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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>	G. Dalziel
	<i>Whole-time Director</i>	M. A. Elias
	<i>Whole-time Director</i>	K. V. Vaidyanathan
		V. S. Mehta
		J. K. Setna
	<i>Company Secretary</i>	K. V. Vaidyanathan
Management Committee	<i>Managing Director</i>	G. Dalziel
	<i>Finance</i>	M. A. Elias
	<i>Legal</i>	K. V. Vaidyanathan
	<i>Marketing</i>	V. Hegde
	<i>Sales</i>	V. Nambiar
	<i>R & D</i>	S. Manek
	<i>Information Technology</i>	A. Pande
	<i>Manufacturing & Supply Chain</i>	D. Chhibba
	<i>Human Resources</i>	D. Roy
Audit Committee	<i>Chairperson</i>	R. A. Shah
		P. K. Ghosh
		J. K. Setna
	<i>Secretary</i>	K. V. Vaidyanathan
Shareholders'/Investors' Grievance Committee	<i>Chairperson</i>	P. K. Ghosh
		G. Dalziel
		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>	Sewri Fort Road, Mumbai 400 015 Waluj Industrial Area, MIDC, Aurangabad 431 136 1 Jharmajari, District Solan, Baddi, H.P. 174 103
	<i>Registrars & Share Transfer Agents</i>	Sharepro Services (India) Private Limited

Ten-year Highlights

Rs. Lacs

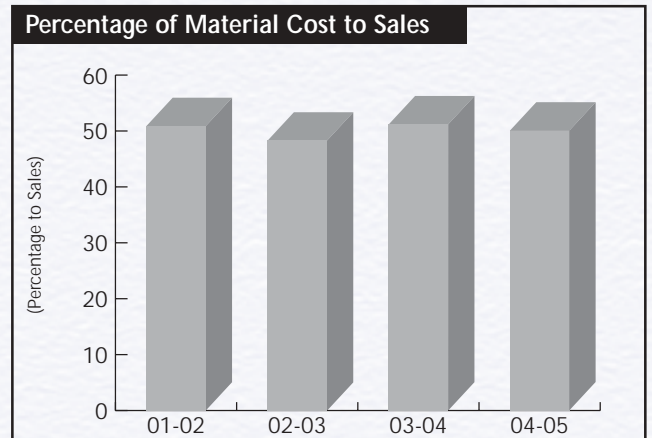
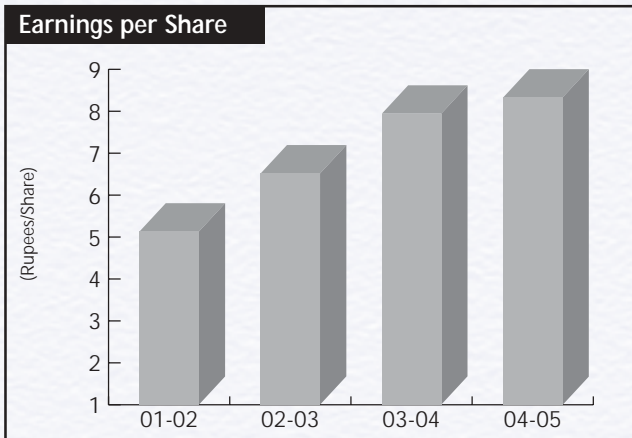
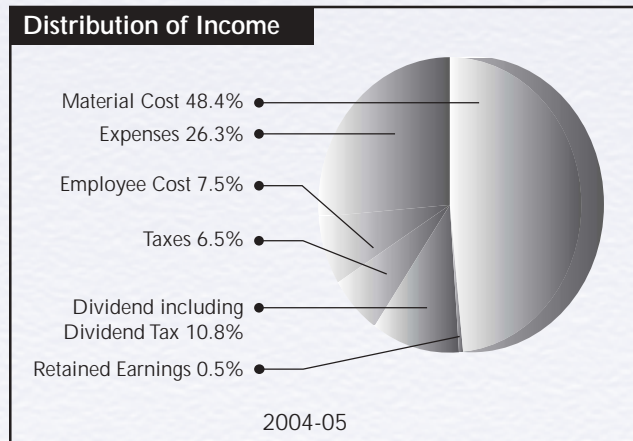
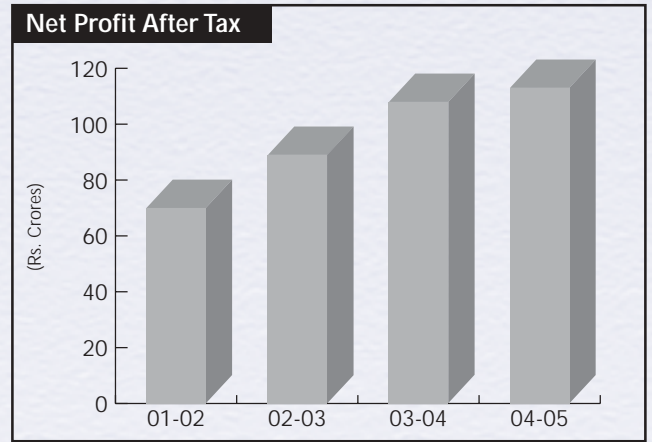
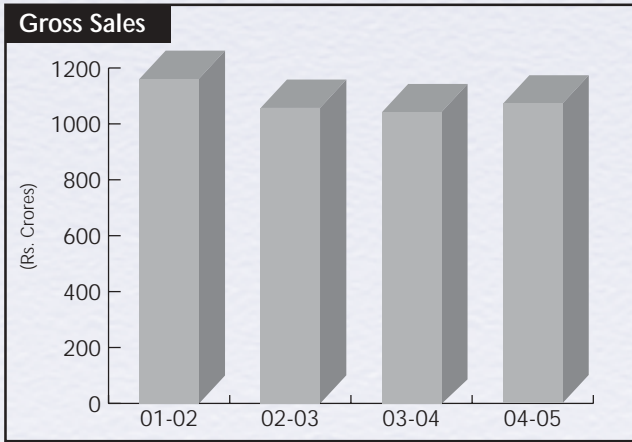
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
A. Operating Results :										
Sales	850,11	960,60	1,019,73#	998,22#	1,089,58#	1,176,88	1,160,89	1,056,89	1,042,08	1,072,53
Other Income	14,84	17,61	12,48#	16,31#	22,89#	29,51	30,95	35,76	29,92	34,23
Net Profit After Tax	76,30	78,92	80,07	45,67	51,79	62,50	69,79	88,66	108,00	113,29
Cash Profits	94,72	98,58	101,24	70,30	75,00	82,72	91,94	108,13	132,26	135,66
B. Financial Position :										
Fixed Assets (Net)	151,73	160,41	194,46	226,17	215,58	196,93#	172,31	158,02	93,95	147,21
Current Assets (Net)	49,13	84,89	83,17	58,47	80,31	31,26#	56,86	29,52	36,77	(62,83)
Others (Net)	43,68	16,89	20,51	14,23	11,08	23,97#	27,72	89,62	115,76	169,37
TOTAL ASSETS	244,54	262,19	298,14	298,87	306,97	252,16	256,89	277,16	246,48	253,75
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	106,02	122,18	157,37	157,75	164,26	103,12	111,65	139,03	108,32	113,78
SHAREHOLDERS' FUNDS	242,01	258,17	293,36	293,74	300,25	239,11	247,64	275,02	244,31	249,77
Loan Funds	2,53	4,02	4,78	5,13	6,72	13,05	9,25	2,14	2,17	3,98
TOTAL CAPITAL EMPLOYED	244,54	262,19	298,14	298,87	306,97	252,16	256,89	277,16	246,48	253,75
C. Equity Share Data :										
Earnings Per Share (Rs.)	5.61	5.80	5.89	3.36	3.81	4.60	5.13	6.52	7.94	8.33
Dividend Per Share (Rs.)	4.80	4.50	3.00	3.00	3.00	8.25*	4.25	4.25	6.00**	7.00
Number of Shares (in Lacs)	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60
Number of Shareholders (in '000s)	2,29	2,35	2,38	2,41	2,30	2,22	2,15	2,07	1,85	1,59

Regrouped

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

** Including one-time special 25th Anniversary Dividend of Rs. 1.25 per share.

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



Notice

NOTICE is hereby given that the Sixty-fourth Annual General Meeting of COLGATE-PALMOLIVE (INDIA) LIMITED will be held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg, J.V.P.D. Scheme, Vile-Parle (West), Mumbai 400 056 on Thursday, August 18, 2005 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2005 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. J. K. Setna, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. V. S. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

By Order of the Board
K. V. Vaidyanathan
Whole-time Director &
Company Secretary

Date : May 30, 2005

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

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 9, 2005 to Thursday, August 18, 2005 (both days inclusive).
3. 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.
4. 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.
5. To avoid the incidence of fraudulent encashment of the warrants, Members are requested to intimate the Registrars and Share Transfer Agents of the Company under the signature of the Sole/First joint holder the following information so that the Bank Account Number and Name and Address of the Bank can be printed on dividend warrants, if and when issued :
 - a) Name of Sole/First joint holder and Folio Number
 - b) Particulars of Bank Account viz.
 - i) Name of the Bank
 - ii) Name of the Branch
 - iii) Complete address of the Bank with pincode number
 - iv) Account type, whether Savings or Current Account
 - v) Bank Account number allotted by the Bank.
6. The Company, consequent upon the introduction of the Depository System [DS], entered into agreements with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL]. Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.
7. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates, etc. Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
8. 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 printed on the dividend warrants on the basis of information furnished by the DPs to the Company.

9. All unclaimed dividends upto the First Interim Dividend for 1995-96 paid by the Company on September 29, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants upto the said period are requested to claim the amount from The Registrar of Companies, 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 2004-05, unclaimed amounts of Final Dividend (Rs. 7,49,248/-) for 1996-97 and First Interim Dividend (Rs. 8,79,777/-) for 1997-98 have been transferred to the Investor Education and Protection Fund on November 4, 2004 and January 28, 2005 respectively.

10. 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.
11. At the ensuing Annual General Meeting, Mr. J. K. Setna and Mr. V. S. Mehta shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. Setna and Mr. Mehta are given below :

Mr. J. K. Setna :

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

age of 60 and then as Chairman in September 1993. He joined the Board of Tata Sons Limited in October 1993 and continued as a Director on its Board until his retirement in 2003.

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

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

Other Directorships : Telco Construction Equipment Co. Ltd. (Chairman), Camphor & Allied Products Ltd., Tata Infotech Ltd., Tata Motors Ltd., Universal Ferro & Allied Chemicals Ltd.

Committee Memberships : Audit Committee of the Boards of Tata Infotech Ltd. and Tata Motors Ltd. and Remuneration Committee of the Boards of Tata Infotech Ltd. and Telco Construction Equipment Co. Ltd.

Mr. V. S. Mehta :

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

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

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

Other Directorships : Chairman & Director of Shell India Marketing Private Limited, Shell India Private Limited, Shell Solar India Private Limited, Bharat Shell Limited, Hazira Lng. Pvt. Ltd., Hazira Port Pvt. Ltd., Shell Gas Lpg India Pvt. Ltd., Shell Hazira Gas Pvt. Ltd. and Shell Bitumen India Private Ltd.; and Director of Machino Basell India Ltd.

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, 2005.

Financial Results

	(Rs. in Crores)	
	2004-05	2003-04
Total Revenue	998.45	969.11
Sales (Excluding Excise Duty)	964.22	939.19
Other Income	34.23	29.92
Profit before Taxation	178.14	151.48
Provision for Taxation	64.85	43.48
Profit after Taxation	113.29	108.00
Balance brought forward	27.17	22.02
Profit available for Appropriation	140.46	130.02
Appropriation :		
Dividend	95.19	81.60
Dividend Tax	12.64	10.45
General Reserve	11.33	10.80
Balance carried forward	21.30	27.17
	140.46	130.02

Business Performance

In an increasingly fierce competitive market environment, your Company registered an overall volume growth of 10 per cent with toothpaste recording an impressive volume growth of 14 per cent during the year, which is significantly ahead of market growth for the same period. This was possible due to successful execution of well-researched and robust strategies, which helped your Company consolidate its leadership position during the year. Reversing the declining trend set in since 2001-02, sales for the year have gone up from Rs.939.19 Crores to Rs.964.22 Crores. The pre-tax profit of your Company, after absorbing Rs.12.6 Crores on account of accelerated depreciation and voluntary retirement package offered at the Aurangabad factory, recorded an impressive growth of 18 per cent at Rs.178.14 Crores. The net profit for the year was Rs.113.29 Crores as against Rs.108.00 Crores during 2003-04, which included one-time deferred tax reversal of Rs.10 Crores.

Your Company will continue to step up its innovation program and make efficient and cost-effective commercial investments to support its core business in the key high-potential oral care market. During the current financial year, the commercial spending will continue at competitive levels and this spending will be carefully targeted to strengthen the base business and support launch of new products. This kind of effective and impactful commercial investment is essential for continued growth and your Directors are pleased with the acceleration of market shares in dentifrices and good unit volume growth.

Driving Greater Efficiency

Several cost-saving initiatives were taken particularly in the area of supply chain to further reinforce your Company's competitive advantage in the market. Purchasing is one of the key areas in which your Company has achieved considerable savings. These savings have come, for example, from key supplier partnerships

and also by participating in reverse e-auctions online with approved suppliers and by finding new lower cost sources.

With a view to enhancing cost effectiveness and strengthening the Company's long-term competitiveness, your Company addressed the long-standing issue of idle/excess labour by offering a voluntary retirement package at its Aurangabad factory well above the statutory norms, applying its usual caring, humane and fair approach. This was availed by the workmen and staff of the toilet soap facility, which discontinued production in December, 2004. The Aurangabad factory continues to produce toothpowder and shave cream.

As stated in the last Annual Report, a state-of-the-art additional toothpaste manufacturing facility has been established at Baddi, Himachal Pradesh for capacity enhancement to meet the growing market demand. The first phase of the facility became operational in April, 2005 and the remaining two phases will be commissioned during this calendar year. This will enable your Company to avail in 2005-06 the fiscal incentives, including excise duty exemption and income-tax holiday offered by the Government.

Dividend

For the financial year 2004-05, three interim dividends were paid – Rs. 1.50 per share on July 23, 2004, Rs. 4 per share on December 22, 2004 and Rs. 1.50 per share on May 20, 2005 aggregating to Rs. 7 per share. In view of the above, your Directors do not recommend final dividend for the year.

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 the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- c) that to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) that they have prepared the annual accounts on a going concern basis.

Oral Health Month

Your Company in partnership with the Indian Dental Association (IDA) organised a month-long awareness campaign under the banner of Oral Health Month in October, 2004 to establish and promote the importance of good oral hygiene and regular dental check-ups. Free dental check-ups and oral health care education were carried out at public centres in 20 towns and in over 1,000 schools covering 5,00,000 children. Additionally, slums in key metros and 1,100 villages were covered under the oral health education program. The theme of this campaign "Healthy Smiles for Life" focused on the benefits and importance of good oral health.

The Oral Health Month is one more step in your Company's long standing endeavour to spread the message of good oral health – as you are aware, the school dental education program – presently called the Bright Smiles, Bright Futures Program – organised in partnership with IDA has been reaching out to school children for the past 28 years.

On the eve of the above campaign, a national oral health survey conducted by the Dental Council of India and supported by your Company was released. This is the first-ever national epidemiological study on the status of oral health in the country done in accordance with the guidelines prescribed by World Health Organisation.

According to this Survey, dental caries (tooth decay) is prevalent in 63 per cent of 15 year olds and as much as 80 per cent amongst adults in the age group of 35-44 years. Periodontal diseases (gum diseases) are prevalent in 68 per cent of 15 year olds and as much as 90 per cent amongst adults in the age group of 35-44 year olds.

To address this situation and spread "Healthy Smiles" among the Indian population, your Company in partnership with IDA propagated good oral care habits and practices through oral care education, free dental health check-ups, etc.

Colgate – the Most Trusted Brand

Colgate was voted "The Most Trusted Brand" in India for the second consecutive year in the Brand Equity ORG-MARG ACNielsen Survey across all brands and categories. This is the fourth survey done by the Economic Times. "Colgate" has been the only brand to be consistently ranked in the top 3 for all the four years and to hold the leadership for two consecutive years. This is a true measure of the trust and confidence that generations of consumers have placed in Colgate for their oral care needs.

Tsunami Relief

Responding to the totally unexpected Tsunami disaster, your Company not only supplied its products to the Tsunami victims but also sent a team of ten volunteers to Tamil Nadu to help them recover from emotional/mental shock and fear. Contributions were also made to the Prime Minister's Relief Fund by your Company and its employees.

Nepal Subsidiary

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

Other Subsidiaries

The requisite formalities, under the Simplified Exit Scheme introduced by the Government of India, have been complied with, for getting the names of your Company's subsidiaries (viz. Passion Trading & Investment Company Limited, Multimint Leasing & Finance Limited and Jigs Investments Limited) struck off from the records maintained by the Registrar of Companies. An official confirmation to this effect is awaited from the Registrar of Companies. These subsidiaries have accordingly become defunct companies within the meaning of Section 560 of the Companies Act, 1956.

Corporate Governance

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

Employee Relations

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

A long-term Memorandum of Settlement for three and a half years at the Company's Aurangabad Factory was signed on 30th March, 2005. This settlement would be in force till 30th November, 2007.

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

Trade Relations

Your Directors wish to record their 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 would 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 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

Under Article 124 of the Company's Articles of Association, Mr. J. K. Setna and Mr. V. S. Mehta retire by rotation at the 64th 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

G. Dalziel
Managing Director

R. A. Shah
Vice-Chairman

Mumbai, May 30, 2005

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

1. Company's philosophy on Code of Governance

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

including our relationship with consumers, shareholders and Government.

2. Composition of Board

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

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

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

Name of Director	Category	No. of other Directorships - excluding Private Ltd. Companies and Alternate Directorships	No. of Memberships of other Board Committees (Excluding Alternate Directorships)	No. of other Board Committees of which the Director is a Chairperson
Mr. F. T. Garcia	Non-executive	19 [@]	1 [@]	-
Mr. R. A. Shah	Non-executive	15 [@]	8	3
Mr. P. K. Ghosh	Non-executive	-	-	-
Mr. G. Dalziel	Executive	-	-	-
Mr. M. A. Elias	Executive	-	-	-
Mr. K. V. Vaidyanathan	Executive	3	-	-
Mr. J. K. Setna	Non-executive	5	4	2
Mr. V. S. Mehta	Non-executive	2	-	-

@ Includes Foreign bodies corporate

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

During the year 2004-05, 11 Board Meetings were held

on April 29, June 29, July 16, August 18, September 27, October 15 and 20 and December 1 and 9, 2004, January 27 and February 2, 2005. The last Annual General Meeting of the Company was held on August 18, 2004.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. F. T. Garcia	2	Absent
Mr. R. A. Shah	8	Present
Mr. P. K. Ghosh	8	Present
Mr. G. Dalziel	11	Present
Mr. M. A. Elias	10	Present
Mr. K. V. Vaidyanathan	11	Present
Mr. J. K. Setna	10	Present
Mr. V. S. Mehta	8	Absent

3. Audit Committee

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

The composition of the Audit Committee is as under :

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

The terms of reference of the Audit Committee include :

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

During the financial year 2004-05, 5 Audit Committee Meetings were held on June 29, July 16, September 27, October 20, 2004 and January 27, 2005. Mr. R. A. Shah and Mr. J. K. Setna attended all the meetings of the Committee. Mr. P. K. Ghosh could not attend the Committee Meeting held on July 16, 2004.

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, 2005 are given below :

	Rs. Lacs
a) Salary	2,23.10
b) Benefits	1,03.33
c) Performance linked Incentive/Commission/Bonus	1,65.92
d) Sitting fees [Non-executive Directors]	11.40
Total	5,03.75

Note : The agreement with each of the three Executive Directors is for a period of five years. Either party shall be entitled to determine the agreement 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.

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, G. Dalziel, J. K. Setna and K. V. Vaidyanathan. Mr. P. K. Ghosh, Deputy Chairman and a Non-executive Director heads this Committee. The Committee meets every fortnight or at frequent intervals to consider, inter alia, share transfers, investor complaints, etc.

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

During the year 2004-05, 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	Number redressed
Non-receipt of dividends	38	35
Non-receipt of shares lodged for transfer	24	23
Others	22	22
Total	84	80

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

All valid share transfers received during the year 2004-05 have been acted upon by the Company and the number of pending share transfers, as on March 31, 2005 were 92. These have since been acted upon.

6. General Body Meetings

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

Financial Year	Date	Location of the Meeting	Time
2001-02	August 19, 2002	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2002-03	August 18, 2003	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2003-04	August 18, 2004	The Sivaswamy Auditorium, Mumbai	3.30 p.m.

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

7. Disclosures

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

There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. Attention is drawn to Schedule 21 to the Accounts.

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

The Company has complied with the requirements of regulatory authorities on capital markets and no

penalty/stricture was imposed on the Company during the last three years.

8. Means of Communication

The quarterly, half-yearly and full year results are published in Free Press Journal and Navshakti. These are not sent individually to the shareholders. The Company results and official news releases are displayed on the Company's website www.colgate.co.in.

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.

The toothpaste market grew during the year, reversing the declining trend of the previous two years. However, the toothpowder market continued to decline. The overall market environment continues to be very competitive. In an increasingly fierce competitive market environment, the Company did gain market shares during the year in all the three oral care segments – toothpaste, toothpowder and toothbrushes.

Almost half of the Indian population does not have access to modern dental care. The per capita consumption of toothpaste is about 80 gms; one of the lowest in the world. The recent national epidemiological study conducted 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 an intensive month-long awareness campaign in October, 2004 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.

In the recent survey of India's Most Trusted Brand 2004 conducted by premier research agency, ACNielsen ORG-MARG, Colgate took the prestigious # 1 spot for the second year in succession across all brands and categories. Further, Colgate is the only toothpaste brand in India which has received the coveted Seal of Acceptance from the Indian Dental Association, a premier agency of dental professionals in India. All these recognitions are primarily on account of the Company's ability and commitment to consistently deliver superior quality products to consumers. While the predominant business of the Company was 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 few years.

The Company has good internal control systems, the adequacy of which have 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, 2005 was 1164.

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 : August 18, 2005 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 in June as permitted under the listing agreement.

Dates of Book Closure

August 9, 2005 to August 18, 2005 (both days inclusive).

Dividend Payment Date

Dividend	Payment Date
First Interim 2004-05	July 23, 2004
Second Interim 2004-05	December 22, 2004
Third Interim 2004-05	May 20, 2005

Listing on Stock Exchanges

The Company's shares are listed on The Stock Exchange, Mumbai and National Stock Exchange of India Ltd.

Stock Code

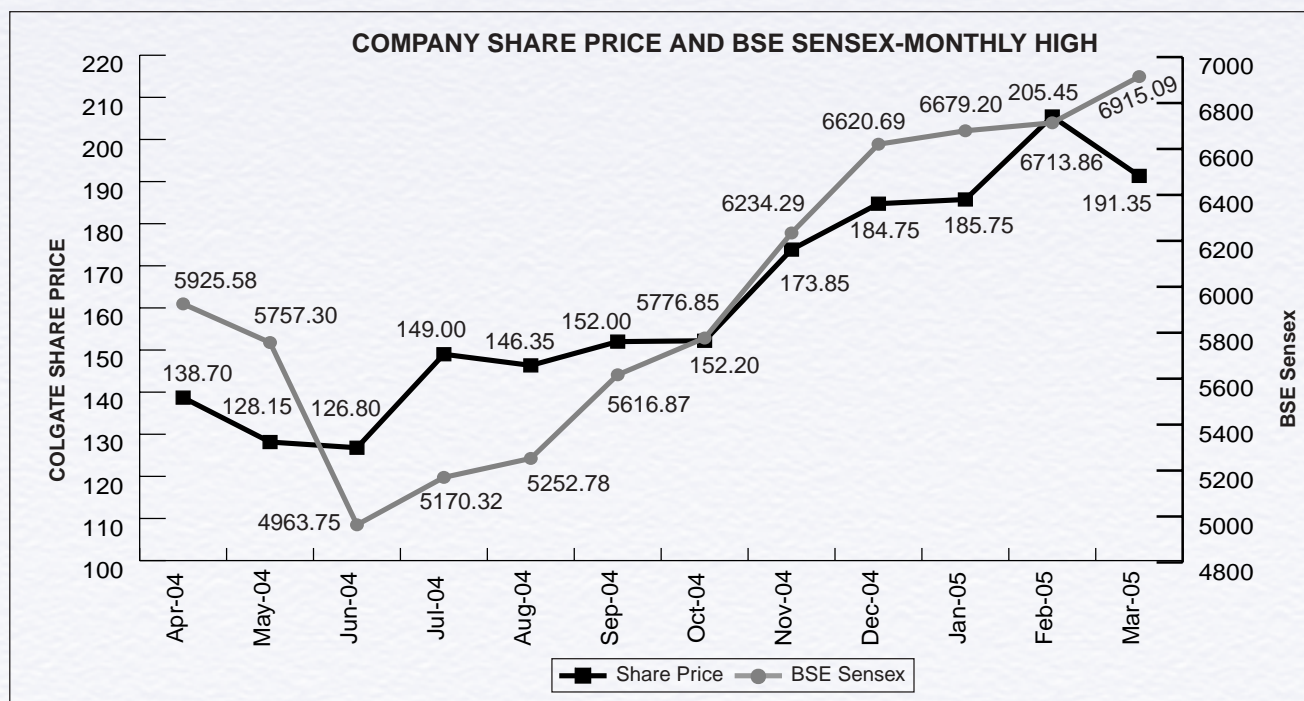
The Stock Exchange, Mumbai – Code: 500 830
 (physical & demat)
 National Stock Exchange of India Ltd. – Code: Colgate
 (physical & demat)

Market Price Data

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

Month	Stock Exchange, Mumbai		National Stock Exchange	
	High	Low	High	Low
April, 2004	138.70	127.95	141.00	127.20
May, 2004	128.15	117.10	132.00	110.00
June, 2004	126.80	111.10	128.00	102.15
July, 2004	149.00	129.90	152.10	123.20
August, 2004	146.35	138.80	151.40	132.30
September, 2004	152.00	139.60	153.80	138.20
October, 2004	152.20	145.10	157.20	140.60
November, 2004	173.85	146.80	178.50	144.10
December, 2004	184.75	174.05	189.00	167.60
January, 2005	185.75	170.65	187.00	164.05
February, 2005	205.45	184.30	215.00	181.05
March, 2005	191.35	169.85	192.50	168.65

Performance in comparison to BSE Sensex



Registrar and Share Transfer Agents

Sharepro Services (India) Private Limited
 912, Raheja Centre
 Free Press Journal Marg
 Nariman Point, Mumbai 400 021
 Tel : 022 - 2288 4527
 Fax : 022 - 2282 5484
 Email: sharepro_services@roltanet.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.

Distribution of Shareholding (as at March 31, 2005)

Category	Number of shares	%
Foreign Collaborators	69356336	51.00
Resident Individuals	40711384	29.93
Foreign Institutional Investors	6105640	4.49
NRIs/OCBs	327714	0.24
Domestic Companies	2239872	1.65
Non-domestic Companies	1380	0.00
Banks and Mutual Funds	4864851	3.58
Financial Institutions	12385640	9.11
Total	135992817	100.00

Dematerialisation of shares and liquidity

As on March 31, 2005, 39.51% of the shares were held in dematerialised form and the rest in physical form. It may be noted that Colgate-Palmolive Company, U.S.A. owns 51% of the Company's shares, which are also held in physical form. If these shares were to be excluded from the total number of shares, then dematerialised shares account for 80.62% 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, 2005.

Plant Locations

Mumbai

6, Sewri Fort Road
 Mumbai 400 015

Aurangabad

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

Baddi, Himachal Pradesh

Plot No. 78
 1 Jharmajari
 Boritwala
 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 4527
 Fax : 022-2282 5484
 Email: sharepro_services@roltanet.com

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, 2005, 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 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 state that in respect of investor grievances received during the year ended March 31, 2005, no investor grievances are pending against the Company as on May 30, 2005, except for dispute cases and sub-judice matters, which would be solved on final disposal by the Courts, as per the records maintained by the Company and presented to the Shareholders'/ Investors' Grievance Committee.
5. 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.

Partha Ghosh
Partner
Membership No. F-055913

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, May 30, 2005

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 and process 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 :	2004-05
	[Rs. Lacs]
a) Capital	50.14
b) Recurring	3,34.93
c) Total	3,85.07
d) Total R & D expenditure as a percentage of total turnover	0.40

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 introduced Sensual Shower Gel under the brand Palmolive Aroma and Sandalwood Shaving Cream under the brand Palmolive.
- * The Company has launched a range of toothbrushes including - Colgate Zig Zag Junior, Colgate Zig Zag Plus and a unique Post Surgical toothbrush under the Colgate Oral Pharmaceuticals category.

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

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.

C. Foreign Exchange Earnings and Outgo :

During the year, the Company was able to generate export earnings of Rs. 20,14.03 Lacs. The particulars of foreign exchange earned/utilised during the year are given in Schedule 24 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, 2005, 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 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, 2005, and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on March 31, 2005 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, 2005;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Partha Ghosh

Partner

Membership No. F-055913

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, May 30, 2005

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, 2005)

- | | |
|--|--|
| <p>(i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) The fixed assets of the Company 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.</p> <p>(c) In our opinion and according to the information and explanation given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.</p> | <p>come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.</p> |
| <p>(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.</p> <p>(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.</p> <p>(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.</p> | <p>(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.</p> <p>(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. There were no purchase of goods and materials, and sale of goods, materials and services during the year.</p> |
| <p>(iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of The Companies Act, 1956, of India (the Act).</p> <p>(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Act.</p> | <p>(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.</p> <p>(vii) In our opinion, the Company's present internal audit system is commensurate with its size and the nature of its business.</p> <p>(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.</p> |
| <p>(iv) In our opinion and according to the information and explanation 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 explanation given to us, we have neither</p> | <p>(ix) (a) According to the information and explanation 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.</p> <p>(b) According to the information and explanation given to us and the records of the Company examined by us, the particulars of dues of sales tax, income tax, customs duty, service tax, wealth tax, excise duty and cess as at March 31, 2005 which have not been deposited on account of a dispute are as follows :</p> |

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, 2005)

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.	3.77	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.	2,19.03	First Appellate Authorities
	Sub-total		2,22.80	
2.	Income Tax The Income Tax Act, 1961	Matters in Appeal by the Income Tax Department for the Financial Years 1985-1986 to 1994-1995.	7,07.17	Mumbai High Court
		Matters in Appeal by the Income Tax Department for the Financial Years 1995-1996 to 1999-2000.	54.50	Income Tax Tribunal
	Sub-total		7,61.67	
3.	Sales Tax * As per the Statutes applicable in the following states – New Delhi, Rajasthan, Gujarat, Maharashtra, Bihar, Orissa, Kerala, Madhya Pradesh, Andhra Pradesh, West Bengal, Uttar Pradesh, Haryana and Punjab.	Sales tax in dispute for the Financial Years 1989-1990 and 1993-1994 to 2001-2002.	8,55.69	Assessing Authorities and First Appellate Authorities of various states
		Sales tax in dispute for the Financial Years 1996-1997 and 2000-2001.	1.32	Sales tax Appellate Tribunal of various states
	Sub-total		8,57.01	
4.	Service Tax The Finance Act, 1994	Service tax in dispute for the Financial Years 2001-2002 to 2003-2004.	1,38.07	First Appellate Authorities of Maharashtra
	Sub-total		1,38.07	
	Grand Total		19,79.55	

* Rs. 8,57.01 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, 2005)

- (x) The Company has no accumulated losses as at March 31, 2005 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 explanation 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) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, 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) In our opinion and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported by the Management during the year, that ultimately causes the financial statements to be materially misstated.

Partha Ghosh

Partner

Membership No. F-055913

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, May 30, 2005

Balance Sheet as at March 31, 2005

	Schedule	Rs. Lacs	Rs. Lacs	As at March 31, 2004 Rs. Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	1	135,99.28		135,99.28
Reserves and Surplus	2	<u>113,77.85</u>		108,31.53
			249,77.13	244,30.81
Loan Funds				
Unsecured Loans	3		3,97.88	2,16.88
Deferred Tax Liability (Net)	4		<u>-</u>	12.95
Total			<u>253,75.01</u>	<u>246,60.64</u>
Application of Funds				
Fixed Assets				
Gross Block	5	324,44.95		321,23.35
Less : Depreciation/Amortisation		<u>244,70.04</u>		231,44.38
Net Block		<u>79,74.91</u>		89,78.97
Capital Work-in-Progress and Advances for Capital Expenditure		<u>67,45.81</u>		4,16.33
			147,20.72	93,95.30
Pre-Operative Expenses Pending Allocation/ Capitalisation				
Investments	6		3,56.03	-
Deferred Tax Asset (Net)	7		160,77.98	115,88.67
Current Assets, Loans and Advances	4		5,03.00	-
Inventories	8	74,46.90		61,67.82
Sundry Debtors	9	17,35.02		32,61.71
Cash and Bank Balances	10	56,13.99		127,95.46
Interest Accrued on Investments/Deposits		5,46.98		4,63.95
Loans and Advances	11	<u>95,90.99</u>		103,09.35
		<u>249,33.88</u>		329,98.29
<i>Less :</i>				
Current Liabilities and Provisions				
Liabilities	12	215,05.72		198,58.32
Provisions	13	<u>97,10.88</u>		94,63.30
		<u>312,16.60</u>		293,21.62
Net Current Assets			(62,82.72)	36,76.67
Total			<u>253,75.01</u>	<u>246,60.64</u>

The Schedules (1 to 24) referred to hereinabove 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-055913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, May 30, 2005

For and on behalf of the Board

Vice-Chairman **R. A. Shah**
Deputy Chairman **P. K. Ghosh**
Managing Director **G. Dalziel**
Whole-time Director **M. A. Elias**
Director **J. K. Setna**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 30, 2005

Profit and Loss Account for the year ended March 31, 2005

	Schedule	Rs. Lacs	Rs. Lacs	2003-2004 Rs. Lacs
Income				
Sales		1,072,52.99		1,042,08.35
Less : Excise Duty		<u>108,31.36</u>		<u>102,89.11</u>
			964,21.63	939,19.24
Other Income	14		<u>34,23.08</u>	<u>29,91.83</u>
			<u>998,44.71</u>	<u>969,11.07</u>
Expenditure				
Cost of Goods Sold	15	483,28.20		480,72.36
Employee Costs	16	74,73.41		69,52.06
Other Expenses	17	239,92.44		243,12.42
Depreciation/Amortisation	5	<u>22,36.64</u>		<u>24,26.49</u>
			820,30.69	817,63.33
Profit before Taxation			<u>178,14.02</u>	<u>151,47.74</u>
Current Year Taxation		70,00.57		58,94.71
Deferred Tax		<u>(5,15.95)</u>		<u>(15,46.90)</u>
			64,84.62	43,47.81
Profit after Taxation			<u>113,29.40</u>	<u>107,99.93</u>
Balance Brought Forward			<u>27,16.62</u>	<u>22,01.70</u>
Profit Available for Appropriation			<u>140,46.02</u>	<u>130,01.63</u>
Appropriation :				
First Interim Dividend			20,39.89	30,59.84
Second Interim Dividend			54,39.71	16,99.91
One-Time Special Anniversary Dividend			-	16,99.91
Third Interim Dividend - Proposed			20,39.89	16,99.91
Dividend Tax			12,63.59	10,45.44
Transfer to General Reserve			11,32.94	10,80.00
Balance Carried Forward			<u>21,30.00</u>	<u>27,16.62</u>
			<u>140,46.02</u>	<u>130,01.63</u>
Earnings Per Equity Share (Rupees)				
(Face Value of Rs. 10 per equity share)				
Basic and Diluted			8.33	7.94

The Schedules (1 to 24) referred to hereinabove 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-055913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, May 30, 2005

For and on behalf of the Board
Vice-Chairman **R. A. Shah**
Deputy Chairman **P. K. Ghosh**
Managing Director **G. Dalziel**
Whole-time Director **M. A. Elias**
Director **J. K. Setna**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 30, 2005

Cash Flow Statement for the year ended March 31, 2005

	2004-2005 Rs. Lacs	2003-2004 Rs. Lacs
Cash flow from Operating Activities :		
Net Profit before Tax	178,14.02	151,47.74
Adjustment for :		
Foreign Exchange Loss (Net)	77.37	4.34
Depreciation and Amortisation	22,36.64	24,26.49
Interest Expense	1,15.50	59.33
(Gain)/Loss on Sale of Fixed Assets (Net)	(91.70)	15.82
Interest Income	(24,35.71)	(19,50.56)
Gain on Prepayment of Sales Tax Deferral Liability	(13.33)	(32.59)
Dividend from Wholly-Owned Subsidiary	(3,45.31)	-
Operating Profit before Working Capital Changes	173,57.48	156,70.57
Adjustment for (Increase)/Decrease in Working Capital :		
Inventories	(12,79.06)	(8,35.84)
Sundry Debtors	15,26.68	8,43.14
Loans and Advances	(4,42.66)	(6,50.39)
Current Liabilities and Provisions	17,23.62	(15,49.23)
Cash Generated from Operations	188,86.06	134,78.25
Direct Taxes Paid (Net)	(72,74.41)	(59,65.08)
Net Cash from Operating Activities (A)	116,11.65	75,13.17
Cash Flow from Investing Activities :		
Purchase of Fixed Assets/Pre-Operative Expenses	(80,47.57)	(8,49.70)
Sale of Fixed Assets	2,21.18	1,47.73
Purchase of Investments	(44,89.31)	(10,67.17)
Inter Corporate Deposits (Placed)/Refunded (Net)	11,61.00	56,23.00
Interest Received	23,52.69	19,36.79
Dividend Received	3,45.31	-
Net Cash used in Investing Activities (B)	(84,56.70)	57,90.65
Cash Flow from Financing Activities :		
Long Term Loans Availed/(Paid) (Net)	1,81.00	2.88
Sales Tax Deferral (Paid)/Availed (Net)	13.33	32.59
Interest Paid	(1,15.50)	(59.33)
Dividend Paid	(91,42.58)	(91,52.00)
Dividend Tax Paid	(11,95.30)	(11,76.11)
Net Cash used in Financing Activities (C)	(102,59.05)	(103,51.97)
Net increase in Cash and Cash Equivalents (A+B+C)	(71,04.10)	29,51.85
Cash and Cash Equivalents at the beginning of the year	127,95.46	98,47.95
	56,91.36	127,99.80
Effects of Exchange Rate Changes	(77.37)	(4.34)
Cash and Cash Equivalents at the end of the year	56,13.99	127,95.46

Cash Flow Statement for the year ended March 31, 2005 (Contd.)

	As at March 31, 2005 Rs. Lacs	As at March 31, 2004 Rs. Lacs
Cash and Cash Equivalents comprise :		
Cash and Cheques on Hand	-	-
Balances with Scheduled Banks in		
- Current Accounts	11,80.22	27,07.10
- Deposit Accounts	39,61.27	96,52.76
- Unpaid Dividend Accounts	4,72.50	4,35.60
Cash and Cash Equivalents as at March 31, 2005	<u><u>56,13.99</u></u>	<u><u>127,95.46</u></u>

Notes :

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
2. 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-055913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, May 30, 2005

For and on behalf of the Board
Vice-Chairman **R. A. Shah**
Deputy Chairman **P. K. Ghosh**
Managing Director **G. Dalziel**
Whole-time Director **M. A. Elias**
Director **J. K. Setna**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 30, 2005

Schedules forming part of the Balance Sheet as at March 31, 2005

	Rs. Lacs	As at March 31, 2005 Rs. Lacs	As at March 31, 2004 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) 6,93,56,336 Shares are held by Colgate-Palmolive Company, U.S.A., the Holding Company.			
(ii) 11,18,85,735 Shares of Rs. 10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.			
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	68,08.48		103,94.56
Less : Adjustment of Intangible Assets	<u>-</u>		<u>46,66.08</u>
	68,08.48		57,28.48
Add : Transfer from Profit and Loss Account	<u>11,32.94</u>		<u>10,80.00</u>
		79,41.42	68,08.48
Profit and Loss Account Balance			
		<u>21,30.00</u>	<u>27,16.62</u>
		<u>113,77.85</u>	<u>108,31.53</u>
Schedule 3 : Unsecured Loans			
Loans [Repayable within one year Rs. 3,77.88 Lacs (Previous Year : Rs. 1,60.00 Lacs)]		3,97.88	2,16.88
		<u>3,97.88</u>	<u>2,16.88</u>
Schedule 4 : Deferred Tax Liability/(Asset) (Refer Note 9 on Schedule 18)			
Timing Difference between book and tax depreciation		7,91.31	11,84.47
Voluntary Retirement Scheme allowable over a period of five years in Income Tax		(2,76.16)	(1,31.18)
Accrual for expenses allowable only on payment		<u>(10,18.15)</u>	<u>(10,40.34)</u>
		<u>(5,03.00)</u>	<u>12.95</u>

Schedules forming part of the Balance Sheet as at March 31, 2005

Schedule 5 : Fixed Assets

(Refer Note 2 on Schedule 18)

Rs. Lacs

Particulars	Gross Block				Depreciation/Amortisation				Net Book Value	
	As at March 31, 2004	Additions/ Transfers	Disposals/ Transfers	As at March 31, 2005	Upto March 31, 2004	For the Year (Refer Note (iii) below)	Disposals/ Transfers/ Adjustment	Upto March 31, 2005	As at March 31, 2005	As at March 31, 2004
<u>Intangible Assets</u>										
Goodwill and Trademarks	27,29.81	-	-	27,29.81	25,93.32	1,36.49	-	27,29.81	-	1,36.49
Copyrights and Design	13,52.90	-	-	13,52.90	12,85.26	67.64	-	13,52.90	-	67.64
Technical Know-how	49,83.70	-	-	49,83.70	47,34.51	2,49.19	-	49,83.70	-	2,49.19
<u>Tangible Assets</u>										
Land - Leasehold (Refer Note (i) below)	86.08	3,33.46	-	4,19.54	12.10	1.34	-	13.44	4,06.10	73.98
Buildings (Refer Note (ii) below)	71,38.94	2,18.27	-	73,57.21	20,60.88	6,08.58	-	26,69.46	46,87.75	50,78.06
Plant and Machinery	125,34.05	5,33.77	7,08.74	123,59.08	95,21.91	9,68.22	6,52.05	98,38.08	25,21.00	30,12.14
Furniture and Equipment	32,08.64	2,76.56	3,09.56	31,75.64	28,75.53	1,95.44	2,39.28	28,31.69	3,43.95	3,33.11
Vehicles	89.23	-	22.16	67.07	60.87	9.74	19.65	50.96	16.11	28.36
Total	321,23.35	13,62.06	10,40.46	324,44.95	231,44.38	22,36.64	9,10.98	244,70.04	79,74.91	89,78.97
Total Previous Year	319,69.33	6,25.18	4,71.16	321,23.35	163,59.41	24,26.49	43,58.48	231,44.38		
Add : Capital Work-in-Progress including advances on Capital Account Rs. 8,58.11 Lacs (Previous Year : Rs. 90.78 Lacs)									67,45.81	4,16.33
Total									147,20.72	93,95.30

- 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 Dombivali, City and Industrial Development Corporation of Maharashtra Limited at Aurangabad and Industrial Area Development Agency at Baddi.
- (ii) Buildings comprise of : (a) Cost of Premises, including shares and loan stock bonds in a Co-operative Society, (b) Factory Building at Sewri and leasehold rights in the land on which the building stands. While the ownership of the factory building is in the name of the Company, Mumbai Port Trust (MPT) has not yet effected 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, (c) Factory buildings at Waluj, Aurangabad, (d) a residential building at Aurangabad, (e) Research Centre at Powai, Mumbai and (f) Building at MIDC Dombivali.
- (iii) Depreciation for the year includes Rs. 6,19.13 Lacs (Previous Year : Rs. Nil) towards write-down of certain idle assets to the estimated net realisable value.

Schedule 6 : Pre-Operative Expenses pending Allocation/Capitalisation

(Refer Note 2 on Schedule 18)

	2004-2005 Rs. Lacs	2003-2004 Rs. Lacs
Employee Costs	1,31.76	-
Consumption of Stores and Spares	22.77	-
Power and Fuel	10.08	-
Rent	9.49	-
Repairs and Maintenance - Others	7.52	-
Travel Expenses	1,23.40	-
Miscellaneous Expenses	51.01	-
	<u>3,56.03</u>	<u>-</u>

Schedules forming part of the Balance Sheet as at March 31, 2005

	As at March 31, 2005 Rs. Lacs	As at March 31, 2004 Rs. Lacs
Schedule 7 : Investments		
(Refer Note 3 on Schedule 18)		
(At Cost - Long Term, Unquoted, unless otherwise stated)		
A. In Wholly-owned Subsidiary Companies		
3,500 (Previous Year : 3,500) Equity Shares of Rs. 10 each fully paid in Multimint Leasing & Finance Limited (Refer Note below)	0.35	0.35
3,020 (Previous Year : 3,020) Equity Shares of Rs. 10 each fully paid in Jigs Investments Limited (Refer Note below)	0.30	0.30
302 (Previous Year : 302) Equity Shares of Rs. 100 each fully paid in Passion Trading & Investment Company Limited (Refer Note below)	0.30	0.30
17,00,000 (Previous Year : 17,00,000) Equity Shares of Nepalese Rs. 100 each fully paid in Colgate-Palmolive (Nepal) Private Limited	10,62.50	10,62.50
	<u>10,63.45</u>	<u>10,63.45</u>
Less : Provision for Diminution in the value of Investments (Refer Note below)	0.95	0.95
	<u>10,62.50</u>	<u>10,62.50</u>
B. Other Investments (Listed but not quoted) (Non-Trade)		
6.15% (Taxable) National Textile Corporation Bonds of the face value of Rs. 10,00 Lacs.	10,00.00	-
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	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
8.75% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Limited (Series 5A) of the face value of Rs. 5,00 Lacs.	5,00.00	5,00.00
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.	19,60.25	-
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	-
9.25% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Hudco-Gujarat Punarnirman (Series - 1C) of the face value of Rs. 9,50 Lacs.	9,59.00	9,59.00
	<u>134,17.42</u>	<u>94,59.00</u>

Schedules forming part of the Balance Sheet as at March 31, 2005

	As at March 31, 2005 Rs. Lacs	As at March 31, 2004 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. 10,50.20 Lacs (Quoted) [Market Value Rs.10,99.25 Lacs (Previous Year : Rs. 11,39.47 Lacs)]	10,66.55	10,67.17
6.60% Tax Free bonds of Unit Trust of India of the face value of Rs. 5,00 Lacs purchased during the year (Quoted) [Market Value Rs.5,16.75 Lacs (Previous Year : Rs. Nil)]	5,31.51	-
	<u>15,98.06</u>	<u>10,67.17</u>
	<u>160,77.98</u>	<u>115,88.67</u>
Aggregate book value of Investments :		
Unquoted	10,62.50	10,62.50
Listed but not quoted	134,17.42	94,59.00
Listed and quoted - Market Value Rs.16,16.00 Lacs (Previous Year : Rs. 11,39.47 Lacs)	15,98.06	10,67.17
	<u>160,77.98</u>	<u>115,88.67</u>
Note : Multimint Leasing and Finance Limited, Jigs Investments Limited and Passion Trading & Investment Company Limited are defunct companies. An application has been made to the Registrar of Companies dated 26th December, 2003, to strike off the names of the aforesaid subsidiaries from the Register of Companies.		
Schedule 8 : Inventories (Refer Note 4 on Schedule 18)		
Stores and Spares	1,86.41	1,64.18
Raw and Packing Materials	7,43.84	8,00.37
Work-in-Process	2,95.80	1,27.44
Finished Goods	62,20.85	50,75.83
	<u>74,46.90</u>	<u>61,67.82</u>
Schedule 9 : Sundry Debtors		
Unsecured: Considered good		
Over Six Months	-	-
Others	17,35.02	32,61.71
	<u>17,35.02</u>	<u>32,61.71</u>
Schedule 10 : Cash and Bank Balances		
Balances with Scheduled Banks in :		
- Current Accounts	11,80.22	27,07.10
- Deposit Accounts	39,61.27	96,52.76
- Unpaid Dividend Accounts	4,72.50	4,35.60
	<u>56,13.99</u>	<u>127,95.46</u>
Schedule 11 : Loans and Advances (Refer Note 11 on Schedule 24)		
Secured :		
Loans to Employees [include amounts due from an officer of the Company Rs. 28.57 Lacs (Previous Year : Rs. 29.77 Lacs) - maximum amounts due during the year : Rs. 29.77 Lacs (Previous Year : Rs. 30.97 Lacs)]	3,22.69	3,04.33
Unsecured : Considered Good		
Inter-Corporate Deposits	53,83.00	65,44.00
Advances Recoverable in Cash or in Kind or for Value to be Received [include amount due from a Wholly-owned subsidiary : Rs. 2,23.77 Lacs (Previous Year : Rs. Nil)]	18,47.97	15,53.50
Balances with Excise Authorities	6,54.61	2,58.74
Deposits - Others	13,82.72	16,48.78
	<u>95,90.99</u>	<u>103,09.35</u>

Schedules forming part of the Balance Sheet as at March 31, 2005

	As at March 31, 2005 Rs. Lacs	As at March 31, 2004 Rs. Lacs
Schedule 12 : Liabilities		
Acceptances	39,00.16	20,38.03
Sundry Creditors (Refer Note 8 on Schedule 24) [include amounts due to subsidiaries: Rs. Nil (Previous Year : Rs. 1,32.77 Lacs)]	163,43.35	158,55.54
Unclaimed Dividends*	4,72.50	4,35.60
Other Liabilities	7,89.71	15,29.15
	<u>215,05.72</u>	<u>198,58.32</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
Schedule 13 : Provisions		
Taxation (net of advance tax payments)	2,91.29	4,85.31
Third Interim Dividend	20,39.89	16,99.91
Dividend Tax	2,86.09	2,17.81
Retirement Benefits (Refer Note 6 on Schedule 18)	5,11.16	4,05.57
Others/Contingency (Refer Note 8 on Schedule 18 and Schedule 20)	65,82.45	66,54.70
	<u>97,10.88</u>	<u>94,63.30</u>
	<u>312,16.60</u>	<u>293,21.62</u>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2005

	2004-2005 Rs. Lacs	2003-2004 Rs. Lacs
Schedule 14 : Other Income		
Interest		
– On Bank Deposits	4,50.26	2,55.76
– On Long Term Investments	8,34.64	5,67.86
– Others	11,50.81	11,26.94
[Tax Deducted at Source Rs. 1,97.49 Lacs (Previous Year : Rs. 2,33.89 Lacs)]		
Cash Discount	1,02.17	1,30.93
Gain on pre-payment of Sales-Tax Deferral Liability	13.33	32.59
Rental Income	64.73	66.96
[Tax Deducted at Source Rs. 12.94 Lacs (Previous Year : Rs. 9.52 Lacs)]		
Provisions no Longer Required Written Back	2,50.00	3,31.55
Bad Debts Recovered	25.30	77.40
Profit on Sale of Assets (Net)	91.70	–
Dividend from Wholly-owned Subsidiary	3,45.31	–
Miscellaneous	94.83	4,01.84
	<u>34,23.08</u>	<u>29,91.83</u>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2005

	Rs. Lacs	2004-2005 Rs. Lacs	2003-2004 Rs. Lacs
Schedule 15 : Cost of Goods Sold			
Opening Stock			
Work-in-Process	1,27.44		3,29.73
Finished Goods	<u>50,75.83</u>		<u>37,96.76</u>
		52,03.27	41,26.49
Raw and Packing Materials Consumed			
Opening Stock	8,00.37		10,17.70
Add : Purchases	<u>132,31.17</u>		<u>135,51.74</u>
	140,31.54		145,69.44
Less : Closing Stock	<u>7,43.84</u>		<u>8,00.37</u>
	132,87.70		137,69.07
Less : Sale of Materials	<u>14,69.05</u>		<u>22,11.96</u>
		<u>118,18.65</u>	<u>115,57.11</u>
		<u>170,21.92</u>	<u>156,83.60</u>
Purchased Finished Goods		375,49.24	374,52.86
Less : Closing Stock			
Work-in-Process	2,95.80		1,27.44
Finished Goods	<u>62,20.85</u>		<u>50,75.83</u>
		65,16.65	52,03.27
Increase/(Decrease) in Excise Duty on Finished Goods		<u>2,73.69</u>	<u>1,39.17</u>
		<u>483,28.20</u>	<u>480,72.36</u>
Schedule 16 : Employee Costs			
Salaries, Wages and Bonus		66,26.25	58,71.15
[includes Rs. 6,38.65 Lacs (Previous Year : Rs. Nil) incurred towards Voluntary Retirement Scheme] (Refer Note 6 on Schedule 18)			
Contribution to Provident, Gratuity and Other Funds		5,35.47	8,38.84
Staff Welfare Expenses		<u>3,11.69</u>	<u>2,42.07</u>
		<u>74,73.41</u>	<u>69,52.06</u>
Schedule 17 : Other Expenses			
Consumption of Stores and Spares		3,02.69	2,08.51
Processing Charges		57.67	66.85
Power and Fuel		3,75.06	4,31.90
Freight and Forwarding Charges		16,53.38	16,31.44
Rent		4,20.88	4,20.39
Rates and Taxes		3,38.65	1,09.80
Insurance		1,40.11	1,20.38
Repairs			
Plant and Machinery	3,70.24		4,04.34
Buildings	25.00		1,05.93
Others	<u>76.74</u>		<u>32.41</u>
		4,71.98	5,42.68
Advertising and Sales Promotion		136,83.86	147,64.92
Directors' Fees		11.40	7.15
Auditors' Remuneration :			
As Auditors	34.00		34.00
In other capacity in respect of			
• Other Matters	13.17		14.90
Out-of-Pocket Expenses	<u>1.19</u>		<u>0.62</u>
		48.36	49.52
Sales Taxes absorbed		3,81.34	5,13.88
Royalty		10,31.65	9,51.40
Bad Debts Written Off		1,27.50	58.05
Loss on Sale of Fixed Assets (Net)		-	15.82
Exchange Loss (Net)		53.00	28.38
Interest [Includes Rs. 24.72 Lacs (Previous Year : Rs. 24.34 Lacs) on Fixed Loans]		1,15.50	59.33
Miscellaneous		<u>47,79.41</u>	<u>43,32.02</u>
		<u>239,92.44</u>	<u>243,12.42</u>

Notes forming part of the Balance Sheet as at March 31, 2005 and Profit and Loss Account for the year ended March 31, 2005

Schedule 18 : 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.

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	9 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.

Pre-Operative Expenses

Pre-operative expenses represent expenses incurred prior to the date of commencement of commercial production for setting up manufacturing facilities. Until capitalisation, these expenses are disclosed under Pre-operative Expenses pending Allocation/Capitalisation and would be allocated to cost of Fixed Assets on Capitalisation.

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 out-sourced products.

6. Expenditure

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

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

7. 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.

8. 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.

Notes forming part of the Balance Sheet as at March 31, 2005 and Profit and Loss Account for the year ended March 31, 2005

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.

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 reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Schedule 19 : Contingencies and Commitments

	2004-2005 Rs. Lacs	2003-2004 Rs. Lacs
1. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances of Rs. 8,58.11 Lacs (Previous Year : Rs. 90.78 Lacs)]	21,29.99	7,87.18
2. Contingent liabilities not provided for in respect of : (Refer Note 8 on Schedule 18)		
(i) Guarantees given by the Company	5,20.90	4,60.00
(ii) Counter Guarantees given to the Banks	68.81	56.91
(iii) Cheques Discounted with Banks	39,00.16	16,99.21
(iv) Claims against the Company not acknowledged as debts	1,41.00	-
(v) Others		
- Excise Matters	2,13.52	4,63.16
- Service Tax Matters	-	92.19

Note :

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

Schedule 20 : Others/Contingencies

(Refer Note 8 on Schedule 18)

	Commercial/Vendors (Refer Note 1 below)	Direct/Indirect Taxes (Refer Note 2 below)	Rs. Lacs Total
Opening Balance	18,86.37	47,68.33	66,54.70
Add : Additional provision made	7,76.67	2,76.28	10,52.95
Amounts Utilised	-	-	-
Provision Reversed	(7,74.37)	(3,50.83)	(11,25.20)
Closing Balance	18,88.67	46,93.78	65,82.45

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, 2005 and Profit and Loss Account for the year ended March 31, 2005

Schedule 21 : 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) 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 |
| iii) Group Companies where common control exists | : | Colgate-Palmolive (Malaysia) Mktg. SDN BHD |
| | : | Colgate-Palmolive, Poland Sp.z.o.o |
| | : | Colgate-Palmolive, Philippines, Inc. |
| | : | Colgate-Palmolive, East Africa Ltd., Kenya |
| | : | Colgate-Palmolive, Marocco Limited |
| | : | Colgate-Palmolive Pty Ltd., South Africa |
| | : | Colgate-Palmolive Pty Ltd., Australia |
| | : | Colgate-Palmolive (Thailand) Ltd. |
| | : | Colgate-Palmolive (H.K.) Ltd., Hongkong |
| | : | Colgate-Palmolive (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. |
| iv) Key Management Personnel | : | Graeme Dalziel |
| | : | Moses Elias |
| | : | K. V. Vaidyanathan |
| v) Relatives of Key Management Personnel | : | Mrs. Pratima Elias |

Notes forming part of the Balance Sheet as at March 31, 2005 and Profit and Loss Account for the year ended March 31, 2005

Schedule 21 : Disclosure of Related Parties – (Contd.)

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

Rs. Lacs

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Total	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
Purchase of Goods/Materials												
Colgate-Palmolive Company, U.S.A.	2.53	0.80	-	-	-	-	-	-	-	-	2.53	0.80
Colgate-Palmolive (Nepal) Private Limited	-	-	43,65.16	54,79.72	-	-	-	-	-	-	43,65.16	54,79.72
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	-	-	90.90	3,13.70	-	-	-	-	90.90	3,13.70
Colgate Sanxiao (Consumer Products) Company Limited	-	-	-	-	3,26.76	1,03.79	-	-	-	-	3,26.76	1,03.79
Colgate -Palmolive, Temizlik, Urunterli, Turkey	-	-	-	-	8.76	1,24.70	-	-	-	-	8.76	1,24.70
Colgate-Palmolive (Thailand) Ltd.	-	-	-	-	1,63.29	3,94.53	-	-	-	-	1,63.29	3,94.53
Others	-	-	-	-	80.52	26.53	-	-	-	-	80.52	26.53
Sub-Total	2.53	0.80	43,65.16	54,79.72	6,70.23	9,63.25	-	-	-	-	50,37.92	64,43.77
Sale of Goods												
Colgate-Palmolive (Nepal) Private Limited	-	-	1,87.63	3,12.39	-	-	-	-	-	-	1,87.63	3,12.39
Colgate-Palmolive Cameroun S.A.	-	-	-	-	67.40	-	-	-	-	-	67.40	-
C P Global Export - France	-	-	-	-	53.54	-	-	-	-	-	53.54	-
Colgate-Palmolive, Marocco Limited	-	-	-	-	33.57	-	-	-	-	-	33.57	-
Colgate-Palmolive Pty Ltd., South Africa	-	-	-	-	10.06	1,47.68	-	-	-	-	10.06	1,47.68
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	-	-	58.23	-	-	-	-	-	58.23	-
Colgate-Palmolive Romania srl.	-	-	-	-	36.49	35.04	-	-	-	-	36.49	35.04
Others	-	-	-	-	70.39	92.82	-	-	-	-	70.39	92.82
Sub-Total	-	-	1,87.63	3,12.39	3,29.68	2,75.54	-	-	-	-	5,17.31	5,87.93
Purchase of Assets												
Colgate-Palmolive Company, U.S.A.	-	4.35	-	-	-	-	-	-	-	-	-	4.35
Sub-Total	-	4.35	-	-	-	-	-	-	-	-	-	4.35
Sale of Assets												
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	-	-	23.98	-	-	-	-	-	23.98	-
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	-	-	61.11	-	-	-	-	-	61.11	-
Others	-	-	-	-	7.28	-	-	-	-	-	7.28	-
Sub-Total	-	-	-	-	92.37	-	-	-	-	-	92.37	-
Services Rendered												
Colgate-Palmolive Company, U.S.A.	6,17.44	2,77.78	-	-	-	-	-	-	-	-	6,17.44	2,77.78
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	-	-	-	64.10	-	-	-	-	-	64.10
Others	-	-	-	-	-	7.02	-	-	-	-	-	7.02
Sub-Total	6,17.44	2,77.78	-	-	-	71.12	-	-	-	-	6,17.44	3,48.90
Services Received												
Colgate-Palmolive Company, U.S.A.	15,77.23	5,53.21	-	-	-	-	-	-	-	-	15,77.23	5,53.21
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	-	-	-	5,40.40	-	-	-	-	-	5,40.40
Sub-Total	15,77.23	5,53.21	-	-	-	5,40.40	-	-	-	-	15,77.23	10,93.61

Notes forming part of the Balance Sheet as at March 31, 2005 and Profit and Loss Account for the year ended March 31, 2005

Schedule 21 : Disclosure of Related Parties – (Contd.)

Rs. Lacs

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Total	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
Reimbursement of Expenses Receivable/(Payable)												
Colgate-Palmolive Company, U.S.A.	(60.37)	1,51.50	-	-	-	-	-	-	-	-	(60.37)	1,51.50
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	-	-	19.83	-	-	-	-	-	19.83	-
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	-	-	(7.66)	-	-	-	-	-	(7.66)	-
Colgate-Palmolive (H.K.) Ltd., Hongkong	-	-	-	-	(2.41)	(1.72)	-	-	-	-	(2.41)	(1.72)
Colgate-Palmolive (Png) Limited	-	-	-	-	4.84	-	-	-	-	-	4.84	-
Colgate-Palmolive (Thailand) Ltd.	-	-	-	-	(23.37)	(5.67)	-	-	-	-	(23.37)	(5.67)
Colgate-Palmolive, Philippines, Inc.	-	-	-	-	(0.53)	(45.93)	-	-	-	-	(0.53)	(45.93)
Colgate-Palmolive Son Hai Ltd., Vietnam	-	-	-	-	(0.60)	(4.28)	-	-	-	-	(0.60)	(4.28)
Colgate-Palmolive Romania srl.	-	-	-	-	(2.04)	-	-	-	-	-	(2.04)	-
Others	-	-	-	-	(0.37)	(8.52)	-	-	-	-	(0.37)	(8.52)
Sub-Total	(60.37)	1,51.50	-	-	(12.31)	(66.12)	-	-	-	-	(72.68)	85.38
Others - Payable												
Colgate-Palmolive Company, U.S.A.	35.01	-	-	-	-	-	-	-	-	-	35.01	-
Colgate-Palmolive (H.K.) Ltd., Hongkong	-	-	-	-	5.56	-	-	-	-	-	5.56	-
Others	-	-	-	-	0.35	-	-	-	-	-	0.35	-
Sub-Total	35.01	-	-	-	5.91	-	-	-	-	-	40.92	-
Dividend Paid/Proposed												
Colgate-Palmolive Company, U.S.A.	48,54.94	41,61.38	-	-	-	-	-	-	-	-	48,54.94	41,61.38
Sub-Total	48,54.94	41,61.38	-	-	-	-	-	-	-	-	48,54.94	41,61.38
Dividend Received												
Colgate-Palmolive (Nepal) Private Limited	-	-	3,45.31	-	-	-	-	-	-	-	3,45.31	-
Sub-Total	-	-	3,45.31	-	-	-	-	-	-	-	3,45.31	-
Royalty and Technical Fees												
Colgate-Palmolive Company, U.S.A.	10,40.70	9,70.41	-	-	-	-	-	-	-	-	10,40.70	9,70.41
Sub-Total	10,40.70	9,70.41	-	-	-	-	-	-	-	-	10,40.70	9,70.41
Advances given during the year (Net)												
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	-	-	5,04.62	-	-	-	-	-	5,04.62	-
Colgate-Palmolive (H.K.) Ltd., Hongkong	-	-	-	-	2,55.22	-	-	-	-	-	2,55.22	-
Colgate-Palmolive (Nepal) Private Limited	-	-	2,23.77	-	-	-	-	-	-	-	2,23.77	-
Sub-Total	-	-	2,23.77	-	7,59.84	-	-	-	-	-	9,83.61	-
Remuneration												
Sub-Total	-	-	-	-	-	-	4,92.35	4,96.54	-	-	4,92.35	4,96.54
Dividend												
Sub-Total	-	-	-	-	-	-	0.09	0.07	0.23	0.18	0.32	0.25
Repayment of Loan												
Sub-Total	-	-	-	-	-	-	1.20	1.20	-	-	1.20	1.20
Interest on Loan received												
Sub-Total	-	-	-	-	-	-	0.86	0.90	-	-	0.86	0.90
Outstanding Receivable net of Payable	-	-	2,23.77	-	1,49.87	55.05	28.57	29.77	-	-	4,02.21	84.82
Outstanding Payable net of Receivable	8,31.29	5,21.62	-	1,32.77	7,38.44	1,73.69	-	-	-	-	15,69.73	8,28.08

Notes forming part of the Balance Sheet as at March 31, 2005 and Profit and Loss Account for the year ended March 31, 2005

	2004-2005 Rs. Lacs	2003-2004 Rs. Lacs
Schedule 22 : 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	3,36.10	2,86.02
Greater than 1 year but less than 5 years	4,28.13	3,22.67
Greater than 5 years	-	-
2. Lease payments recognised in Profit and Loss Account are included in "Miscellaneous" under Other Expenses in Schedule 17	3,38.57	3,26.59

Schedule 23 : 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.
Thus the Segment revenue, Segment result, total carrying amount of Segment assets and Segment liability, total cost incurred to acquire Segment assets, total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2005.
- Information about Secondary Business Segments

	India		Outside India		Total	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
Revenue by geographical segment						
External	946,80.62	921,58.48	17,41.01	17,60.76	964,21.63	939,19.24
Inter-Segment	-	-	-	-	-	-
Total	946,80.62	921,58.48	17,41.01	17,60.76	964,21.63	939,19.24
Carrying amount of segment assets	565,91.61	539,82.26	-	-	565,91.61	539,82.26
Capital Expenditure	76,91.54	8,49.70	-	-	76,91.54	8,49.70

Schedule 24 : Supplementary Information

- Details of Raw and Packing Materials consumed :

		2004-2005		2003-2004	
	Unit	Quantity	Value	Quantity	Value
			Rs. Lacs		Rs. Lacs
Chemicals	M.T.	18,327	51,21.51	17,035	47,65.30
Tubes and Containers	Gross	14,33,229	39,27.74	12,27,643	32,68.08
Oils	M.T.	729	16,10.90	2,107	34,00.99
Cartons	Gross	9,51,182	15,16.72	8,36,341	13,16.08
Others			11,10.83		10,18.62
Total			132,87.70		137,69.07

Notes forming part of the Balance Sheet as at March 31, 2005 and Profit and Loss Account for the year ended March 31, 2005

Schedule 24 : Supplementary Information - (Contd.)

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

	2004-2005		2003-2004	
	Value	% to Total Consumption	Value	% to Total Consumption
	Rs. Lacs		Rs. Lacs	
Raw and Packing Materials :				
Imported at landed cost	16,46.70	12	16,03.50	12
Indigenously obtained	116,41.00	88	121,65.57	88
Total	132,87.70	100	137,69.07	100
Stores and Spare Parts :				
Imported at landed cost	28.63	9	48.24	23
Indigenously obtained	2,74.06	91	1,60.27	77
Total	3,02.69	100	2,08.51	100
			2004-2005	2003-2004
			Rs. Lacs	Rs. Lacs
3. Value of imports calculated on C.I.F. basis :				
Raw Materials			14,70.79	12,42.86
Finished Goods			6,29.04	8,28.10
Capital Goods			14,06.37	1,03.10
Spares			38.56	43.73
4. Expenditure in foreign currency (on payment basis) :				
Travelling			63.70	53.56
Royalty (Net of tax)			4,27.66	12,23.11
Services Received			10,17.63	6,10.39
Others			4,15.42	6,38.22
5. Earnings in foreign currency :				
Exports at F.O.B. Value			16,95.56	17,39.15
Services Rendered			3,18.47	2,57.23
Others			-	2.16
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	2004-2005 Rs. Lacs	2003-2004 Rs. Lacs
2002-03	Second Interim	6,93,56,336	-	13,87.13
2003-04	First Interim	6,93,56,336	-	15,60.52
2003-04	Second Interim	6,93,56,336	-	8,66.95
2003-04	One-Time Special Anniversary	6,93,56,336	-	8,66.95
2003-04	Third Interim	6,93,56,336	8,66.95	-
2004-05	First Interim	6,93,56,336	10,40.35	-
2004-05	Second Interim	6,93,56,336	27,74.25	-
			46,81.55	46,81.55

Notes forming part of the Balance Sheet as at March 31, 2005 and Profit and Loss Account for the year ended March 31, 2005

Schedule 24 : Supplementary Information - (Contd.)

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	2004-2005	M.T.	See Note (i) below	23,265	17,407
	2003-2004	M.T.	"	23,265	16,508
Distilled Fatty Acid	2004-2005	M.T.	24,000	24,000	65
	2003-2004	M.T.	24,000	24,000	1,239
Toilet Soaps	2004-2005	M.T.	Not Applicable	20,000	1,847
	2003-2004	M.T.	See Note (ii) below	"	3,998
Glycerine	2004-2005	M.T.	Not Applicable	3,000	55
	2003-2004	M.T.	See Note (ii) below	"	108
Toothbrushes and Shave Brushes	2004-2005	Doz.	Not Applicable	Not Applicable	109,744
	2003-2004	Doz.	See Note (iii) below	"	102,064
Dicalcium Phosphate	2004-2005	M.T.	Not Applicable	4,000	-
	2003-2004	M.T.	"	4,000	-

Notes :

- (i) The industrial undertaking was established prior to the enactment of the Industries (Development & Regulation) Act, 1951 ("The Industries Act"). The Company, therefore, did not require any industrial license at the time of establishment of its undertaking, but required registration under the Industries Act which was obtained in 1954. In 1957, the Company was granted a license for substantial expansion for manufacture of toothpaste, face cream and snow, talcum and face powders, oils and shampoos and other requirements. In 1966, Government recognised Company's toothpaste mixing capacity as 1,550 tonnes per annum based on actual production at that time and advised the Company that its industrial undertaking was exempt from the provisions of the Industries Act. The Company applied for endorsement of its productive capacity on its Registration Certificate in pursuance of Government Notification dated July 5, 1975. In February 1979, Government endorsed annual productive capacity of 771 tonnes in respect of tooth powder and advised the Company that the productive capacities of other items shall be as specified in the industrial license granted in 1957. The installed capacity was last assessed by the Company in 1980 at 4,500 tonnes for tooth powder and 11,000 tonnes for toothpaste. The Company has filed a writ petition in the High Court for a declaration that it has not effected any unauthorised "substantial expansion" as contemplated in Section 13 (1)(d) of the Industries Act. The petition has been admitted by the High Court which has passed an order restraining the Government (pending the hearing and final disposal of the petition) from adopting any proceeding against the Company for alleged contravention of the provisions of the Industries Act. Toothpaste has now been delicensed in terms of Government notification issued in May 2002.
- (ii) Since the manufacture of toilet soap and glycerine are delicensed, the Company has obtained registrations from the Government of India for an annual capacity of 30,000 tonnes in respect of toilet soap and 3,000 tonnes in respect of glycerine. Distilled fatty acid & glycerine are used for captive consumption except to the extent sold.
- (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.
- (v) Soap noodles manufactured and sold during the year - 45.9 Tons (Previous Year : Nil)

Notes forming part of the Balance Sheet as at March 31, 2005 and Profit and Loss Account for the year ended March 31, 2005

Schedule 24 : Supplementary Information - (Contd.)

(b) Opening and Closing Stocks of Finished Goods :

	2004-2005				2003-2004			
	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	47,39,991	45,35.08	73,96,030	54,53.54	37,23,326	31,23.76	47,39,991	45,35.08
Toothbrushes and Shave Brushes	12,82,608	5,30.27	17,91,127	7,40.47	17,70,756	6,40.61	12,82,608	5,30.27
Others		10.48		26.84		32.39		10.48
Total		50,75.83		62,20.85		37,96.76		50,75.83

(c) Sale by Class of Goods :

	Unit	2004-2005		2003-2004	
		Quantity	Value	Quantity	Value
			Rs. Lacs		Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	Doz.	6,89,42,307	870,56.10	6,24,81,008	846,05.23
Toothbrushes and Shave Brushes	Doz.	1,23,91,087	91,93.66	1,09,71,842	91,60.94
Others			1,71.87		1,53.07
Total			964,21.63		939,19.24

(d) Purchase of Finished Goods :

	Unit	2004-2005		2003-2004	
		Quantity	Value	Quantity	Value
			Rs. Lacs		Rs. Lacs
Cosmetics and Toilet Preparations	Doz.	4,63,87,871	326,66.58	4,17,13,533	330,40.92
Toothbrushes and Shave Brushes	Doz.	1,27,90,864	47,03.09	1,03,91,658	43,34.96
Others			1,79.57		76.98
Total			375,49.24		374,52.86

8. To the best of knowledge and as per the information available with the Management ,

- Sundry Creditors include an amount of **Rs. 8,02.55 Lacs** (Previous Year : Rs. 4,04.62 Lacs) due to small scale industrial undertakings.
- There are no dues to small scale industrial undertakings outstanding for more than 30 days.

	2004-2005	2003-2004
	Rs. Lacs	Rs. Lacs
9. (a) Remuneration to the Directors		
Salaries	2,23.10	2,12.53
Commission/Bonus	1,65.92	1,48.83
Contribution to Provident and other Funds	6.38	12.02
Other Perquisites	96.95	1,23.16
Total	4,92.35	4,96.54

Notes forming part of the Balance Sheet as at March 31, 2005 and Profit and Loss Account for the year ended March 31, 2005

Schedule 24 : Supplementary Information - (Contd.)

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

	2004-2005		2003-2004	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
Profit before Taxation		178,14.02		151,47.74
Add : (i) Remuneration paid to the Directors	4,92.35		4,96.54	
(ii) Directors' Fees	11.40		7.15	
(iii) Depreciation/Amortisation as per Accounts	22,36.64		24,26.49	
(iv) Loss on sale of Fixed Assets	-		15.82	
Less : (i) Depreciation/Amortisation as per Section 350	19,04.49		17,96.60	
(ii) Profit on sale of Fixed Assets	91.70		-	
(iii) Loss on sale of Fixed Assets as per Section 350	31.74		1,28.13	
		7,12.46		10,21.27
Net Profit for the purpose of Directors' Commission		185,26.48		161,69.01
Commission @ 1% of Net Profit		1,85.26		1,61.69
Restricted to		1,65.92		1,48.83

10. The Company has started commercial production at its Toothpaste Manufacturing facility at Baddi (Himachal Pradesh) effective April 21, 2005.
11. As at the year-end the Company -
- has no loans and advances in the nature of loans to subsidiary and associates
 - 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
 - has no loans and advances to firms/companies in which Directors are interested.
12. Refer Annexure for additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.
13. Previous year's figures have been re-grouped and re-arranged wherever necessary.

The Schedules (1 to 24) referred to hereinabove form an integral part of the financial statements.

Partha Ghosh
Partner
Membership No. F-055913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, May 30, 2005

For and on behalf of the Board

Vice-Chairman **R. A. Shah**
Deputy Chairman **P. K. Ghosh**
Managing Director **G. Dalziel**
Whole-time Director **M. A. Elias**
Director **J. K. Setna**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 30, 2005

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 (Including Pre-Operative Expenses)	1507675
State code	11	Investments	1607798
Balance Sheet Date	31-03-2005	Deferred Tax Asset (Net)	50300
		Net Current Assets	(628272)
		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)	9984471
Rights Issue	—	Total Expenditure	8203069
Bonus Issue	—	Profit Before Tax	1781402
Private Placement	—	Profit After Tax	1132940
		Earnings per Share in Rs.*	8.33
		Dividend %	70%
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)	5659161	V. Generic Names of Three Principal Products/Services of the Company (as per Monetary Terms) :	
Total Assets	5659161	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	1137785	Product Description	Tooth Powder
Secured Loans	—	Item Code No. (ITC Code)	960321.00
Unsecured Loans	39788	Product Description	Toothbrush

For and on behalf of the Board

Vice-Chairman	R. A. Shah
Deputy Chairman	P. K. Ghosh
Managing Director	G. Dalziel
Whole-time Director	M. A. Elias
Director	J. K. Setna
Whole-time Director & Company Secretary	K. V. Vaidyanathan

Mumbai, May 30, 2005

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

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

Multimint Leasing & Finance Limited, Jigs Investments Limited and Passion Trading & Investment Company Limited are defunct Companies. An application has been made to the Registrar of Companies dated December 26, 2003, to strike off the names of the aforesaid subsidiaries from the Register of Companies.

Colgate-Palmolive (Nepal) Private Limited made a profit of Nepalese Rs. 68.71 lacs for the year (Nepalese Rs. 24.64 Lacs as on July 15, 2004) out of which Nepalese Rs. 68.71 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, 2004 and March 31, 2005 : **Nil**

Material changes between July 16, 2004 and March 31, 2005 in respect of fixed assets, investments, money lent and moneys borrowed (other than meeting current liability) by Colgate-Palmolive (Nepal) Private Limited : **Nil**

For and on behalf of the Board

Vice-Chairman	R. A. Shah
Deputy Chairman	P. K. Ghosh
Managing Director	G. Dalziel
Whole-time Director	M. A. Elias
Director	J. K. Setna
Whole-time director and Company Secretary	K. V. Vaidyanathan

Mumbai, May 30, 2005

Report of the Directors

To
The Members
Colgate-Palmolive (Nepal) Private Limited

Your Directors have pleasure in presenting their Report and Audited Accounts for the year ended Ashad 31, 2061 (July 15, 2004).

Financial Results

	Nepalese Rs. in Lacs	
	2060-61	2059-60
Sales & Other Income	<u>79,96.64</u>	<u>91,17.18</u>
Profit/(Loss) for the year	(39.13)	94.40
Prior year's adjustments – reversal of Provisions	<u>1,97.51</u>	—
Profit Before Taxation	<u>1,58.38</u>	94.40
Provision for Taxation	<u>89.67</u>	—
Profit After Taxation	<u>68.71</u>	94.40
Balance brought forward	<u>7,68.50</u>	<u>6,74.10</u>
Profit available for appropriation	<u>8,37.21</u>	7,68.50
Appropriation :		
Dividend	<u>5,52.50</u>	—
Provision for prior year taxes	<u>2,60.08</u>	—
Balance carried forward	<u>24.63</u>	<u>7,68.50</u>

Business Operations

The fiscal year 2060-61 was a tough year for industries in Nepal. The security situation prevailing in Nepal is a source of anxiety. This resulted in a series of "bandhs" which adversely affected the industrial production. As indicated earlier, the toothpaste export business continued to be affected because of the fiscal changes in the Indian budget in February 2001 levying countervailing duty based on Maximum Retail Price. With the emergence of new tax exemption zones in India, the export business is likely to become unviable.

As a result, sales turnover for the year has gone down by 9% as compared to the previous year, although the Company's domestic business has marginally gone up. With the prior year adjustments, the net profit for the year worked out to NPR 68.71 Lacs.

Safety, Environmental & Quality Standards

The Company has been striving for continuous improvement in Environment, Health and Safety Standards in accordance with global standards.

Future Outlook

While the future continues to remain challenging and difficult, your Company is determined to develop the domestic business

and establish a cost effective and efficient distribution network. In this regard your Company seeks the active support and assistance of the HMGN and the trade partners.

Security

Although the HMGN is taking every step to improve security situations in the country, the security situations continue to be a source of anxiety. 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

Your Company made significant progress in recovery of Customs duty and VAT refunds from HMGN. The levels of overall dues from HMGN on account of Customs duty and VAT showed a decline of NPR 26 MM as compared to previous year.

Dividend

An interim dividend of NPR 32.50 per share, amounting to NPR 5,52.50 Lacs was paid for the fiscal year 2060-61. In view of the above, your Directors do not recommend final dividend for the year.

Personnel

The Board wishes to place on record its appreciation of the contribution made by the employees at all levels within the Company. Your Company continues to focus on training and human resource development to attract and develop high quality human resources to meet competition.

Community Development

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

Auditors

The Auditors, M/s. T. R. Upadhyaya & Co., Chartered Accountants, retire from the 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 His Majesty's Government of Nepal, Bankers, Auditors, Legal Counsel, suppliers and the Company's business associates for their continued support.

On Behalf of the Board
Directors { M. A. Elias
K. V. Vaidyanathan

Date : December 6, 2004

Independent Auditors' Report

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

We have audited the accompanying Balance Sheet of Colgate-Palmolive (Nepal) Private Limited, as of 15 July, 2004 (corresponding to Ashad 31, 2061), the related Profit and Loss Account and the Cash Flow Statement for the year then ended. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Nepal Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As per the requirement of the Companies Act, 2053 we report that :

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

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of July 15, 2004 (corresponding to Ashad 31, 2061), and of the results of operations and its cash flows for the year then ended in accordance with Nepal Accounting Standards and relevant practices and comply with the provisions of the Companies Act, 2053.

T. R. Upadhyay, Partner

For and on behalf of

T. R. Upadhyay & Co.
Chartered Accountants

Kathmandu, December 6, 2004

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Balance Sheet
as at July 15, 2004 (Ashad 31, 2061)

	Schedule	As at July 15, 2004 (NPR)	As at July 15, 2004 (INR)	As at July 16, 2003 (NPR)	As at July 16, 2003 (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	2,463,585.15	1,539,740.72	76,850,420.10	48,031,512.56
Medium and Long Term loans					
Secured Loans	3	135,000,000.00	84,375,000.00	225,000,000.00	140,625,000.00
	Total	307,463,585.15	192,164,740.72	471,850,420.10	294,906,512.56
Assets					
Fixed Assets					
Gross Block	4	521,879,890.61	326,174,931.63	585,300,477.76	365,812,798.60
Less : Depreciation/Amortisation		286,218,008.40	178,886,255.25	281,698,191.95	176,061,369.97
Net Block		235,661,882.21	147,288,676.38	303,602,285.81	189,751,428.63
Capital Work-in-Progress		7,405,842.11	4,628,651.32	9,305,490.79	5,815,931.74
		243,067,724.32	151,917,327.70	312,907,776.60	195,567,360.38
Investments					
	5	-	-	4,832,883.33	3,020,552.08
Current Assets					
Inventories	6	59,625,835.61	37,266,147.26	67,485,585.59	42,178,490.99
Trade and other receivables	7	27,981,312.93	17,488,320.58	50,593,134.51	31,620,709.07
Cash and Bank Balance	8	15,220,428.94	9,512,768.09	51,157,690.48	31,973,556.55
Prepaid Expenses, Loans, Advances	9	139,786,503.37	87,366,564.61	158,381,890.29	98,988,681.43
		242,614,080.85	151,633,800.53	327,618,300.87	204,761,438.04
<i>Less :</i>					
Current Liabilities and Provisions					
Trade and other payables	10	137,860,455.44	86,162,784.65	170,753,493.70	106,720,933.56
Provisions	11	40,357,764.58	25,223,602.86	2,755,047.00	1,721,904.38
		178,218,220.02	111,386,387.51	173,508,540.70	108,442,837.94
Net Current Assets		64,395,860.83	40,247,413.02	154,109,760.17	96,318,600.11
	Total	307,463,585.15	192,164,740.72	471,850,420.10	294,906,512.56
Contingent Liabilities					
Significant Accounting Policies & Notes to Accounts	16				
	17				

Per our attached report

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

Kathmandu, December 6, 2004

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

Profit and Loss Account for the year ended July 15, 2004 (Ashad 31, 2061)

	Schedule	2003-2004 (NPR)	2003-2004 (INR)	2002-2003 (NPR)	2002-2003 (INR)
Income					
Sales Income	12	830,369,133.26	518,980,708.29	909,485,825.83	568,428,641.14
Less : Material Cost	13	591,107,272.47	369,442,045.29	662,851,064.40	414,281,915.25
Gross Profit		239,261,860.79	149,538,662.99	246,634,761.43	154,146,725.89
Other Income	14	(30,705,140.88)	(19,190,713.05)	2,231,618.54	1,394,761.59
Business Expenditure					
Distribution Expenses		9,492,671.02	5,932,919.39	11,624,394.21	7,265,246.38
Administrative Expenses	15	138,848,347.59	86,780,217.24	153,260,290.02	95,787,681.26
Operating Profit		60,215,701.30	37,634,813.31	83,981,695.74	52,488,559.84
Interest Expenses		17,717,260.27	11,073,287.67	19,088,716.65	11,930,447.91
Depreciation/Amortisation		43,725,161.22	27,328,225.76	53,851,271.00	33,657,044.38
Allocation for Employee Housing		926,211.58	578,882.24	552,085.00	345,053.13
Provision for Bonus		1,759,802.00	1,099,876.25	1,048,962.00	655,601.25
Profit/(loss) for the year		(3,912,733.77)	(2,445,458.61)	9,440,661.09	5,900,413.18
Prior year Adjustments - Reversal of Provisions		19,750,951.82	12,344,344.89	-	-
Profit before Taxation		15,838,218.05	9,898,886.28	9,440,661.09	5,900,413.18
Provision for Tax (Current Year)		8,967,206.00	5,604,503.75	-	-
Profit after Taxation		6,871,012.05	4,294,382.53	9,440,661.09	5,900,413.18
Balance brought forward		76,850,420.10	48,031,512.56	67,409,759.01	42,131,099.38
Profit available for Appropriation		83,721,432.15	52,325,895.09	76,850,420.10	48,031,512.56
Dividend		55,250,000.00	34,531,250.00	-	-
Provision for Prior year Taxes		26,007,847.00	16,254,904.38	-	-
Profit transferred to Balance Sheet		2,463,585.15	1,539,740.72	76,850,420.10	48,031,512.56
Significant Accounting Policies & Notes to Accounts	17				

Per our attached report

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

Kathmandu, December 6, 2004

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

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Cash Flow Statement
for the year ended July 15, 2004 (Ashad 31, 2061)

	2003-2004		2002-2003	
	(NPR)	(INR)	(NPR)	(INR)
A. Cash Flow from Operating Activities :				
Net Profit Before Tax and Extraordinary Items	15,838,218.05	9,898,886.28	9,440,661.09	5,900,413.18
Add Adjustment for :				
Depreciation and Amortisation	43,725,161.22	27,328,225.76	53,851,271.00	33,657,044.38
Interest Expenses (net)	17,717,260.27	11,073,287.67	19,088,716.65	11,930,447.91
Provisions	2,627,664.58	1,642,290.36	(8,160,506.00)	(5,100,316.25)
Less Adjustment for :				
Cash flow due to changes in Working Capital				
a. Decrease/(Increase) in Current Assets	49,066,958.48	30,666,849.05	23,726,774.20	14,829,233.88
b. Increase/(Decrease) in Current Liabilities	(88,143,038.26)	(55,089,398.91)	(12,705,530.45)	(7,940,956.53)
c. Interest payment	(17,717,260.27)	(11,073,287.67)	(18,454,858.99)	(11,534,286.87)
d. Advance Income Tax Paid	-	-	(15,000,000.00)	(9,375,000.00)
e. Loss on sale of Investment	5,328,456.22	3,330,285.14	-	-
f. Loss on sale of Fixed Assets	37,219,455.00	23,262,159.38	-	-
Net Cash from Operating Activities	65,662,875.29	41,039,297.06	51,786,527.50	32,366,579.69
B. Cash Flows from Investing Activities :				
Sale/(Purchase) of Fixed Assets	(11,104,563.94)	(6,940,352.46)	(13,401,760.14)	(8,376,100.09)
Sale/(Purchase) of Investments	(495,572.89)	(309,733.06)	1,343,445.60	839,653.50
Net Cash Flow from Investing Activities	(11,600,136.83)	(7,250,085.52)	(12,058,314.54)	(7,536,446.59)
C. Cash Flows from Financing Activities :				
Payment of Long Term Loans	(90,000,000.00)	(56,250,000.00)	-	-
Net Cash from Financing Activities	(90,000,000.00)	(56,250,000.00)	-	-
Increase/(Decrease) in Cash A+B+C	(35,937,261.54)	(22,460,788.46)	39,728,212.96	24,830,133.10
Cash & Bank Balances at the beginning of the year	51,157,690.48	31,973,556.55	11,429,477.52	7,143,423.45
Cash & Bank Balances at the end of the year	15,220,428.94	9,512,768.09	51,157,690.48	31,973,556.55

Significant Accounting Policies and
Notes to Accounts (Schedule 17)

Per our attached report

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

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

Kathmandu, December 6, 2004

Schedules to the Accounts

	As at July 15, 2004 (NPR)	As at July 15, 2004 (INR)	As at July 16, 2003 (NPR)	As at July 16, 2003 (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>2,463,585.15</u>	<u>1,539,740.72</u>	<u>76,850,420.10</u>	<u>48,031,512.56</u>
Total	<u>2,463,585.15</u>	<u>1,539,740.72</u>	<u>76,850,420.10</u>	<u>48,031,512.56</u>
Schedule 3 : Medium and Long Term Loans				
Secured Loans from Standard Chartered Bank Nepal Limited (secured against a first charge of fixed & current assets, inventories, receivables and mortgage over all properties of the Company at Hetauda Industrial District)	<u>135,000,000.00</u>	<u>84,375,000.00</u>	<u>225,000,000.00</u>	<u>140,625,000.00</u>
Total	<u>135,000,000.00</u>	<u>84,375,000.00</u>	<u>225,000,000.00</u>	<u>140,625,000.00</u>

Schedule 4 : Fixed Assets

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 16-07-03 (NPR)	Additions/ Transfers (NPR)	Deductions/ Transfers (NPR)	As at 15-07-04 (NPR)	As at 16-07-03 (NPR)	Additions/ Transfers (NPR)	Deductions/ Transfers (NPR)	As at 15-07-04 (NPR)	As at 15-07-04 (NPR)	As at 16-07-03 (NPR)
Land - Leasehold	4,800,000 (3,000,000)	– (–)	– (–)	4,800,000 (3,000,000)	1,450,000 (906,250)	240,000 (150,000)	– (–)	1,690,000 (1,056,250)	3,110,000 (1,943,750)	3,350,000 (2,093,750)
Buildings	175,382,914 (109,614,321)	7,223,012 (4,514,383)	– (–)	182,605,927 (114,128,704)	46,599,276 (29,124,548)	8,773,460 (5,483,412)	– (–)	55,372,736 (34,607,960)	127,233,191 (79,520,744)	128,783,638 (80,489,774)
Plant and Machinery	382,560,817 (239,100,511)	2,575,237 (1,609,523)	74,515,704 (46,572,315)	310,620,350 (194,137,719)	218,351,664 (136,469,790)	31,918,067 (19,948,792)	38,682,458 (24,176,536)	211,587,274 (132,242,046)	99,033,076 (61,895,673)	164,209,153 (102,630,720)
Computers	11,617,283 (7,260,802)	392,570 (245,356)	– (–)	12,009,853 (7,506,158)	7,792,131 (4,870,082)	1,367,863 (854,914)	– (–)	9,159,994 (5,724,996)	2,849,860 (1,781,162)	3,825,153 (2,390,720)
Furniture and Fixtures	10,939,463 (6,837,165)	1,596,827 (998,017)	692,530 (432,831)	11,843,760 (7,402,350)	7,505,121 (4,690,701)	1,425,771 (891,107)	522,887 (326,804)	8,408,005 (5,255,003)	3,435,755 (2,147,347)	3,434,342 (2,146,464)
Total	585,300,478 (365,812,799)	11,787,647 (7,367,279)	75,208,234 (47,005,146)	521,879,890 (326,174,931)	281,698,193 (176,061,370)	43,725,160 (27,328,225)	39,205,345 (24,503,340)	286,218,008 (178,886,255)	235,661,882 (147,288,676)	
Total Previous Year	571,235,130 (357,021,956)	14,065,348 (8,790,843)	– (–)	585,300,478 (365,812,799)	227,846,921 (142,404,325)	53,851,272 (33,657,045)	– (–)	281,698,193 (176,061,370)		303,602,285 (189,751,428)
Capital Work-in-Progress and Advances									7,405,842 (4,628,651)	9,305,491 (5,815,932)
Total									243,067,724 (151,917,327)	312,907,776 (195,567,360)

Notes : (i) "Land – Leasehold" comprises of lease rights in respect of the land at Hetauda Industrial Estate, Hetauda in the possession of the Company under lease with the Hetauda Industrial District.

(ii) Figures in brackets represent Indian Rupees.

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	As at July 15, 2004 (NPR)	As at July 15, 2004 (INR)	As at July 16, 2003 (NPR)	As at July 16, 2003 (INR)
Schedule 5 : Investments				
Bonds and Securities - Government Bonds	-	-	4,832,883.33	3,020,552.08
Total	-	-	4,832,883.33	3,020,552.08
Schedule 6 : Inventories				
Stores, Spare Parts & Loose Tools	5,561,101.10	3,475,688.19	6,337,490.24	3,960,931.40
Inventory Stock :				
Raw and Packing Materials	48,034,049.33	30,021,280.83	52,035,568.57	32,522,230.36
Work-in-Process	559,520.02	349,700.01	485,689.94	303,556.21
Finished Goods	5,471,165.16	3,419,478.23	8,626,836.84	5,391,773.03
Total	59,625,835.61	37,266,147.26	67,485,585.59	42,178,490.99
Schedule 7 : Trade and Other Receivables				
Secured Debtors	27,981,312.93	17,488,320.58	50,593,134.51	31,620,709.07
Schedule 8 : Cash & Bank Balance				
Cash on Hand	19,158.00	11,973.75	50,602.00	31,626.25
Cash at Bank	15,201,270.94	9,500,794.34	51,107,088.48	31,941,930.30
Total	15,220,428.94	9,512,768.09	51,157,690.48	31,973,556.55
Schedule 9 : Prepaid Expenses, Loans, Advances				
Loans and Advances :				
Employees	444,024.36	277,515.23	884,557.46	552,848.41
Others	2,494,981.91	1,559,363.69	8,142,918.21	5,089,323.88
Deposits	586,969.50	366,855.94	586,969.50	366,855.94
Advance VAT & Customs Duty	153,784,110.06	96,115,068.79	179,862,409.70	112,414,006.06
Margin Money with Bank	1,432,528.00	895,330.00	853,128.00	533,205.00
Prepaid Expenses	4,702,981.72	2,939,363.58	3,986,951.42	2,491,844.64
Advance Tax	35,146,910.00	21,966,818.75	35,146,910.00	21,966,818.75
Less : Provision for Doubtful Claims & Receivables	(58,806,002.18)	(36,753,751.36)	(71,081,954.00)	(44,426,221.25)
Total	139,786,503.37	87,366,564.61	158,381,890.29	98,988,681.43
Schedule 10 : Trade and Other payables				
Sundry Creditors	82,568,555.44	51,605,347.15	169,995,269.04	106,247,043.15
Interest Payable	-	-	633,857.66	396,161.04
Dividend Payable	55,250,000.00	34,531,250.00	-	-
Others	41,900.00	26,187.50	124,367.00	77,729.38
Total	137,860,455.44	86,162,784.65	170,753,493.70	106,720,933.56
Schedule 11 : Provisions				
Employee Housing Fund	926,211.58	578,882.24	552,085.00	345,053.13
Bonus	1,759,802.00	1,099,876.25	1,048,962.00	655,601.25
Gratuity and Others	2,696,698.00	1,685,436.25	1,154,000.00	721,250.00
Provision for Income Tax (including for prior years)	34,975,053.00	21,859,408.13	-	-
Total	40,357,764.58	25,223,602.86	2,755,047.00	1,721,904.38

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	2003-2004 (NPR)	2003-2004 (INR)	2002-2003 (NPR)	2002-2003 (INR)
Schedule 12 : Sales Income				
Sales - Export	781,123,339.04	488,202,086.90	859,219,224.03	537,012,015.02
Sales - Local	49,245,794.22	30,778,621.39	50,266,601.80	31,416,626.13
Total	830,369,133.26	518,980,708.29	909,485,825.83	568,428,641.14
Schedule 13 : Material Cost				
Opening Stock				
Work-in-Process	485,689.94	303,556.21	1,049,252.91	655,783.07
Finished Goods	8,626,836.84	5,391,773.03	11,722,872.82	7,326,795.51
	9,112,526.78	5,695,329.24	12,772,125.73	7,982,578.58
Raw and Packing Materials Consumed				
Opening Stock	52,035,568.57	32,522,230.36	88,459,257.57	55,287,035.98
Add : Purchases	584,023,911.63	365,014,944.77	622,767,776.45	389,229,860.28
	636,059,480.20	397,537,175.13	711,227,034.02	444,516,896.26
Less : Closing Stock	48,034,049.33	30,021,280.83	52,035,568.57	32,522,230.36
	588,025,430.87	367,515,894.29	659,191,465.45	411,994,665.91
Purchase of Finished Goods	-	-	-	-
Less : Closing Stock				
Work-in-Process	559,520.02	349,700.01	485,689.94	303,556.21
Finished Goods	5,471,165.16	3,419,478.23	8,626,836.84	5,391,773.03
	6,030,685.18	3,769,178.24	9,112,526.78	5,695,329.24
Total	591,107,272.47	369,442,045.29	662,851,064.40	414,281,915.25
Schedule 14 : Other Income				
Sale of Scrap	6,485,966.01	4,053,728.76	2,211,481.54	1,382,175.96
Interest Accrued	28,348.11	17,717.57	20,137.00	12,585.63
Profit/(Loss) on Sale of Assets	(37,219,455.00)	(23,262,159.38)	-	-
Total	(30,705,140.88)	(19,190,713.05)	2,231,618.54	1,394,761.59
Schedule 15 : Administrative Expenses				
Salaries, Wages	25,691,425.98	16,057,141.24	24,792,540.57	15,495,337.86
Contribution to Provident, Gratuity and Other Funds	1,727,174.78	1,079,484.24	1,697,396.00	1,060,872.50
Staff Welfare Expenses	1,769,151.02	1,105,719.39	2,108,928.84	1,318,080.53
Consumption of Stores and Spares	4,163,298.13	2,602,061.33	3,729,822.76	2,331,139.23
Power and Fuel	9,220,401.25	5,762,750.78	9,376,372.41	5,860,232.76
Rent	736,128.03	460,080.02	1,085,918.81	678,699.26
Insurance	6,895,335.70	4,309,584.81	2,837,516.58	1,773,447.86
Royalty & Technical Service Fees	58,958,724.76	36,849,202.98	71,120,434.99	44,450,271.87
Bank charges	536,436.65	335,272.91	624,688.33	390,430.21
Plant & Machinery Repairs & Upkeep	6,615,507.28	4,134,692.05	5,944,588.81	3,715,368.01
Audit, Tax Audit Fees & Expenses	370,000.00	231,250.00	435,000.00	271,875.00
Legal & Retainer Fees	1,101,850.00	688,656.25	2,164,000.00	1,352,500.00
Telephone, Fax, Postage & Courier Charges	6,299,670.12	3,937,293.83	6,743,955.03	4,214,971.89
Travelling Expenses	4,705,601.83	2,941,001.14	5,967,454.82	3,729,659.26
Advertisement Expenses	6,069,705.67	3,793,566.04	9,586,859.19	5,991,786.99
Security Services	2,650,032.50	1,656,270.31	2,550,592.00	1,594,120.00
Miscellaneous Expenses	1,337,903.89	836,189.93	2,494,220.88	1,558,888.05
Total	138,848,347.59	86,780,217.24	153,260,290.02	95,787,681.26

Schedule 16 : Contingent Liabilities

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

	As at July 15, 2004	As at July 16, 2003
1. Unexpired Letters of Credit	4,85.28	3,03.48
2. Unexpired Bank Guarantees	Nil	2,99.00
3. Disputes regarding income tax liabilities for tax holiday exemption - pending before Hon'ble Supreme Court	-	2,23.82
Total	<u>4,85.28</u>	<u>8,26.30</u>

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 Accounting Standards applicable in Nepal and the requirements of Company Act, 2053.

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

b) Fixed Assets

Fixed Assets are recorded at cost less accumulated depreciation. The Company capitalises 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 amortised 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 realisable 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 recognised on despatch to customers and are recorded net of Value Added Tax.

h) Staff Housing and Bonus

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

i) Foreign Currency Transactions

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

j) Basis of Provision for Debtors, Loans and Advances

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

2) Notes to Accounts

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

b) Total Exports sales of NPR 78,11.23 Lacs are those made to Colgate-Palmolive (India) Ltd.

c) Customs duty paid on import of raw and 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.

d) During the year, one Norden toothpaste filling machine was sold to NordenPac. The same met with an accident in transit to the buyer. The loss is yet to be ascertained. On a conservative basis, the sale proceeds have not been recognised as the buyer has sought reimbursement of cost of repairing, inspection and other charges. Also, the terms of sale was CIF, Gothenberg, Sweden.

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

T. R. Upadhyay
Partner
Kathmandu, December 6, 2004

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, 2005, 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are 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. 31,94.35 Lacs as at March 31, 2005 and total revenues of Rs. 48,04.82 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, 2005;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated result of operations of Colgate-Palmolive (India) Limited and its subsidiaries for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Colgate-Palmolive (India) Limited and its subsidiaries for the year ended on that date.

Partha Ghosh

Partner

Membership No. F-055913

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, May 30, 2005

Consolidated Balance Sheet as at March 31, 2005

	Schedule	Rs. Lacs	Rs. Lacs	As at March 31, 2004 Rs. Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	1	135,99.28		135,99.28
Reserves and Surplus	2	<u>120,98.15</u>		<u>116,38.47</u>
			256,97.43	<u>252,37.75</u>
Loan Funds	3			
Secured Loans		5,21.88		11,25.00
Unsecured Loans		<u>3,97.88</u>		<u>2,16.88</u>
			9,19.76	<u>13,41.88</u>
Total			<u>266,17.19</u>	<u>265,79.63</u>
Application of Funds				
Fixed Assets	4			
Gross Block		357,59.08		358,50.83
Less : Depreciation/Amortisation		<u>261,07.77</u>		<u>246,55.82</u>
Net Block		96,51.31		111,95.01
Capital Work-in-Progress and Advances for Capital Expenditure		<u>67,49.38</u>		<u>4,28.88</u>
			164,00.69	<u>116,23.89</u>
Pre-Operative Expenses Pending Allocation/ Capitalisation	5		3,56.03	–
Investments	6		150,15.48	105,26.17
Deferred Tax Asset (Net)	7		4,92.62	44.94
Current Assets, Loans and Advances				
Inventories	8	78,41.77		65,91.29
Sundry Debtors	9	17,73.93		33,16.98
Cash and Bank Balances	10	57,41.84		130,43.22
Interest Accrued on Investments/Deposits		5,46.98		4,63.96
Loans and Advances	11	<u>103,20.20</u>		<u>109,81.30</u>
		<u>262,24.72</u>		<u>343,96.75</u>
Less :				
Current Liabilities and Provisions				
Liabilities	12	221,01.90		203,81.53
Provisions	13	<u>97,70.45</u>		<u>96,30.59</u>
		<u>318,72.35</u>		<u>300,12.12</u>
Net Current Assets			(56,47.63)	43,84.63
Total			<u>266,17.19</u>	<u>265,79.63</u>

The Schedules (1 to 24) 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-055913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, May 30, 2005

For and on behalf of the Board
Vice-Chairman **R. A. Shah**
Deputy Chairman **P. K. Ghosh**
Managing Director **G. Dalziel**
Whole-time Director **M. A. Elias**
Director **J. K. Setna**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 30, 2005

Consolidated Profit and Loss Account for the year ended March 31, 2005

	Schedule	Rs. Lacs	Rs. Lacs	2003-2004 Rs. Lacs
Income				
Sales		1,075,76.48		1,045,20.37
Less : Excise Duty		108,31.36		102,89.11
			967,45.12	942,31.26
Other Income	14		31,93.94	30,65.37
			999,39.06	972,96.63
Expenditure				
Cost of Goods Sold	15	471,17.17		462,22.86
Employee Costs	16	77,06.17		72,28.99
Other Expenses	17	248,52.03		252,39.76
Depreciation/Amortisation	4	25,27.08		27,61.93
			822,02.45	814,53.54
Profit before Taxation			177,36.61	158,43.09
Current Year Taxation		69,41.53		61,72.36
Deferred Tax		(4,47.68)		(15,67.88)
			64,93.85	46,04.48
Profit after Taxation			112,42.76	112,38.61
Balance Brought Forward			35,23.56	25,69.96
Profit Available for Appropriation			147,66.32	138,08.57
Appropriation :				
First Interim Dividend			20,39.89	30,59.84
Second Interim Dividend			54,39.71	16,99.91
One-Time Special Anniversary Dividend			-	16,99.91
Third Interim Dividend			20,39.89	16,99.91
Dividend Tax			12,63.59	10,45.44
Transfer to General Reserve			11,32.94	10,80.00
Balance Carried Forward			28,50.30	35,23.56
			147,66.32	138,08.57
Earnings per Equity Share (Rupees) (Face value of Rs. 10 per equity share)				
Basic and Diluted			8.27	8.26

The Schedules (1 to 24) 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-055913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, May 30, 2005

For and on behalf of the Board

Vice-Chairman **R. A. Shah**
Deputy Chairman **P. K. Ghosh**
Managing Director **G. Dalziel**
Whole-time Director **M. A. Elias**
Director **J. K. Setna**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 30, 2005

Consolidated Cash Flow Statement for the year ended March 31, 2005

	2004-2005	2003-2004
	Rs. Lacs	Rs. Lacs
Cash Flow from Operating Activities :		
Net Profit before Tax	177,36.61	158,43.09
Adjustment for :		
Foreign Exchange Loss (Net)	77.37	4.34
Depreciation and Amortisation	25,27.08	27,61.93
Interest Expense	1,72.06	1,79.19
Loss/(Profit) on Sale of Investments	23.01	15.28
(Gain)/Loss on Sale of Fixed Assets (Net)	(1,58.12)	(68.04)
Gain on Prepayment of Sales Tax Deferral Liability	(13.33)	(32.59)
Interest Income	(24,37.56)	(19,50.56)
Operating Profit before Working Capital Changes	179,27.12	167,52.64
Adjustment for (Increase)/Decrease in Working Capital		
Inventories	(12,50.47)	(5,92.61)
Sundry Debtors	15,43.05	10,99.77
Loans and Advances	(4,99.89)	(8,53.71)
Current Liabilities and Provisions	17,48.91	(14,26.09)
Cash Generated from Operations	194,68.72	149,80.00
Direct Taxes Paid (Net)	(72,75.40)	(69,67.78)
Net Cash from Operating Activities	121,93.32	80,12.22
	(A)	
Cash Flow from Investing Activities :		
Purchase of Fixed Assets/Pre-Operative Expenses	(80,91.47)	(8,85.46)
Sale of Fixed Assets	5,89.68	1,49.00
Purchase of Investments	(47,09.24)	(11,76.22)
Sale of Investments	1,96.91	93.77
Inter-Corporate Deposits (Placed)/Refunded (Net)	11,61.00	56,23.00
Interest Received	23,54.53	19,36.76
Net Cash used in Investing Activities	(84,98.59)	57,40.85
	(B)	
Cash Flow from Financing Activities :		
Long Term Loans Availed/(Paid) (Net)	(4,22.13)	(2,78.37)
Sales Tax Deferral (Net)	13.33	32.59
Interest Paid	(1,72.06)	(1,79.19)
Dividend Paid	(91,42.58)	(91,52.00)
Dividend Tax Paid	(11,95.30)	(11,76.11)
Net Cash used in Financing Activities	(109,18.74)	(107,53.08)
	(C)	
Net Increase/(Decrease) in Cash and Cash Equivalents	(72,24.01)	29,99.99
Cash and Cash Equivalents at the beginning of the year	130,43.22	100,47.57
	58,19.21	130,47.56
Effect of Exchange Rate Changes	(77.37)	(4.34)
Cash and Cash Equivalents at the end of the year	57,41.84	130,43.22

Consolidated Cash Flow Statement for the year ended March 31, 2005 (Contd.)

	As at March 31, 2005 Rs. Lacs	As at March 31, 2004 Rs. Lacs
Cash and Cash Equivalents comprise :		
Cash and Cheques on hand	0.42	-
Balances with Scheduled Banks in		
– Current Accounts	13,07.65	29,54.86
– Deposit Accounts	39,61.27	96,52.76
– Unpaid Dividend Accounts	4,72.50	4,35.60
Cash and Cash Equivalents as at March 31, 2005	<u><u>57,41.84</u></u>	<u><u>130,43.22</u></u>

Notes :

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
2. 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-055913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, May 30, 2005

For and on behalf of the Board
Vice-Chairman **R. A. Shah**
Deputy Chairman **P. K. Ghosh**
Managing Director **G. Dalziel**
Whole-time Director **M. A. Elias**
Director **J. K. Setna**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 30, 2005

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2005

	Rs. Lacs	As at March 31, 2005 Rs. Lacs	As at March 31, 2004 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) 6,93,56,336 Shares are held by Colgate-Palmolive Company, U.S.A., the Holding Company.			
(ii) 11,18,85,735 Shares of Rs.10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.			
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	68,08.48		103,94.56
Less : Adjustment of Intangible Assets	<u>-</u>		<u>46,66.08</u>
	68,08.48		57,28.48
Add : Transfer from Profit and Loss Account	<u>11,32.94</u>		<u>10,80.00</u>
		79,41.42	68,08.48
Profit and Loss Account Balance			
		<u>28,50.30</u>	<u>35,23.56</u>
		<u>120,98.15</u>	<u>116,38.47</u>
Schedule 3 : Loan Funds			
Secured Loans			
Bank Loan		5,21.88	11,25.00
(Secured against a first charge of fixed and current assets, inventories, receivables and mortgage over all properties of Colgate-Palmolive (Nepal) Private Limited at Hetauda Industrial District.)			
Unsecured Loans			
Loans		<u>3,97.88</u>	<u>2,16.88</u>
		<u>9,19.76</u>	<u>13,41.88</u>

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2005

Schedule 4 : Fixed Assets

(Refer Note 3 on Schedule 18)

Rs. Lacs

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at March 31, 2004	Additions/ Transfers	Disposals/ Transfers	As at March 31, 2005	Upto March 31, 2004	For the Year (Refer Note (iii) below)	Disposals/ Transfers/ Adjustment	Upto March 31, 2005	As at March 31, 2005	As at March 31, 2004
Intangible Assets										
Goodwill and Trademarks	27,29.81	-	-	27,29.81	25,93.32	1,36.49	-	27,29.81	-	1,36.49
Copyrights and Design	13,52.90	-	-	13,52.90	12,85.26	67.64	-	13,52.90	-	67.64
Technical know-how	49,83.70	-	-	49,83.70	47,34.51	2,49.19	-	49,83.70	-	2,49.19
Tangible Assets										
Land - Leasehold (Refer note (i) below)	1,16.09	3,33.46	-	4,49.55	22.23	2.84	-	25.07	4,24.48	93.86
Buildings (Refer note (ii) below)	82,80.23	2,18.67	-	84,98.90	22,76.30	6,70.59	-	29,46.89	55,52.01	60,03.93
Plant and Machinery	149,41.15	5,82.71	11,74.47	143,49.39	106,94.83	11,79.13	8,15.84	110,58.12	32,91.27	42,46.32
Furniture and Equipment	33,57.72	2,80.10	3,10.06	33,27.76	29,88.51	2,11.46	2,39.64	29,60.33	3,67.43	3,69.21
Vehicles	89.23	-	22.16	67.07	60.86	9.74	19.65	50.95	16.12	28.37
Total	358,50.83	14,14.94	15,06.69	357,59.08	246,55.82	25,27.08	10,75.13	261,07.77	96,51.31	111,95.01
Total Previous Year	355,35.97	7,90.36	4,75.50	358,50.83	175,39.26	27,61.93	43,54.63	246,55.82		
Add: Capital Work-in-Progress including advances on Capital Account									67,49.38	4,28.88
Total									164,00.69	116,23.89

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 Dombivali, City and Industrial Development Corporation of Maharashtra Limited at Aurangabad, Industrial Area Development Agency at Baddi and Hetauda Industrial Estate, Hetauda under lease with Hetuuda Industrial District.
- (ii) Buildings comprise of : (a) Cost of Premises, including shares and loan stock bonds in a Co-operative Society, (b) Factory Building at Sewri and leasehold rights in the land on which the building stands. While the ownership of the factory building is in the name of the Company, Mumbai Port Trust (MPT) has not yet effected 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, (c) Factory buildings at Waluj, Aurangabad, (d) a residential building at Aurangabad, (e) Research Centre at Powai, Mumbai, (f) Building at MIDC Dombivali and (g) Factory Building at Hetauda, Nepal.
- (iii) Depreciation for the year includes Rs. 6,19.13 Lacs (Previous Year: Rs. Nil) towards write-down of certain idle assets to the estimated net realisable value.

2004-2005
Rs. Lacs2003-2004
Rs. Lacs**Schedule 5 : Pre-Operative Expenses pending Allocation/Capitalisation**

(Refer Note 3 on Schedule 18)

Employee Costs	1,31.76	-
Consumption of Stores and Spares	22.77	-
Power and Fuel	10.08	-
Rent	9.49	-
Repairs and Maintenance - Others	7.52	-
Travel Expenses	1,23.40	-
Miscellaneous Expenses	51.01	-
	3,56.03	-

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2005

	As at March 31, 2005 Rs. Lacs	As at March 31, 2004 Rs. Lacs
Schedule 6 : Investments		
(Refer Note 4 on Schedule 18)		
(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 44 th '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	–
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
8.75% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Limited (Series 5A) of the face value of Rs. 5,00 Lacs	5,00.00	5,00.00
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 Bonds of Indian Railways Finance Corporation Limited (Series 36) 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	19,60.25	–
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	–
9.25% (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
	134,17.42	94,59.00
B. Other Investments (Listed and quoted) (Non-Trade)		
6.75% Tax Free Bonds of Unit Trust of India of the face value of Rs. 10,50.20 Lacs (Quoted) [Market Value Rs. 10,99.25 Lacs (Previous Year : Rs. 11,39.47 Lacs)]	10,66.55	10,67.17
6.60% Tax Free Bonds of Unit Trust of India of the face value of Rs. 5,00 Lacs purchased during the year (Quoted) [Market Value Rs. 5,16.75 Lacs (Previous Year : Rs. Nil)]	5,31.51	–
	15,98.06	10,67.17
	150,15.48	105,26.17
Aggregate book value of Investments :		
Unquoted	134,17.42	94,59.00
Listed and quoted - Market Value Rs. 16,16.00 Lacs (Previous Year : Rs. 11,39.47 Lacs)	15,98.06	10,67.17
	150,15.48	105,26.17
Schedule 7 : Deferred Tax Asset/(Liability)		
(Refer Note 10 on Schedule 18)		
Timing Difference between book and tax depreciation	(8,49.58)	(12,73.04)
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	2,76.16	1,31.18
Accrual for expenses allowable only on payment	10,66.04	11,86.80
	4,92.62	44.94

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2005

	As at March 31, 2005 Rs. Lacs	As at March 31, 2004 Rs. Lacs
Schedule 8 : Inventories		
(Refer Note 5 on Schedule 18)		
Stores and Spares	2,19.80	2,02.68
Raw and Packing Materials	10,74.87	11,48.06
Work-in-Process	3,00.80	1,32.14
Finished Goods	62,46.30	51,08.41
	<u>78,41.77</u>	<u>65,91.29</u>
Schedule 9 : Sundry Debtors		
Unsecured : Considered good		
Over Six Months	–	0.07
Others	17,73.93	33,16.91
	<u>17,73.93</u>	<u>33,16.98</u>
Schedule 10 : Cash and Bank Balances		
Cash on hand	0.42	–
Balances with Scheduled Banks :		
– Current Accounts	13,07.65	29,54.86
– Deposit Accounts	39,61.27	96,52.76
– Unpaid Dividend Accounts	4,72.50	4,35.60
	<u>57,41.84</u>	<u>130,43.22</u>
Schedule 11 : Loans and Advances		
Secured :		
Loans to Employees	3,26.22	3,06.83
Unsecured : Considered Good		
Inter-Corporate Deposits	53,83.00	65,44.00
Advances Recoverable in Cash or in Kind or for Value to be Received	16,83.07	16,04.52
Balances with Excise Authorities	15,41.52	8,73.50
Deposits - Others	13,86.39	16,52.45
	<u>103,20.20</u>	<u>109,81.30</u>
Schedule 12 : Liabilities		
Acceptances	39,00.16	20,38.03
Sundry Creditors	169,39.53	163,78.75
Unclaimed Dividends	4,72.50	4,35.60
Other Liabilities	7,89.71	15,29.15
	<u>221,01.90</u>	<u>203,81.53</u>
Schedule 13 : Provisions		
Taxation (net of advance tax payments)	2,89.25	5,43.29
Third Interim Dividend	20,39.89	16,99.91
Dividend Tax	2,86.09	2,17.81
Retirement/Employee Benefits (Refer Note 7 on Schedule 18)	5,72.77	5,14.88
Others/Contingency (Refer Note 9 on Schedule 18 and Schedule 20)	65,82.45	66,54.70
	<u>97,70.45</u>	<u>96,30.59</u>
	<u>318,72.35</u>	<u>300,12.12</u>

Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2005

	Rs. Lacs	2004-2005 Rs. Lacs	2003-2004 Rs. Lacs
Schedule 14 : Other Income			
Interest			
– On Bank Deposits		4,50.26	2,55.76
– From Long Term Investments		8,34.64	5,67.86
– Others		11,52.66	11,26.94
Cash Discount		1,02.17	1,30.93
Gain on pre-payment of Sales Tax Deferral Liability		13.33	32.59
Provision no longer Required written back		2,50.00	3,31.55
Rental Income		64.73	66.96
Bad Debts Recovered		25.30	77.40
Profit on Sale of Assets (Net)		1,58.12	68.04
Miscellaneous		1,42.73	4,07.34
		<u>31,93.94</u>	<u>30,65.37</u>
Schedule 15 : Cost of Goods Sold			
Opening Stock			
Work-in-Process	1,32.14		3,35.02
Finished Goods	51,08.41		38,13.83
		<u>52,40.55</u>	<u>41,48.85</u>
Raw and Packing Materials Consumed			
Opening Stock	11,48.06		16,24.60
Add : Purchases	161,74.18		166,59.40
	<u>173,22.24</u>		<u>182,84.00</u>
Less : Closing Stock	10,74.87		11,48.06
	<u>162,47.37</u>		<u>171,35.94</u>
Less : Sale of Materials	12,81.42		19,33.68
		<u>149,65.95</u>	<u>152,02.26</u>
		<u>202,06.50</u>	<u>193,51.11</u>
Purchased Finished Goods		331,84.08	319,73.13
Less : Closing Stock			
Work-in-Process	3,00.80		1,32.14
Finished Goods	62,46.30		51,08.41
		<u>65,47.10</u>	<u>52,40.55</u>
Increase/(Decrease) in Excise Duty on Finished Goods		2,73.69	1,39.17
		<u>471,17.17</u>	<u>462,22.86</u>
Schedule 16 : Employee Costs			
Salaries, Wages and Bonus [includes Rs. 6,38.65 Lacs incurred towards Voluntary Retirement Scheme] (Refer Note 7 on Schedule 18)		67,93.77	61,26.74
Contribution to Provident, Gratuity and Other Funds		5,45.87	8,49.51
Staff Welfare Expenses		3,66.53	2,52.74
		<u>77,06.17</u>	<u>72,28.99</u>

Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2005

	Rs. Lacs	2004-2005 Rs. Lacs	2003-2004 Rs. Lacs
Schedule 17 : Other Expenses			
Consumption of Stores and Spares		3,16.59	2,29.18
Processing Charges		57.67	66.85
Power and Fuel		4,37.50	4,95.98
Freight and Forwarding Charges		16,53.38	16,31.44
Rent		4,25.02	4,25.56
Rates and Taxes		3,38.65	1,09.80
Insurance		1,76.98	1,53.50
Repairs			
– Plant and Machinery	4,19.27		4,39.57
– Buildings	50.43		1,10.86
– Others	76.74		32.41
		5,46.44	5,82.84
Advertising and Sales Promotion		138,02.05	148,61.53
Directors' Fees		11.40	7.15
Sales Taxes absorbed		3,81.34	5,13.88
Royalty		13,01.24	12,84.42
Exchange Loss (Net)		53.00	28.38
Bad Debts Written Off		1,27.50	58.05
Loss on Sale of Long Term Investment		23.01	15.28
Interest		1,72.06	1,79.19
Miscellaneous Expenses		50,28.20	45,96.73
		<u>248,52.03</u>	<u>252,39.76</u>

Notes forming part of the Consolidated Balance Sheet as at March 31, 2005 and Consolidated Profit and Loss Account for the year ended March 31, 2005

Schedule 18 : 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, 2005 and Consolidated Profit and Loss Account for the year ended March 31, 2005

- The subsidiaries considered in the consolidated financial statements are :

	Country of Incorporation	% voting power held as at March 31, 2005	% voting power held as at March 31, 2004
Colgate-Palmolive (Nepal) Private Limited	Nepal	100	100
Passion Trading & Investment Company Limited *	India	100	100
Multimint Leasing & Finance Limited *	India	100	100
Jigs Investments Limited *	India	100	100

*Refer Note 1 on Schedule 24

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	9 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.

Pre-Operative Expenses

Pre-operative expenses represents expenses incurred prior to the date of commencement of commercial production for setting up manufacturing facilities. Until capitalisation, these expenses are disclosed under Pre-operative Expenses pending Allocation/Capitalisation and would be allocated to the cost of Fixed Assets on Capitalisation.

4. 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.

5. 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

Notes forming part of the Consolidated Balance Sheet as at March 31, 2005 and Consolidated Profit and Loss Account for the year ended March 31, 2005

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.

6. 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.

7. Expenditure

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

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

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 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 Rupee. There is no resultant exchange gain/loss on such translation.

9. 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.

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 reasonable 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, 2005 and Consolidated Profit and Loss Account for the year ended March 31, 2005

	2004-2005 Rs. Lacs	2003-2004 Rs. Lacs
Schedule 19 : Contingencies and Commitments		
1. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances]	21,38.25	8,18.46
2. Contingent liabilities not provided for in respect of : (Refer Note 9 on Schedule 18)		
(i) Guarantees given by the Group	5,20.90	6,46.88
(ii) Counter Guarantees given to the Banks	68.81	56.91
(iii) Cheques Discounted with Banks	39,00.16	16,99.21
(iv) Unexpired Letters of Credit	1,33.61	2,18.56
(v) Claims against the Group not acknowledged as debts	1,41.00	-
(vi) Others		
- Excise Matters	2,13.52	4,63.16
- Service Tax Matters	-	92.19
- Income Tax Matters	35.03	-

Note :

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

Schedule 20 : Others/Contingency

	Commercial/Vendors (Refer Note 1 below)	Direct/Indirect Taxes (Refer Note 2 below)	Rs. Lacs Total
Opening Balance	18,86.37	47,68.33	66,54.70
Add : Additional provision made	7,76.67	2,76.28	10,52.95
Amounts Utilised	-	-	-
Provision Reversed	(7,74.37)	(3,50.83)	(11,25.20)
Closing Balance	18,88.67	46,93.78	65,82.45

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, 2005 and Consolidated Profit and Loss Account for the year ended March 31, 2005

	2004-2005	2003-2004
	Rs. Lacs	Rs. Lacs
Schedule 21 : Lease Accounting		
1. The Group has leased vehicles and computer equipments under "Operating Leases". The lease payments to be made in future in respect of the leases are as follows :		
Upto 1 year	3,36.10	2,86.02
Greater than 1 year but less than 5 years	4,28.13	3,22.67
Greater than 5 years	-	-
2. Lease payments recognised in Profit and Loss Account included in "Miscellaneous" under Other Expenses in Schedule 17	3,38.57	3,26.59

Schedule 22 : Segment Information

1. 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 segment.

Thus the Segment revenue, Segment result, total carrying amount of Segment assets and Segment liability, total cost incurred to acquire Segment assets, total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2005.

	Rs. Lacs					
	India		Outside India		Total	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
Revenue by geographical segment						
External	946,80.62	921,58.48	20,64.50	20,72.78	967,45.12	942,31.26
Inter-Segment	-	-	-	-	-	-
Total	946,80.62	921,58.48	20,64.50	20,72.78	967,45.12	942,31.26
Carrying amount of segment assets	553,02.42	527,29.28	31,87.12	38,62.47	584,89.54	565,91.75
Capital Expenditure	76,91.54	8,49.70	43.90	1,18.85	77,35.44	9,68.55

Notes forming part of the Consolidated Balance Sheet as at March 31, 2005 and Consolidated Profit and Loss Account for the year ended March 31, 2005

Schedule 23 : 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) Holding Company | : | Colgate-Palmolive Company, U.S.A. |
| ii) Group Companies where common control exists | : | Colgate-Palmolive (Malaysia) Mktg. SDN BHD |
| | : | Colgate-Palmolive, Poland Sp.z.o.o |
| | : | Colgate-Palmolive, Philippines, Inc. |
| | : | Colgate-Palmolive, East Africa Ltd., Kenya |
| | : | Colgate-Palmolive, Marocco Limited |
| | : | Colgate-Palmolive Pty Ltd., South Africa |
| | : | Colgate-Palmolive Pty Ltd., Australia |
| | : | Colgate-Palmolive (Thailand) Ltd. |
| | : | Colgate-Palmolive (H.K.) Ltd., Honkong |
| | : | Colgate-Palmolive (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. |
| iii) Key Management Personnel | : | Graeme Dalziel |
| | : | Moses Elias |
| | : | K. V. Vaidyanathan |
| iv) Relatives of Key Management Personnel | : | Mrs. Pratima Elias |

Notes forming part of the Consolidated Balance Sheet as at March 31, 2005 and Consolidated Profit and Loss Account for the year ended March 31, 2005

Schedule 23 : Disclosure of Related Parties – (Contd.)

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

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	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
Purchase of Goods/Materials										
Colgate-Palmolive Company, U.S.A.	253	0.80	-	-	-	-	-	-	253	0.80
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	90.90	3,13.70	-	-	-	-	90.90	3,13.70
Colgate Sanxiao (Consumer Products) Company Limited	-	-	3,26.76	1,03.79	-	-	-	-	3,26.76	1,03.79
Colgate-Palmolive, Temizlik, Urunleri, Turkey	-	-	8.76	1,24.70	-	-	-	-	8.76	1,24.70
Colgate-Palmolive (Thailand) Ltd.	-	-	1,63.29	3,94.53	-	-	-	-	1,63.29	3,94.53
Others	-	-	80.52	26.53	-	-	-	-	80.52	26.53
Sub-Total	253	0.80	6,70.23	9,63.25	-	-	-	-	6,72.76	9,64.05
Sale of Goods										
Colgate-Palmolive Cameroun S.A.	-	-	67.40	-	-	-	-	-	67.40	-
C P Global Export - France	-	-	53.54	-	-	-	-	-	53.54	-
Colgate-Palmolive, Marocco Limited	-	-	33.57	-	-	-	-	-	33.57	-
Colgate-Palmolive Pty Ltd., South Africa	-	-	10.06	1,47.68	-	-	-	-	10.06	1,47.68
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	58.23	-	-	-	-	-	58.23	-
Colgate-Palmolive Romania srl.	-	-	36.49	35.04	-	-	-	-	36.49	35.04
Others	-	-	70.39	92.82	-	-	-	-	70.39	92.82
Sub-Total	-	-	3,29.68	2,75.54	-	-	-	-	3,29.68	2,75.54
Purchase of Assets										
Colgate-Palmolive Company, U.S.A.	-	4.35	-	-	-	-	-	-	-	4.35
Sub-Total	-	4.35	-	-	-	-	-	-	-	4.35
Sale of Assets										
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	23.98	-	-	-	-	-	23.98	-
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	61.11	-	-	-	-	-	61.11	-
Others	-	-	7.28	-	-	-	-	-	7.28	-
Sub-Total	-	-	92.37	-	-	-	-	-	92.37	-
Services Rendered										
Colgate-Palmolive Company, U.S.A.	6,17.44	2,77.78	-	-	-	-	-	-	6,17.44	2,77.78
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	-	64.10	-	-	-	-	-	64.10
Others	-	-	-	7.02	-	-	-	-	-	7.02
Sub-Total	6,17.44	2,77.78	-	71.12	-	-	-	-	6,17.44	3,48.90
Services Received										
Colgate-Palmolive Company, U.S.A.	15,77.23	5,53.21	-	-	-	-	-	-	15,77.23	5,53.21
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	-	5,40.40	-	-	-	-	-	5,40.40
Sub-Total	15,77.23	5,53.21	-	5,40.40	-	-	-	-	15,77.23	10,93.61
Reimbursement of Expenses Receivable/(Payable)										
Colgate-Palmolive Company, U.S.A.	(60.37)	1,51.50	-	-	-	-	-	-	(60.37)	1,51.50
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	19.83	-	-	-	-	-	19.83	-
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	(7.66)	-	-	-	-	-	(7.66)	-
Colgate-Palmolive (H.K.) Ltd., Hongkong	-	-	(2.41)	(1.72)	-	-	-	-	(2.41)	(1.72)
Colgate-Palmolive (Png) Limited	-	-	4.84	-	-	-	-	-	4.84	-
Colgate-Palmolive (Thailand) Ltd.	-	-	(23.37)	(5.67)	-	-	-	-	(23.37)	(5.67)
Colgate-Palmolive, Philippines, Inc.	-	-	(0.53)	(45.93)	-	-	-	-	(0.53)	(45.93)
Colgate-Palmolive Son Hai Ltd., Vietnam	-	-	(0.60)	(4.28)	-	-	-	-	(0.60)	(4.28)
Colgate-Palmolive Romania srl.	-	-	(2.04)	-	-	-	-	-	(2.04)	-
Others	-	-	(0.37)	(8.23)	-	-	-	-	(0.37)	(8.23)
Sub-Total	(60.37)	1,51.50	(12.31)	(65.83)	-	-	-	-	(72.68)	85.67

Notes forming part of the Consolidated Balance Sheet as at March 31, 2005 and Consolidated Profit and Loss Account for the year ended March 31, 2005

Schedule 23 : 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	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
Others - Payable										
Colgate-Palmolive Company, U.S.A.	35.01	-	-	-	-	-	-	-	35.01	-
Colgate-Palmolive (H.K.) Ltd., Hongkong	-	-	5.56	-	-	-	-	-	5.56	-
Others	-	-	0.35	-	-	-	-	-	0.35	-
Sub-Total	35.01	-	5.91	-	-	-	-	-	40.92	-
Dividend Paid										
Colgate-Palmolive Company, U.S.A.	48,54.94	41,61.38	-	-	-	-	-	-	48,54.94	41,61.38
Sub-Total	48,54.94	41,61.38	-	-	-	-	-	-	48,54.94	41,61.38
Royalty and Technical Fees										
Colgate-Palmolive Company, U.S.A.	13,75.88	13,10.45	-	-	-	-	-	-	13,75.88	13,10.45
Sub-Total	13,75.88	13,10.45	-	-	-	-	-	-	13,75.88	13,10.45
Advances										
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	5,04.62	-	-	-	-	-	5,04.62	-
Colgate-Palmolive (H.K.) Ltd., Hongkong	-	-	2,55.22	-	-	-	-	-	2,55.22	-
Sub-Total	-	-	7,59.84	-	-	-	-	-	7,59.84	-
Remuneration										
Sub-Total	-	-	-	-	4,92.35	4,96.53	-	-	4,92.35	4,96.53
Dividend										
Sub-Total	-	-	-	-	0.09	0.07	0.23	0.18	0.32	0.25
Repayment of Loan										
Sub-Total	-	-	-	-	1.20	1.20	-	-	1.20	1.20
Interest on Loan received										
Sub-Total	-	-	-	-	0.86	0.90	-	-	0.86	0.90
Outstanding Receivable net of Payable										
Outstanding Payable net of Receivable	-	-	1,49.87	55.05	28.57	29.77	-	-	1,78.44	84.82
Outstanding Payable net of Receivable	10,74.10	7,65.92	7,38.44	1,73.69	-	-	-	-	18,12.54	9,39.61

Notes forming part of the Consolidated Balance Sheet as at March 31, 2005 and Consolidated Profit and Loss Account for the year ended March 31, 2005

Schedule 24 : Supplementary Information

1. The wholly-owned subsidiaries Multimint Leasing & Finance Limited, Passion Trading & Investment Company Limited and Jigs Investments Limited are defunct companies. The Company has opted to comply with the simplified exit scheme introduced by the Government for removal of names of defunct companies from the records maintained by the Registrar of Companies. The Company has made an application dated December 26, 2003 to the Registrar of Companies to strike off the names of the aforesaid subsidiaries from the Register of Companies.
2. The Company has started commercial production at its Toothpaste Manufacturing facility at Baddi (Himachal Pradesh) effective April 21, 2005.
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 24) referred to hereinabove form an integral part of the financial statements.

Partha Ghosh
Partner
Membership No. F-055913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, May 30, 2005

For and on behalf of the Board
Vice-Chairman **R. A. Shah**
Deputy Chairman **P. K. Ghosh**
Managing Director **G. Dalziel**
Whole-time Director **M. A. Elias**
Director **J. K. Setna**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, May 30, 2005