated Balance Sheet as at March 31, 2007
and Consolidated Profit and Loss Account for the year ended March 31, 2007

Schedule 20 : Disclosure of Related Parties

1. Related Party Disclosures, as required by Accounting Standard 18, "Related Party Disclosures", issued by the Institute of Chartered Accountants of India 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., Hong Kong
: 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 (Png) Limited
: Hawley & Hazel Chemical Company (H.K.) Limited
: Colgate Oral Pharmaceuticals, Inc.
: Colgate-Palmolive, Temizlik, Urunleri, Turkey
: Colgate-Palmolive Cameroun S.A.
: Colgate-Palmolive Romania srl.
: Colgate-Palmolive (Mexico) S.A. de C.V.
: CP Global Export - France
: Colgate-Palmolive (Fiji) Limited
: Colgate-Palmolive Company Puerto Rico
: Colgate-Palmolive Senegal - N.S.O.A.
: Colgate-Palmolive (E) Pte Ltd.
: Colgate-Palmolive (Gulf States) Ltd.
: Colgate-Palmolive (Egypt) S.A.E.
: Colgate-Palmolive Industria E Commercio Ltda, Brazil
: Colgate-Palmolive Arabia Ltd.
: Colgate-Palmolive Compania, Colombia
: Colgate-Palmolive (Asia) Pte Ltd., Singapore
: Colgate-Palmolive Compania Anonima, Caracas
: Colgate-Palmolive (Pakistan) Ltd.
: Colgate-Palmolive (Burlington) Limited
: Colgate-Palmolive (Middle East Exports) Ltd.
: Colgate-Palmolive Mozambique, LDA
: Colgate-Palmolive Manufacturing (UK) Ltd. |
| iii) Key Management Personnel | : Roger Calmeyer (effective June 1, 2006)
: Graeme Dalziel (upto May 31, 2006)
: Moses Elias
: K. V. Vaidyanathan
: Vinay Hegde |
| iv) Relatives of Key Management Personnel | : Mrs. Pratima Elias |

Notes forming part of the Consolidated Balance Sheet as at March 31, 2007 and Consolidated Profit and Loss Account for the year ended March 31, 2007

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

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

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
	Rs. Lacs									
Purchase of Goods/Materials										
Colgate-Palmolive Company, U.S.A.	-	0.27	-	-	-	-	-	-	-	0.27
Colgate Sanxiao (Consumer Products) Company Limited	-	-	3,77.16	1,45.03	-	-	-	-	3,77.16	1,45.03
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	10.15	85.74	-	-	-	-	10.15	85.74
Colgate-Palmolive (Thailand) Ltd.	-	-	1,76.44	1,43.14	-	-	-	-	1,76.44	1,43.14
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	62.04	1,26.49	-	-	-	-	62.04	1,26.49
Others	-	-	88.00	70.53	-	-	-	-	88.00	70.53
Sub-Total	-	0.27	7,13.79	5,70.93	-	-	-	-	7,13.79	5,71.20
Sale of Goods										
Colgate-Palmolive Cameroon S.A.	-	-	-	9.14	-	-	-	-	-	9.14
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	2,28.63	14.33	-	-	-	-	2,28.63	14.33
Colgate-Palmolive Romania sri.	-	-	66.46	50.86	-	-	-	-	66.46	50.86
Colgate-Palmolive Marocco Limited	-	-	13.74	34.11	-	-	-	-	13.74	34.11
Colgate-Palmolive Columbia	-	-	1,04.15	21.31	-	-	-	-	1,04.15	21.31
CP Global Export - France	-	-	32.94	32.94	-	-	-	-	32.94	32.94
Others	-	-	44.92	65.16	-	-	-	-	44.92	65.16
Sub-Total	-	-	4,57.90	2,27.85	-	-	-	-	4,57.90	2,27.85
Purchase of Assets/Spares										
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	-	7,45.48	-	-	-	-	-	7,45.48
Others	-	-	-	45.30	-	-	-	-	-	45.30
Sub-Total	-	-	-	7,90.78	-	-	-	-	-	7,90.78
Sale of Assets										
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	-	58.75	-	-	-	-	-	58.75
Others	-	-	-	58.75	-	-	-	-	-	58.75
Sub-Total	-	-	-	117.50	-	-	-	-	-	117.50
Services Rendered										
Colgate-Palmolive Company, U.S.A.	33,93.24	20,59.28	-	-	-	-	-	-	33,93.24	20,59.28
Others	-	-	20.19	-	-	-	-	-	20.19	-
Sub-Total	33,93.24	20,59.28	20.19	-	-	-	-	-	34,13.43	20,59.28
Services Received										
Colgate-Palmolive Company, U.S.A.	11,15.66	11,68.58	-	-	-	-	-	-	11,15.66	11,68.58
Colgate-Palmolive Management Services (H.K.) Limited	-	-	7,47.05	5,59.90	-	-	-	-	7,47.05	5,59.90
Others	-	-	-	5,59.90	-	-	-	-	-	5,59.90
Sub-Total	11,15.66	11,68.58	7,47.05	11,28.80	-	-	-	-	18,62.71	17,28.48
Reimbursement of Expenses Receivable/(Payable)										
Colgate-Palmolive Company, U.S.A.	(7,98.75)	(5,48.98)	-	-	-	-	-	-	(7,98.75)	(5,48.98)
Others	-	-	(18.18)	32.32	-	-	-	-	(18.18)	32.32
Sub-Total	(7,98.75)	(5,48.98)	(18.18)	32.32	-	-	-	-	(8,16.93)	(5,16.66)
Others - Payable										
Colgate-Palmolive Company, U.S.A.	56.45	38.55	-	-	-	-	-	-	56.45	38.55
Colgate-Palmolive Management Services (H.K.) Limited	-	-	20.54	(0.99)	-	-	-	-	20.54	(0.99)
Colgate Palmolive (Malaysia) Mktg. SDN BHD	-	-	5.88	10.61	-	-	-	-	5.88	10.61
Others	-	-	9.26	14.47	-	-	-	-	9.26	14.47
Sub-Total	56.45	38.55	35.68	24.09	-	-	-	-	92.13	62.64

Notes forming part of the Consolidated Balance Sheet as at March 31, 2007 and Consolidated Profit and Loss Account for the year ended March 31, 2007

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		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
Dividend Paid/Proposed										
Colgate-Palmolive Company, U.S.A.	51,75.31	44,94.95	-	-	-	-	-	-	51,75.31	44,94.95
Colgate-Palmolive (Asia) Pte Ltd., Singapore	-	-	14,13.55	7,06.77	-	-	-	-	14,13.55	7,06.77
Sub-Total	51,75.31	44,94.95	14,13.55	7,06.77	-	-	-	-	65,88.86	52,01.72
Royalty and Technical Fees										
Colgate-Palmolive Company, U.S.A.	30,25.97	23,18.19	-	-	-	-	-	-	30,25.97	23,18.19
Sub-Total	30,25.97	23,18.19	-	-	-	-	-	-	30,25.97	23,18.19
Remuneration										
Roger Calmeyer	-	-	-	-	2,96.84	-	-	-	2,96.84	-
Graeme Daiziel	-	-	-	-	2,60.06	4,89.56	-	-	2,60.06	4,89.56
Moses Elias	-	-	-	-	3,71.87	2,51.38	-	-	3,71.87	2,51.38
K.V. Vaidyanathan	-	-	-	-	96.27	93.61	-	-	96.27	93.61
Vinay Hegde	-	-	-	-	1,59.00	36.39	-	-	1,59.00	36.39
Sub-Total	-	-	-	-	11,84.04	8,70.94	-	-	11,84.04	8,70.94
Dividend										
	-	-	-	-	0.11	0.09	-	0.27	0.38	0.34
Sub-Total	-	-	-	-	0.11	0.09	-	0.27	0.38	0.34
Repayment of Loan										
	-	-	-	-	1.20	1.41	-	-	1.20	1.41
Sub-Total	-	-	-	-	1.20	1.41	-	-	1.20	1.41
Interest on Loan received										
	-	-	-	-	0.80	0.83	-	-	0.80	0.83
Sub-Total	-	-	-	-	0.80	0.83	-	-	0.80	0.83
Outstanding Receivable net of Payable										
	-	-	2,52.70	68.38	25.96	27.16	-	-	2,78.66	95.54
Outstanding Payable net of Receivable										
	6,70.14	10,72.53	11,63.62	11,18.04	-	-	-	-	18,33.76	21,90.57

Notes forming part of the Consolidated Balance Sheet as at March 31, 2007 and Consolidated Profit and Loss Account for the year ended March 31, 2007

Schedule 21 : Lease Accounting	2006-2007	2005-2006
	Rs. Lacs	Rs. Lacs
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	4,10.68	3,92.54
Greater than 1 year but less than 5 years	3,66.91	4,75.75
Greater than 5 years	—	—
2. Lease payments recognised in Profit and Loss Account are included in "Miscellaneous" under Other Expenses in Schedule 16	4,18.79	4,40.10

Schedule 22 : Segment Information

In accordance with the requirements of Accounting Standard-17, Segment Reporting issued by the Institute of Chartered Accountants of India, 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	2006-2007	2005-2006
	Rs. Lacs	Rs. Lacs
1. Segment Revenue from Operations	1,295,61.73	1,125,93.83
Unallocated Income	35,79.33	20,47.84
Other Income	30,13.60	27,24.32
	1,361,54.66	1,173,65.99
2. Segment Results	162,40.26	162,73.10
Add : Unallocated Results	3,89.32	1,40.76
Add : Other Income	30,13.60	27,24.32
Less : Interest and Financial Charges	98.04	66.02
Total Profit before Tax	195,45.14	190,72.16
3. Capital Employed		
Segment Assets	416,93.00	355,43.65
Add : Unallocated Corporate Assets	290,65.08	282,74.61
Total Assets	707,58.08	638,18.26
Segment Liability	394,37.42	329,35.05
Add : Unallocated Corporate Liability	34,80.99	28,11.96
Total Liability	429,18.41	357,47.01
Segment Capital Employed	22,55.58	26,08.60
Add : Unallocated Capital Employed	255,84.09	254,62.65
Total Capital Employed	278,39.67	280,71.25

Notes forming part of the Consolidated Balance Sheet as at March 31, 2007
and Consolidated Profit and Loss Account for the year ended March 31, 2007

Schedule 22 : Segment Information - (Contd.)

	2006-2007	2005-2006
	Rs. Lacs	Rs. Lacs
4. Capital Expenditure		
Segment Capital Expenditure	36,29.73	47,52.05
Add : Unallocated Capital Expenditure	2,16.55	2,12.08
Total Capital Expenditure	38,46.28	49,64.13
5. Depreciation/Amortisation/Impairment		
Segment Depreciation	17,22.46	40,67.23
Add : Unallocated Depreciation	2,34.88	2,62.33
Total Depreciation	19,57.34	43,29.56
6. Significant Non Cash Expenditure (excluding depreciation)	46.01	40.47

Secondary Reportable Segment

	Rs. Lacs					
	India		Outside India		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
Revenue by geographical segment						
External	1,285,83.06	1,117,92.91	9,78.67	8,00.92	1,295,61.73	1,125,93.83
Internal Segment	-	-	-	-	-	-
Total	1,285,83.06	1,117,92.91	9,78.67	8,00.92	1,295,61.73	1,125,93.83
Carrying amount of segment assets	413,67.11	340,59.53	3,25.89	14,84.12	416,93.00	355,43.65
Capital Expenditure	36,22.24	47,22.54	7.49	29.51	36,29.73	47,52.05

Schedule 23 : Employee Benefits

Disclosures in Notes to Accounts

During the year, the Group has done an early adoption of Accounting Standard 15 (Revised 2005) 'Employee Benefits'.

The Group has classified the 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 Group has recognised the following amounts in the Profit and Loss Account :

- Employers' Contribution to Provident Fund	Rs. Lacs 2,91.80
- Employers' Contribution to Superannuation Fund	2,35.78
- Employers' Contribution to Employees' State Insurance	4.97
- Employers' Contribution to Employees' Pension Scheme 1995.	73.03

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

Notes forming part of the Consolidated Balance Sheet as at March 31, 2007
and Consolidated Profit and Loss Account for the year ended March 31, 2007

Schedule 23 : Employee Benefits - (Contd.)

II. Defined Benefit Plan

Contribution to Gratuity Fund (Funded Scheme) and contribution to Pension Scheme/Gratuity Scheme for subsidiary (Non-Funded Scheme)

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions :

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

A) Changes in the Present Value of Obligation	Funded Scheme	Non-Funded Scheme
	Rs. Lacs	Rs. Lacs
Present Value of Obligation as at April 1, 2006	17,60.01	77.37
Interest Cost	1,27.91	0.73
Current Service Cost	1,71.95	5.92
Settlement Cost/(Credit)	(3,74.12)	—
Benefits Paid	(1,83.04)	—
Actuarial (gain)/loss on Obligations	(29.52)	(1.14)
Present Value of Obligation as at March 31, 2007	14,73.19	82.88

B) Changes in the Fair Value of Plan Assets	
(For Funded Scheme)	Rs. Lacs
Present Value of Plan Assets as at April 1, 2006	13,89.48
Expected Return on Plan Assets	1,30.61
Actuarial Gains and (Losses)	(42.20)
Contributions	6,31.75
Benefits Paid	(1,83.04)
Assets Distributed on Settlement	(4,19.39)
Fair Value of Plan Assets as at March 31, 2007	15,07.21

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets	Rs. Lacs
Present Value of funded Obligation as at March 31, 2007	14,73.19
Fair Value of Plan Assets as at the end of the year	15,07.21
Funded Status	(34.02)
Present Value of unfunded Obligation as at March 31, 2007	82.88
Unrecognised Actuarial (gains)/losses	—
Unfunded Liability/(Net Asset) Recognised in Balance Sheet	48.86

Included in Provisions (Refer Schedule 12)

D) Amount recognised in the Balance Sheet	Funded Scheme	Non-Funded Scheme
	Rs. Lacs	Rs. Lacs
Present Value of Obligation as at March 31, 2007	14,73.19	82.88
Fair Value of Plan Assets as at the end of the year	15,07.21	—
Liability/(Asset) recognised in the Balance Sheet	(34.02)	82.88

Included in Provisions (Refer Schedule 12)

Notes forming part of the Consolidated Balance Sheet as at March 31, 2007
and Consolidated Profit and Loss Account for the year ended March 31, 2007

Schedule 23 : Employee Benefits - (Contd.)

E) Expenses recognised in the Profit and Loss Account

	Funded Scheme	Non-Funded Scheme
	Rs. Lacs	Rs. Lacs
Current Service Cost	1,71.95	5.92
Past Service Cost	-	-
Interest Cost	1,27.91	0.73
Expected Return on Plan Assets	(1,30.61)	-
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	45.27	-
Net actuarial (gain)/loss recognised in the period	12.68	(1.14)
Total Expenses recognised in the Profit and Loss Account	2,27.20	5.51

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

In accordance with the transitional provisions of Accounting Standard 15, changes in actuarial assumptions due to adoption of the revised accounting standard of Rs. 2,59.09 Lacs (net of deferred tax of Rs. 1,31.46 Lacs) have been adjusted against General Reserve.

Schedule 24 : Derivative Instruments - Details of foreign currency balances not hedged

Particulars	Currency Denomination	Foreign Currency Amount in Lacs	Indian Rupees equivalent in Lacs
Assets (Trade Receivables)	USD	9.27	4,05.72
Assets (Loans & Advances)	USD	1.91	82.82
	GBP	0.18	15.67
Liabilities (Trade Payables)	EUR	0.01	0.28
	GBP	0.19	16.49
	USD	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)'.

Schedule 25 : Earnings Per Share

	2006-2007	2005-2006
Profit After Taxation (Rs. Lacs)	148,39.53	140,03.74
Weighted average number of shares (Nos.)	13,59,92,817	13,59,92,817
Nominal Value of shares outstanding (Rs.)	10.00	10.00
Basic and Diluted Earnings Per Share (Rs.)	10.91	10.30

Notes forming part of the Consolidated Balance Sheet as at March 31, 2007 and Consolidated Profit and Loss Account for the year ended March 31, 2007

Schedule 26 : Supplementary Information

1. Multimint Leasing & Finance Limited, Jigs Investments Limited and Passion Trading & Investments Company Limited are defunct companies. The Registrar of Companies has struck off the names of the aforesaid subsidiaries from the Register of Companies during the year.
2. The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as excise duty expense in "Cost of Goods Sold - Increase/(Decrease) in Excise Duty on Finished Goods" under Schedule 14 annexed and forming part of Profit and Loss Account.
3. The financial statements of the subsidiaries have been audited by firms other than Price Waterhouse.
4. Previous year's figures have been re-grouped and re-arranged wherever necessary.

The Schedules (1 to 26) 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 3, 2007

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**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 3, 2007