

# Independent Auditor's Report

To the Members of Colgate-Palmolive (India) Limited

## Report on the Audit of the Ind AS Financial Statements

### Opinion

We have audited the accompanying Ind AS financial statements of Colgate-Palmolive (India) Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code

of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

# Independent Auditor's Report (Contd.)

Independent Auditor's Report for the year ended March 31, 2021

Key audit matters	How our audit addressed the key audit matter
<p><b>(a) Revenue recognition</b> (as described in Note 26 of the Ind AS financial statements)</p> <p>Revenue from the sale of goods is measured net off discounts and rebates that are given to the customers (i.e. to the Wholesale traders and Retail traders) as a part of sales promotion, comprising of primary and secondary schemes.</p> <p>Of the total discounts and rebates passed on to the customers, certain discounts and rebates are passed on to the customers only on secondary sale made by wholesale trader to retail trader i.e., secondary schemes.</p> <p>Significant judgement is required in estimating accruals relating to secondary schemes recognized, based on sales made during the year.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Our audit procedures included, amongst others, assessing the appropriateness of the Company's revenue recognition accounting policies including those relating to discounts and rebates for primary and secondary sales.</li> <li>• Obtained an understanding, assessed and tested the operating effectiveness of internal control relating to the identification, recognition and measurement of discounts and rebates for secondary schemes.</li> <li>• Tested on sample basis, the underlying documentation and assumptions, for discount and rebate provisions accrued during the year in relation to secondary sales.</li> <li>• Tested on sample basis, the subsequent claims accounted by the company, to assess the adequacy of accruals outstanding as at year end.</li> <li>• Performed an analysis between historical accrual and actual expenses incurred for the previous periods.</li> <li>• Obtained reasons from management to ascertain reasonableness in relation to ageing of outstanding accruals and verified subsequent settlement of provisions.</li> <li>• We assessed the adequacy of the disclosures in respect of revenue to be disclosed as per Ind AS 115.</li> </ul>
<p><b>(b) Contingent liabilities / provisions in relation to tax Litigations</b> (as described in Note 33 of the Ind AS financial statements)</p> <p>The Company has received various demand orders and notices under various tax laws. The Company is contesting these demands and has made provision where the outflow of resources embodying economic benefits is probable.</p> <p>Significant judgements and estimates are required to assess impact of these litigations on the financial position, results of operations and cash flows.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding, assessed and tested the internal control environment relating to the identification, recognition and measurement of provisions for disputes and disclosures of contingent liabilities in relation to tax litigations.</li> <li>• Obtained details of completed tax assessments and demands issued by tax authorities, from the management.</li> <li>• Read the orders/notices received from tax authorities and held discussion with management to understand management's assessment of the quantification and likelihood of significant exposures and the provision required for specific cases. We engaged tax specialists to evaluate the current status of tax assessments and management's position in relation to on-going disputes with regard to likelihood assessment of exposure done by the management.</li> <li>• Analysed the management's estimates related to the recognized provisions for disputes and disclosures of contingent liabilities in relation to tax litigations and uncertain tax positions in the financial statements.</li> </ul>

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Independent Auditor's Report for the year ended March 31, 2021

## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

# Independent Auditor's Report (Contd.)

Independent Auditor's Report for the year ended March 31, 2021

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and 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 it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2018, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure II" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid /

## Independent Auditor's Report (Contd.)

Independent Auditor's Report for the year ended March 31, 2021

provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 33 to the Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Jayesh Gandhi**

Partner

Membership Number: 037924

UDIN: 21037924AAAAAEB4593

Place of Signature: Mumbai

Date: May 17, 2021

# Independent Auditor's Report (Contd.)

Independent Auditor's Report for the year ended March 31, 2021

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF COLGATE – PALMOLIVE (INDIA) LIMITED

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) The property, plant and equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon.
- In respect of loans and advances given provisions of section 186 of the Companies Act, 2013 have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases in payment of provident fund and employees' state insurance.
- (b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of excise, value added tax and cess on account of any dispute, are as follows:

## Income Tax

Sr. No.	Name of the Statute	Period to which the amount relates	Forum where dispute is pending	Amount (₹ In lakhs)
1	Income Tax Act, 1961	AY 2011-12 to AY 2016-17	Income Tax Appellate tribunal	567,25.68
		AY 2006-07 to AY 2007-08	First Appellate Authority	42.75
		AY 1996-97 to AY 2000-01	High Court	11,00.21
	<b>Total</b>			<b>578,68.64</b>

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Independent Auditor's Report for the year ended March 31, 2021

## Sales tax

Sr. No.	Name of the Statute	Forum where dispute is pending	Year	Amount (₹ In lakhs)
1	Statute applicable in Maharashtra, UP and Kerala	High court	1993-94, 2004-05 and 2016-17	4,31.97
2	Statute applicable in Maharashtra, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Kerala, Rajasthan, Uttaranchal, Delhi, Tripura, West Bengal, Bihar, Odisha, Assam, Gujarat, Karnataka, Jharkhand, Goa, Chandigarh, Haryana	Assessing authorities and First Appellate Authorities of various states	1988-89, 1995-96, 1996-97, 1998-99, 2000-01 to 2017-18 and 2019-20	11,14.39
3	Statute applicable in Maharashtra, Uttar Pradesh, Andhra Pradesh, Kerala, Bihar, Odisha and Karnataka	Sales Tax Appellate Tribunal of various States	1987-88, 1990-91, 1995-96 to 1997-98, 1999-00 to 2001-02, 2003-04 and 2013-14	2,40.92
<b>Total</b>				<b>17,87.28</b>

## Service tax

Sr. No.	Name of the Statute	Period to which the amount relates	Forum where dispute is pending	Amount (₹ In lakhs)
1	Service Tax (Finance Act, 1994)	July 2007 to October 2008	Customs, Excise and Service Tax Appellate Tribunal	15.20
		2003-2010	First appellate authorities	7.51
<b>Total</b>				<b>22.71</b>

## Excise related matters

Sr. No.	Name of the Statute	Period to which the amount relates	Forum where dispute is pending	Amount (₹ In lakhs)
1	The Central Excise Act, 1944	Excise duty liability 1994-95, 2005-06 to 2010-11 and Jun'14 - Jun'17	Customs, Excise and Service Tax Appellate Tribunal	19,90.00
		1998-1999 to 2004-05 and 2006-07 to 2016-17	First appellate authorities	11,82.04
		2000-01 to 2003-04	High Court	2,80.88
<b>Total</b>				<b>34,52.91</b>

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year. Thus, reporting under clause (viii) is not applicable to the Company and hence not commented upon.

(ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money by way of further public offer / debt instruments and term loans, hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of

the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.



# Independent Auditor's Report (Contd.)

Independent Auditor's Report for the year ended March 31, 2021

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, the reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Jayesh Gandhi**

Partner

Membership Number: 037924

UDIN: 21037924AAAAEB4593

Place of Signature: Mumbai

Date: May 17, 2021



# Independent Auditor's Report (Contd.)

Independent Auditor's Report for the year ended March 31, 2021

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF COLGATE-PALMOLIVE (INDIA) LIMITED

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Ind AS financial statements of Colgate-Palmolive (India) Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference

to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these Ind AS financial statements.

### Meaning of Internal Financial Controls with Reference to these Ind AS Financial Statements

A company's internal financial controls with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely

# Independent Auditor's Report (Contd.)

Independent Auditor's Report for the year ended March 31, 2021

detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls with Reference to Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

## For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

## per Jayesh Gandhi

Partner

Membership Number: 037924

UDIN: 21037924AAAAEB4593

Place of Signature: Mumbai

Date: May 17, 2021

# Balance Sheet

as at March 31, 2021

	Note	As at March 31, 2021 ₹ Lakhs	As at March 31, 2020 ₹ Lakhs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3(A)	1,064,71.61	1,122,86.16
Capital Work-in-Progress	3(B)	144,84.96	190,03.27
Other Intangible Assets	3(C)	-	-
<b>Financial Assets</b>			
(i) Investments	4	18,61.45	18,61.85
(ii) Loans	5	1,40.38	2,03.56
(iii) Others	6	18,55.63	17,69.04
Deferred Tax Assets (Net)	20	4,76.81	-
Other Non-Current Assets	7	10,20.76	15,96.70
Current Tax Assets (Net)	32(d)	258,31.49	224,73.30
		<b>1,521,43.09</b>	<b>1,591,93.88</b>
<b>Current Assets</b>			
Inventories	8	335,82.14	296,92.18
<b>Financial Assets</b>			
(i) Trade Receivables	9	117,08.43	132,56.43
(ii) Cash and Cash Equivalents	10	296,57.29	397,81.68
(iii) Bank Balances [other than (ii) above]	11	571,06.21	23,45.17
(iv) Loans	12	6,92.72	113,47.97
(v) Others	13	5,08.74	7,32.21
Other Current Assets	14	40,02.86	40,47.46
		<b>1,372,58.39</b>	<b>1,012,03.10</b>
		<b>2,894,01.48</b>	<b>2,603,96.98</b>
<b>Total Assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	15	27,19.86	27,19.86
Other Equity	16	1,138,66.44	1,566,96.03
		<b>1,165,86.30</b>	<b>1,594,15.89</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Lease liabilities	17	77,35.57	83,97.24
(ii) Other Financial Liabilities	18	1,24.03	1,18.13
Provisions	19	31,13.13	48,82.53
Deferred Tax Liabilities (Net)	20	-	5,03.86
Other Non-Current Liabilities	21	47.34	49.01
		<b>110,20.07</b>	<b>139,50.77</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Lease liabilities	17	13,81.98	17,52.43
(ii) Trade Payables	22	-	-
- Total outstanding dues of micro enterprises and small enterprises		11,87.40	12,72.70
- Total outstanding dues of creditors other than micro enterprises and small enterprises		748,56.60	599,78.64
(iii) Other Financial Liabilities	23	581,11.82	25,52.47
Other Current Liabilities	24	130,69.07	103,42.43
Provisions	25	81,04.83	60,48.24
Current Tax Liabilities (Net)	32(e)	50,83.41	50,83.41
		<b>1,617,95.11</b>	<b>870,30.32</b>
		<b>1,728,15.18</b>	<b>1,009,81.09</b>
		<b>2,894,01.48</b>	<b>2,603,96.98</b>
<b>Total Liabilities</b>			
<b>Total Equity and Liabilities</b>			
Significant accounting policies	1B		
The accompanying notes are an integral part of these financial statements.			

In terms of our report of even date.

**For S R B C & CO LLP**

Chartered Accountants  
Firm Registration No. 324982E/E300003

**Jayesh Gandhi**

Partner  
Membership Number - 037924

Place : Mumbai  
Date : May 17, 2021

**For and on behalf of the Board of Directors of Colgate-Palmolive (India) Limited**

**M. S. Jacob**

Whole-time Director & Chief Financial Officer  
(DIN : 07645510)

**R. Raghavan**

Managing Director  
(DIN : 08511606)

**K.R. Singh**

Company Secretary  
(F-6621)

Place : Mumbai  
Date : May 17, 2021

# Statement of Profit and Loss

for the year ended 31 March 2021

	Notes	₹ Lakhs	Year ended	Year ended
			March 31, 2021	March 31, 2020
			₹ Lakhs	₹ Lakhs
Revenue from Operations	26		4,841,21.56	4,525,08.34
Other Income	27		30,35.38	49,24.27
<b>(A) Total Income</b>			<b>4,871,56.94</b>	<b>4,574,32.61</b>
<b>Expenses</b>				
Cost of Materials Consumed		1,249,58.34		1,350,33.47
Purchases of Stock-in-Trade		323,58.71		244,10.57
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	28	(23,79.88)		(21,55.89)
Employee Benefits Expense	29	365,64.02		332,28.45
Finance Costs	30	7,25.90		9,61.55
Depreciation and Amortisation Expense	3A	182,49.73		197,94.04
Other Expenses	31	1,416,58.21		1,418,24.59
<b>(B) Total Expense</b>			<b>3,521,35.03</b>	<b>3,530,96.78</b>
<b>(C) Profit Before Tax (A-B)</b>			<b>1,350,21.91</b>	<b>1,043,35.83</b>
<b>Tax Expense:</b>				
Current Tax [Net of prior period reversals ₹ 31,49.45 Lakhs (Previous Year: ₹ 30,98.52 Lakhs)]		325,73.16		247,50.04
Deferred Tax	20	(10,89.79)		(20,60.81)
<b>(D) Total Tax Expense</b>			<b>314,83.37</b>	<b>226,89.23</b>
<b>(E) Profit for the year (C-D)</b>			<b>1,035,38.54</b>	<b>816,46.60</b>
<b>Other Comprehensive Income (net of Tax)</b>				
<b>Items that will not be reclassified to Profit and Loss</b>				
Re-measurement loss/(gains) on defined benefit plans			(4,33.55)	20,74.80
Tax adjustment on above	20		1,09.12	(5,22.19)
<b>(F) Re-measurement loss/(gains) on defined benefit plans (Net of tax)</b>			<b>(3,24.43)</b>	<b>15,52.61</b>
<b>(G) Total Comprehensive Income (E-F)</b>			<b>1,038,62.97</b>	<b>800,93.99</b>
<b>Earnings Per Equity Share attributable to the Owners of the Company (₹)</b>				
[Face Value of ₹ 1 per Equity Share]				
Basic and Diluted			38.07	30.02
Significant accounting policies	1B			
The accompanying notes are an integral part of these financial statements.				

In terms of our report of even date.

**For S R B C & CO LLP**

Chartered Accountants  
Firm Registration No. 324982E/E300003

**Jayesh Gandhi**

Partner  
Membership Number - 037924

Place : Mumbai  
Date : May 17, 2021

**For and on behalf of the Board of Directors of Colgate-Palmolive (India) Limited**

**M. S. Jacob**

Whole-time Director & Chief Financial Officer  
(DIN : 07645510)

Place : Mumbai  
Date : May 17, 2021

**R. Raghavan**

Managing Director  
(DIN : 08511606)

**K.R. Singh**

Company Secretary  
(F-6621)

# Statement of Changes in Equity

as at March 31, 2021

## (A) Equity Share Capital (Note 15)

	Number of shares (in lakhs)	Amount ₹ Lakhs
<b>As at April 1, 2019</b>	<b>27,19.86</b>	<b>27,19.86</b>
Increase / (Decrease) during the year	-	-
<b>As at March 31, 2020</b>	<b>27,19.86</b>	<b>27,19.86</b>
Increase / (Decrease) during the year	-	-
<b>As at March 31, 2021</b>	<b>27,19.86</b>	<b>27,19.86</b>

## (B) Other Equity (Note 16)

Particulars	Reserves and Surplus				Total
	Securities Premium	General Reserve	Share Options Outstanding Account	Retained Earnings	
<b>Balance as at April 1, 2019</b>	12,79.93	384,37.13	3,82.01	1,018,56.39	1,419,55.46
Profit for the year	-	-	-	816,46.60	816,46.60
Other Comprehensive Income	-	-	-	(20,74.80)	(20,74.80)
Tax Adjustment on Other Comprehensive Income	-	-	-	5,22.19	5,22.19
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>800,93.99</b>	<b>800,93.99</b>
Dividend paid (including dividend distribution tax) (Refer Note 16 (iv))	-	-	-	(655,78.62)	(655,78.62)
Employee stock option expense (Refer Note 38(c))	-	-	9,74.45	-	9,74.45
Transferred to Retained Earnings for employees transferred during the year	-	-	(6,73.79)	6,73.79	-
Payments made against liability created	-	-	(5,83.42)	-	(5,83.42)
Amount credited by Group Company	-	-	(2,28.39)	-	(2,28.39)
Tax Adjustment on Employee stock option [Refer Note 32 (c)]	-	-	62.56	-	62.56
<b>Balance as at March 31, 2020</b>	<b>12,79.93</b>	<b>384,37.13</b>	<b>(66.58)</b>	<b>1,170,45.55</b>	<b>1,566,96.03</b>
Profit for the year	-	-	-	1,035,38.54	1,035,38.54
Other Comprehensive Income	-	-	-	4,33.55	4,33.55
Tax Adjustment on Other Comprehensive Income	-	-	-	(1,09.12)	(1,09.12)
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>1,038,62.97</b>	<b>1,038,62.97</b>
Dividend paid (including dividend distribution tax) (Refer Note 16 (iv))	-	-	-	(1,468,72.24)	(1,468,72.24)
Employee stock option expense (Refer Note 38 (c))	-	-	11,18.24	-	11,18.24
Transferred from Share Options Outstanding account for employees transferred during the year	-	-	(1,50.75)	1,50.75	-
Payments made against liability created	-	-	(6,58.19)	-	(6,58.19)
Amount credited by Group Company	-	-	(3,74.67)	-	(3,74.67)
Tax Adjustment on Employee stock option [Refer Note 32 (c)]	-	-	94.30	-	94.30
<b>Balance as at March 31, 2021</b>	<b>12,79.93</b>	<b>384,37.13</b>	<b>(37.65)</b>	<b>741,87.03</b>	<b>1,138,66.44</b>

Significant accounting policies (Refer Note 1B)

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

In terms of our report of even date.

### For S R B C & CO LLP

Chartered Accountants  
Firm Registration No. 324982E/E300003

### Jayesh Gandhi

Partner  
Membership Number - 037924

Place : Mumbai  
Date : May 17, 2021

For and on behalf of the Board of Directors of Colgate-Palmolive (India) Limited

### M. S. Jacob

Whole-time Director & Chief Financial Officer  
(DIN : 07645510)

Place : Mumbai  
Date : May 17, 2021

### R. Raghavan

Managing Director  
(DIN : 08511606)

### K.R. Singh

Company Secretary  
(F-6621)

# Audited Statement of Cash Flow

for the year ended March 31, 2021

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Lakhs	₹ Lakhs
<b>Cash flow from Operating Activities:</b>		
<b>Profit before Tax</b>	1,350,21.91	1,043,35.83
<b>Adjustment for:</b>		
Unrealised Foreign Exchange (Gain)/ Loss (Net)	1,60.28	(1,15.58)
Depreciation and Amortisation Expenses	182,49.73	197,94.04
Lease Rentals received	(2,47.08)	(2,36.25)
Net (gain)/loss on disposal of property, plant and equipment	68.54	(2.13)
Interest Income On Financial Assets at Amortized Cost	(19,71.79)	(25,43.80)
Finance Cost	7,25.90	9,61.55
Bad Debts Written Off/ Provision for Doubtful Debts	-	9.50
Bad Debts Recovered	(7.04)	-
Provisions no Longer Required Written Back	(5,09.51)	(15,80.63)
Interest income from Unwinding of discount on security deposits	(1,27.69)	(1,30.52)
Employee share-based payment expense	11,18.24	9,74.45
<b>Operating Profit before Working Capital Changes</b>	<b>1,524,81.49</b>	<b>1,214,66.46</b>
<b>Adjustment for Increase/Decrease in Working Capital:</b>		
(Increase) in Inventories	(38,90.46)	(48,34.81)
(Increase)/ Decrease in Financial Assets	(527,95.74)	74,53.16
(Increase)/ Decrease in Other Assets	1,78.64	(11,21.62)
Increase in Financial Liabilities	142,93.29	9,99.80
Increase in Other Liabilities and Provisions	39,55.22	11,23.84
<b>Cash Generated from Operations</b>	<b>1,142,22.44</b>	<b>1,250,86.83</b>
Direct Taxes Paid (Net)	(358,36.66)	(321,28.90)
<b>Net Cash Generated from Operating Activities(A)</b>	<b>783,85.78</b>	<b>929,57.93</b>
<b>Cash Flow from Investing Activities:</b>		
Purchase of Property, Plant and Equipment	(57,76.12)	(60,39.85)
Proceeds from disposal of Property, Plant and Equipment	42.43	3.44
Proceeds from disposal of Current Investments	105,96.49	73.16
Lease Rentals received	2,47.08	2,36.25
Proceeds from disposal of Non-Current Investments	0.40	12,53.31
Interest Received	20,25.07	26,08.05
<b>Net Cash used in/ Cash flow from Investing Activities (B)</b>	<b>71,35.35</b>	<b>(18,65.64)</b>
<b>Cash Flow from Financing Activities:</b>		
Dividends Paid	(921,11.20)	(731,49.27)
Dividend Distribution Tax Paid	-	(11,81.49)
Payment of Lease Liabilities	(25,01.97)	(39,67.87)
Employee share-based payments	(10,32.35)	(8,11.81)
<b>Net Cash used in Financing Activities (C)</b>	<b>(956,45.52)</b>	<b>(891,10.44)</b>

# Audited Statement of Cash Flow

for the year ended March 31, 2021

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Lakhs	₹ Lakhs
<b>Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)</b>	(101,24.39)	19,81.85
<b>Cash and Cash Equivalents at the beginning of the year</b>	397,81.68	377,99.83
<b>Cash and Cash Equivalents at the end of the year</b>	<b>296,57.29</b>	<b>397,81.68</b>
<b>Bank Balances in:</b>		
Current Accounts	10,61.80	38,23.08
Deposit Accounts (with less than 3 months original maturity)	285,95.49	359,58.60
<b>Cash and Cash Equivalents as at March 31, 2021 (Refer Note 10)</b>	<b>296,57.29</b>	<b>397,81.68</b>
	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Lakhs	₹ Lakhs
<b>Changes in liabilities arising from Financing Activities:</b>		
<b>1) Dividend</b>		
Unpaid Dividend as at beginning of the year	23,45.17	210,97.31
Dividend Declared	1,468,72.24	543,97.13
Dividend Paid	(921,11.20)	(731,49.27)
Dividend as at year end (Including unpaid)	<b>571,06.21</b>	<b>23,45.17</b>
<b>2) Lease Liabilities</b>		
Lease Liabilities as at beginning of the year	101,49.67	121,44.00
Additions during the year	7,43.98	31,70.82
Deletions during the year	-	(21,58.83)
Finance Charges paid under Lease Liabilities during the year	7,25.90	9,61.55
Payment of Lease Liabilities during the year	(25,01.97)	(39,67.87)
Lease Liabilities as at year end	<b>91,17.58</b>	<b>101,49.67</b>

Notes:

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7 on Statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.

In terms of our report of even date.

**For and on behalf of the Board of Directors of Colgate-Palmolive (India) Limited**

**For S R B C & CO LLP**

Chartered Accountants  
Firm Registration No. 324982E/E300003

**Jayesh Gandhi**

Partner  
Membership Number - 037924

Place : Mumbai  
Date : May 17, 2021

**M. S. Jacob**

Whole-time Director & Chief Financial Officer  
(DIN : 07645510)

Place : Mumbai  
Date : May 17, 2021

**R. Raghavan**

Managing Director  
(DIN : 08511606)

**K.R. Singh**

Company Secretary  
(F-6621)



# Notes to the Financial Statements

for the year ended March 31, 2021

## 1A. Background:

Colgate-Palmolive (India) Limited is a subsidiary of Colgate-Palmolive, USA and a listed Company in India. The Company was incorporated on September 23, 1937 under the provisions of The Companies Act. The registered office of the company is located at Colgate Research Center, Main street, Hiranandani Gardens, Powai, Mumbai – 400076. Its shares are listed on two recognized stock exchanges in India. The Company is engaged in manufacturing/trading of toothpaste, tooth powder, toothbrush, mouthwash and personal care products.

These financial statements for the year ended March 31, 2021 were approved by the Board of Directors on May 17, 2021.

## 1B. Significant Accounting Policies:

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

#### i. Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended from time to time) and other relevant provisions of the Act.

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

#### ii. Historical Cost Convention

These financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below:

- Certain financial assets and liabilities are measured at fair value;
- Defined Benefit Plans - plan assets measured at fair value;
- Share-Based payments; and
- Assets held for sale – measured at lower of cost and fair value less costs to sell

### iii. Current versus Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of assets and liabilities.

### (b) Foreign currency translation

#### i. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian currency (INR), which is the Company's functional and presentation currency.

# Notes to the Financial Statements

for the year ended March 31, 2021

## ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss. Foreign currency denominated monetary assets and liabilities at the year-end are translated at the year-end exchange rates, and the resultant exchange difference is recognized in the Statement of Profit and Loss. Non-monetary foreign currency items are carried at cost.

## (c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items including capital spares which are identified as a part of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.

### Capital Work-In-Progress

Cost and direct expenses incurred for construction of assets or assets to be acquired, which are not ready to use in the manner intended by the management are disclosed under Capital Work- In-Progress.

### Depreciation methods, estimated useful lives and residual value

The useful lives of the assets are based on technical estimates approved by the Management, and are lower than or same as the useful lives prescribed under schedule II to the Companies Act, 2013 in order

to reflect the period over which depreciable assets are expected to be used by the Company. Depreciation is calculated on a pro-rata basis on the straight line method so as to write-down the cost of property, plant and equipment to its residual value systematically over its estimated useful life based on useful life of the assets as prescribed under Part C of Schedule II to the Companies Act, 2013 except in case of following assets, wherein based on internal assessment and technical evaluation, a different useful life has been determined.

Asset Class	Useful Life
Residential and Office Buildings	40 years
Factory Buildings	20 years
Plant and Equipment	7 to 15 years
Dies and Moulds (included in Plant and Equipment)	3 years
Furniture and Fixtures	5 years
Office Equipment (including Computer Servers)	5 years

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

## (d) Leases

### As a Lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the commencement date of a lease, the Company recognizes a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Right-of-use assets are measured at cost, less any accumulated depreciation, impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes

# Notes to the Financial Statements

for the year ended March 31, 2021

the amount of lease liabilities recognized and lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification or a change in the lease term. The Company separately recognizes the interest expense on the lease liability as finance cost and the depreciation expense on the right-of-use asset.

The Company accounts for a lease modification as a separate lease when both of the following conditions are met:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets.
- The consideration for the lease increases commensurate with the standalone price for the increase in scope and any adjustments to that stand-alone price reflects the circumstances of the particular contract.

For a lease modification that fully or partially decreases the scope of the lease the Company decreases the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognized in profit or loss at the effective date of the modification.

The Company has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value which is considered to be ₹ 3.5 Lakhs.

## As a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

## (e) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives which are 40 years.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

## (f) Intangible assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment loss, if any.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Amortization

Intangible assets comprise Goodwill, Trademarks, Copyright and Technical Know-how. Intangible assets (other than Goodwill) are amortized over the useful life of assets, not exceeding 10 years.

The estimated useful life and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Expenditure on research is recognized as an expense when it is incurred. Development costs of products are also charged to the Statement of Profit and Loss unless all the criteria for capitalization have been met by the Company. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sale the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

## (g) Impairment of non-financial assets

At each balance sheet date, the Company reviews whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the recoverable amount of its assets other than inventory and deferred tax. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is determined as higher of the asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the levels for which there are separately identifiable cash flows (cash generating unit). Assessment is done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in the prior accounting period may no longer exist or may have decreased. An impairment loss is reversed to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

## (h) Inventories

Inventories of raw and packing materials, stores, work-in-progress, finished goods and stock in trade are valued at lower of cost and net realizable value.

- Cost is determined using standard cost method that approximates actual cost.
- Cost of work-in-progress and finished goods includes materials, labour and manufacturing overheads and other costs incurred in bringing the inventories to their present location and condition.

Spares that do not qualify to be recognized as Property, Plant and Equipment are included in stores and spares.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## (i) Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost net of any expected credit losses, if any. The Company provides for expected credit loss using simplified approach based on the probability of defaults which are possible over the lifetime of assets.

## (j) Cash and Cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## (k) Financial Assets:

### i. Initial recognition and measurement

All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset, except in the case of financial assets not recorded at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed through the Statement of Profit and Loss.

### Subsequent measurement

For purposes of subsequent measurement, the Company classifies its financial assets in the following measurement categories:

# Notes to the Financial Statements

for the year ended March 31, 2021

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

## Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

### Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in Statement of Profit and Loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

### Fair value through Other Comprehensive Income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss. Interest income from these financial assets is included in other income using the effective interest rate method.

### Fair value through Profit or Loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through Profit or Loss is recognized in the Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is included in other income.

## ii. Derecognition

A financial asset is derecognized only when:

- the rights to receive cash flows from the financial asset have expired, or
- the Company has transferred its rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows to one or more recipient

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset. Expected credit losses are recognized for all financial assets subsequent to initial recognition.

## (I) Financial Liabilities

### i. Classification as liability or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### ii. Initial recognition and measurement

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified as fair value through profit or loss.



# Notes to the Financial Statements

for the year ended March 31, 2021

## iii. Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss is measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

## iv. Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are usually unsecured. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value.

### Provisions

The Company recognizes a provision when there is a present legal or constructive obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as an interest expense.

### Contingent Liability

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

## (m) Revenue from operations

### i. Sale of goods

The Company's revenue contracts represent a single performance obligation to sell its products to trade

customers. Sales are recorded at the time control of the products is transferred to trade customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the products. Control is the ability of trade customers to direct the use of and obtain the benefit from our products. In evaluating the timing of the transfer of control of products to trade customers, the Company considers transfer of significant risks and rewards of products and the probability of flowing of future economic benefit to the Entity as per the terms of the Contract which usually coincide with the delivery of the goods.

Sales are recognized at the fair value of the consideration that can be reliably measured and reduced by variable consideration. Variable consideration includes sales returns, trade discounts, volume based incentives, and cost of promotional programs, indirect taxes as may be applicable.

The Company provides volume based incentives to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Incentives are offset against amounts payable by the customer. To estimate & recognize a liability for the incentives, the Company applies methods which best predicts the amount of incentive and is primarily driven by the number of volume thresholds contained in the contract. The volume incentive is estimated at contract inception and recognized when it is highly probable that significant revenue reversal will not occur.

Company's contracts with trade customers do not have significant financing components or non-cash consideration and the Company does not have unbilled revenue or significant amounts of prepayments from customers.

The company pays sales commission to its employees for contract that they obtain for sales of goods and immediately expensed out sales commissions (included under employee benefits).

### Contract balances

#### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment

# Notes to the Financial Statements

for the year ended March 31, 2021

is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs its obligation to transfer goods or services under the contract.

## ii. Service Income

Service Income is recognized on cost plus basis as per the terms of the contract with customers, as and when the service is performed.

## iii. Interest income

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

## iv. Rental income

Rental income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

## v. Government Grant

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Ind AS 20 permits the grant to be recognized in profit or loss. The Company has chosen to present grants related to an expense item as other operating income in the statement of profit and loss.

## (n) Employee Benefits

### i. Short Term Employee Benefits

Liabilities for salaries, wages and performance incentives including non-monetary benefits that are expected to be settled wholly within twelve months

after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the Balance Sheet.

## ii. Long Term Employee Benefits

### • Defined Contribution Plans

#### **Provident Fund, Superannuation Fund and Employee's State Insurance:**

The Company has Defined Contribution Plans for its employees such as Provident Fund, Superannuation Fund, Employee's State Insurance etc. and contribution to these plans are charged to the Statement of Profit and Loss as incurred, as the Company has no further obligation beyond making the contributions.

### • Defined Benefit Plans

#### **Gratuity:**

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur directly in other comprehensive income. They are included in retained earnings in the Statement of changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of profit and loss as past service cost. Remeasurements are not reclassified to Profit or Loss in subsequent periods.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.



# Notes to the Financial Statements

for the year ended March 31, 2021

## **Provident Fund:**

In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable by the trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and interest as per the notified rate. The Company's liability is actuarially determined (using the Projected Unit Credit Method) at the end of the year. Measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur directly in other comprehensive income. They are included in retained earnings in the Statement of changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of profit and loss as past service cost. Remeasurements are not reclassified to Profit or Loss in subsequent periods.

## **Pension:**

The Company provides for retirement/post-retirement benefits for certain employees in the form of Pension (Non-funded) which are in the nature of Defined Benefit Plans. Such benefits are provided for on the basis of an independent actuarial valuation done at the year-end using Projected Unit Credit Method. Measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur directly in other comprehensive income. They are included in retained earnings in the Statement of changes in Equity and in the Balance Sheet. Remeasurements are not reclassified to profit or loss in subsequent periods.

## **Compensated Absences:**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year and are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains

are recognized in the Statement of Profit and Loss in the year in which they arise.

## **Voluntary Retirement Scheme:**

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

## **Share based Payments**

The Company does not provide any equity-based compensation to its employees. However, the parent Company, Colgate Palmolive Company, U.S.A. ("the grantor") maintains equity incentive plans that provide for the grant of stock-based awards to its executive directors and certain categories of officers and employees. The 2009 Executive Incentive Compensation Plan and 2013 Incentive Compensation Plan ("Incentive Plan") provides for the grant of non-qualified and incentive stock options, as well as restricted stock units which are together referred to as employee stock options. Exercise prices in the case of non-qualified and incentive stock options are not less than the fair value of the underlying common stock of the grantor on the date of grant.

A stock option gives an employee, the right to purchase shares of Colgate Palmolive Company common stock at a fixed price for a specific period of time. Stock options generally have a term of six years and vest over three years.

A restricted stock unit (RSU) provides an employee with a share of Colgate Palmolive Company common stock upon vesting. Restricted stock units vest in annual installments generally over a period of three years. Dividends will accrue with each restricted stock unit award granted subsequent to grant date.

Employee Stock Options (ESOPs) issued by the parent entity are accounted for as equity-settled, as the Company has no obligation to settle the share-based payment transaction and also the shares are of parent Company.

Company recognizes the expense over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, as determined on the grant date, based on the fair value of the options/RSUs. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in the Statement of Profit and Loss, with a corresponding adjustment to equity.

# Notes to the Financial Statements

for the year ended March 31, 2021

In case where there is a clear link between the recharge from the parent company and the expense, Company accounts for the recharge as capital distribution even if the amount of recharge is more than the expense recognized over the vesting period (as the recharge is based on the intrinsic value).

In case where the employee has not served the Company during the vesting period and for which they get the debit note from parent, the cost is debited to management recharge expense.

Further, where the management recharge is not expected from the parent entity as the employee has been relocated to another group company i.e. the employee is not expected to render future services to the Company at the time of exercise of option, the Company transfers the proportionate amount of share options outstanding account related to such employees to Retained Earnings, after taking into consideration the probability of employees re-locating back to the Company.

## (o) Income Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with prevailing income tax law. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Company evaluates whether it has any uncertain tax positions which requires adjustments to provision for current tax. The Company has ongoing disputes with Income Tax Authorities on various matters. In respect of certain allowance/deductions, it is probable that such positions will not be accepted by Tax authorities and hence the same has been considered and adequately provided for while calculating current tax provision of the respective years. In respect of certain allowances/ deductions taken by the Company, it is probable that such disputes will be accepted by Tax authorities and hence the same have been considered and disclosed as a part of Contingent Liability.

### • Current Tax

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle

the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### • Deferred Tax

Deferred tax is recognized for all the deductible temporary differences by using the liability method, only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognized deferred tax assets, if any.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

## (p) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and Finance Director of the Company. The Company has identified 'Personal Care (including Oral Care)' as its only primary reportable segment, which primarily includes products such as Soaps, Cosmetics and Toilet Preparations.

## (q) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

## (r) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is

# Notes to the Financial Statements

for the year ended March 31, 2021

a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

## (s) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax.

## (t) Earnings Per share

### i. Basic Earnings per Share

Basic earnings per share are calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

### ii. Diluted Earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 2. Critical accounting estimates and judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments are:

- Estimation of defined benefit obligation (Note 29)
- Estimation of Useful life of Property, plant and equipment and intangibles (Note 3)
- Estimation of taxes (Note 20 and 32)
- Estimation of impairment of trade receivables (Note 9)
- Estimation of provision and contingent liabilities (Note 25 and 33)
- Estimation of Share based payments to employees (Note 38)
- Estimation of variable consideration in respect of revenue recognition (Refer Note 1B(m) and Note 26)

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 3 (A) (I) : Property, Plant and Equipment

Particulars	Gross Carrying Amount			Accumulated Depreciation/Amortisation			Net Carrying Amount	
	Cost / Gross carrying value as at April 1, 2020	Additions/ Adjustments	Disposals/ Transfers/ Adjustments	As at April 1, 2020	Depreciation/ Amortisation for the year	Disposals/ Transfers/ Adjustments	As at March 31, 2021	As at March 31, 2021
Right-of-use assets [Refer 3 (D) (I)]	216,48.37	7,70.98	-	26,80.43	21,86.58	-	48,67.01	175,52.34
Buildings [Refer Note (ii) and (iv) below]	434,69.13	47.34	45.42	101,01.01	23,17.65	13.62	124,05.04	310,66.01
Plant and Equipment (Owned)	1,128,23.39	110,86.64	1,36.08	553,27.95	127,05.77	96.39	679,37.33	558,36.62
Furniture and Fixtures	20,78.31	34.37	1.11	18,98.43	1,10.80	0.80	20,08.43	1,03.14
Office Equipment	62,18.28	6,06.28	2,86.43	39,43.50	9,28.93	2,47.80	46,24.63	19,13.50
<b>Total Assets</b>	<b>1,862,37.48</b>	<b>125,45.61</b>	<b>4,69.04</b>	<b>739,51.32</b>	<b>182,49.73</b>	<b>3,58.61</b>	<b>918,42.44</b>	<b>1,064,71.61</b>
<b>Capital Work-in-Progress [Refer Note 3 B below]</b>								<b>144,84.96</b>

(i) Land - Leasehold includes lease rights in respect of the land in the possession of the Company under Lease with Industrial Area Development Agency at Baddi, Goa Industrial Development Corporation at Goa and Sri city (P) Limited at Sricity, Andhra Pradesh, Gujarat Industrial Development Corporation (GIDC) at Sanand.

(ii) Buildings include : (a) Factory Building at Sewri and leasehold rights in the land on which the building stands. While the ownership of the Factory Building is in the name of the Company, the Mumbai Port Trust (MPT) has not yet effected formal transfer of lease rights in the said land, in favour of the Company. The value of leasehold rights in the said land is ₹ Nil. 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 stamp duty and legal costs for such transfer will be capitalised when paid, (b) Research Centre at Powai, Mumbai, (c) Factory Building at Baddi, (d) Factory Buildings at Goa, (e) Factory Buildings at Sanand and (f) Factory Building at Sricity.

(iii) Refer to Note 34 for disclosures of contractual commitments for the acquisition of property, plant and equipment.

(iv) Buildings include investment property with net carrying value of ₹ 214.11 Lakhs (March 31, 2020 : ₹ 226.68 Lakhs) and fair value of ₹ 3,166 Lakhs (March 31, 2020 : ₹ 3,292 Lakhs). Fair value is determined based on an annual evaluation performed by an accredited external independent valuer using the sales comparison method of valuation under market approach in which due weightages have been given to factors such as right to sell/transfer of property, demand and prospective buyers for such type of commercial offices etc. The significant unobservable inputs considered includes total of Weighted reconciliation is 20,100/- per square feet. The rental income and depreciation expense for the year ended March 31, 2021 are ₹ 247.08 Lakhs (March 31, 2020 : ₹ 236.25 Lakhs) and ₹ 12.56 lakhs (March 31, 2020 : ₹ 12.56 Lakhs) respectively (Refer Note 17).

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 3 (A) (II) : Property, Plant and Equipment

Particulars	Gross Carrying Amount			Accumulated Depreciation/Amortisation			Net Carrying Amount		
	Cost / Gross carrying value as at April 1, 2019	Additions/ Adjustments	Disposals/ Transfers/ Adjustments	As at March 31, 2020	As at April 1, 2019	Depreciation/ Amortisation for the year	Disposals/ Transfers/ Adjustments	As at March 31, 2020	As at March 31, 2020
Right-of-use assets [Refer 3 (D) (II)]	218,33.58	31,70.82	33,56.03	216,48.37	3,11.20	36,06.56	12,37.33	26,80.43	189,67.94
Buildings [Refer Note (ii) and (iv) above]	414,51.37	20,17.76	-	434,69.13	78,13.01	22,88.00	-	101,01.01	333,68.12
Plant and Equipment (Owned)	1,088,09.56	40,27.57	13.74	1,128,23.39	427,91.18	125,49.51	12.74	553,27.95	574,95.44
Plant and Equipment (On Lease)	93,51.01	-	93,51.01	-	2,33.78	-	2,33.78	-	-
Furniture and Fixtures	25,46.13	50.23	5,18.05	20,78.31	23,24.60	1,24.40	5,50.57	18,98.43	1,79.88
Office Equipment	48,14.38	9,19.85	(4,84.05)	62,18.28	22,01.05	12,25.57	(5,16.88)	39,43.50	22,74.78
<b>Total Assets</b>	<b>1,888,06.03</b>	<b>101,86.23</b>	<b>127,54.78</b>	<b>1,862,37.48</b>	<b>556,74.82</b>	<b>197,94.04</b>	<b>15,17.54</b>	<b>739,51.32</b>	<b>1,122,86.16</b>
<b>Capital Work-in-Progress [Refer Note 3 B below]</b>									<b>190,03.27</b>

## (i) Bifurcation of original gross and net carrying amount of Property, Plant and Equipment:

Particulars	As at March 31, 2020			As at March 31, 2021		
	Gross Carrying Value	Accumulated Depreciation	Net Carrying Value	Gross Carrying Value	Accumulated Depreciation	Net Carrying Value
Right-of-use assets (excluding land) Refer Note 3 D (I) & (II) (A)	137,21.69	21,46.80	115,74.89	144,92.67	42,50.14	102,42.53
Right-of-use assets - Leasehold Land Refer Note 3 D (I) & (II) (B)	79,26.68	5,33.63	73,93.05	79,26.68	6,16.87	73,09.81
Buildings	494,53.07	160,84.95	333,68.12	494,54.41	183,88.40	310,66.01
Plant and Equipment	1,394,91.21	819,95.77	574,95.44	1,502,47.52	944,10.90	558,36.62
Furniture and Fixtures	32,36.43	30,56.55	1,79.88	32,63.42	31,60.28	1,03.14
Office Equipment	79,87.62	57,12.84	22,74.78	79,69.17	60,55.67	19,13.50
<b>Total Assets</b>	<b>2,218,16.70</b>	<b>1,095,30.54</b>	<b>1,122,86.16</b>	<b>2,333,53.87</b>	<b>1,268,82.26</b>	<b>1,064,71.61</b>

## Note 3 (B) : Capital Work-in-Progress (CWIP)

Capital Work-in-Progress movement during the year

Particulars	As at 31 March, 2020	As at 31 March, 2021
Opening	198,70.35	190,03.27
Add - Addition during the year	61,48.33	72,56.32
Less - Capitalised during the year	70,15.41	117,74.63
Closing	<b>190,03.27</b>	<b>144,84.96</b>

Capital Work-in-Progress includes ₹ 30.54 lakhs (March 31, 2020 - ₹ 1,66.60 lakhs) being salary of ₹ 23.05 lakhs (March 31, 2020 - ₹ 78.16 lakhs) and other expenses of ₹ 7.49 lakhs (March 31, 2020 - ₹ 88.44 lakhs) incurred towards capital projects. Salary and other expenses disclosed in Note 29 and Note 31 respectively are net of amounts included in CWIP.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 3 (C): Other Intangible Assets

The Gross carrying value of intangible assets of ₹ 90,66.41 lakhs have been fully depreciated and the carrying value as at March 31, 2021 is Nil (March 31, 2020 - Nil). Intangible assets comprise Goodwill, Trademarks, Copyright and Technical Know-how.

## Note 3 (D) (I): Right-of-use assets recognized and the movements during the year

	Plant and Equipment	Vehicles	IT Equipment	Buildings	Others	Right-of-use assets (excluding land) (A)	Leasehold Land (B)	Total (A+B)
<b>As at April 01, 2020</b>	89,90.31	88.72	1,94.58	12,84.16	10,17.12	115,74.89	73,93.05	189,67.94
Addition/Modification	4,71.52	-	(23.87)	3,23.33	-	7,70.98	-	7,70.98
Amortisation	10,58.82	50.10	1,12.65	5,22.46	3,59.31	21,03.34	83.24	21,86.58
Deletion	-	-	-	-	-	-	-	-
<b>As at March 31, 2021</b>	<b>84,03.01</b>	<b>38.62</b>	<b>58.06</b>	<b>10,85.03</b>	<b>6,57.81</b>	<b>102,42.53</b>	<b>73,09.81</b>	<b>175,52.34</b>

## Note 3 (D) (II): Right-of-use assets recognized and the movements for the previous year

	Plant and Equipment	Vehicles	IT Equipment	Buildings	Others	Right-of-use assets (excluding land) (A)	Leasehold Land (B)	Total (A+B)
<b>As at April 01, 2019</b>	100,40.45	1,32.84	2,06.00	22,90.85	13,75.95	140,46.09	74,76.29	215,22.38
Addition/Modification	-	25.30	1,93.23	29,52.29	-	31,70.82	-	31,70.82
Amortisation	10,50.14	69.42	2,04.65	18,40.28	3,58.83	35,23.32	83.24	36,06.56
Deletion	-	-	-	21,18.70	-	21,18.70	-	21,18.70
<b>As at March 31, 2020</b>	<b>89,90.31</b>	<b>88.72</b>	<b>1,94.58</b>	<b>12,84.16</b>	<b>10,17.12</b>	<b>136,93.59</b>	<b>73,93.05</b>	<b>189,67.94</b>



# Notes to the Financial Statements

for the year ended March 31, 2021

## Financial Assets

### Note 4: Non-Current Investments

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
<b>Investment in Bonds at amortised cost :</b>		
800 7.51% (Tax- Free) Secured, Redeemable, Non-Convertible Bonds of Power Finance Corporation Limited (Series-79A) of face value of ₹ 100,000 each (Unquoted)	8,27.41	8,27.58
99,675 8.20% (Tax-Free) Secured, Redeemable, Non-Convertible Bonds of Power Finance Corporation Limited (Series-I) of face value of ₹ 1000 each (Quoted)	10,34.04	10,34.27
	<b>18,61.45</b>	<b>18,61.85</b>

### Note 5: Non-Current Loans

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
<i>Secured and Considered Good</i>		
Loans to Employees	1,40.38	2,03.56
	<b>1,40.38</b>	<b>2,03.56</b>

### Note 6: Other Non-Current Financial Assets

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Security Deposits (Amortised Cost)	16,09.64	15,19.71
Deposits with banks (with maturity period of more than 12 months)*	2,45.99	2,49.33
	<b>18,55.63</b>	<b>17,69.04</b>

\* Held as lien by Banks against Bank Guarantees issued to Regulatory authorities in the normal course of business.

### Note 7: Other Non-current Assets

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Capital Advances [Refer Note 34]	2,67.11	9,49.01
Deposits with Government and other authorities	6,42.21	6,47.69
Prepaid Expenses	1,11.44	-
	<b>10,20.76</b>	<b>15,96.70</b>

### Note 8: Inventories

(lower of cost or Net realisable value)

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Raw and Packing Materials	87,32.33	72,89.48
Work-in-Progress	16,44.56	24,80.64
Finished Goods	158,15.22	142,24.90
Stock-in-Trade [includes goods in transit ₹ 3,68.09 Lakhs, (March 31, 2020: ₹ 14,95 Lakhs)]	48,30.47	33,79.83
Stores and Spares	25,59.56	23,17.33
	<b>335,82.14</b>	<b>296,92.18</b>



# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 9: Trade Receivable

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Trade Receivables	77,77.89	99,08.93
Receivables from related parties [Refer Note 37]	46,01.38	40,95.79
Less : Allowance for doubtful debts	(6,70.84)	(7,48.29)
	<b>117,08.43</b>	<b>132,56.43</b>
<i>Unsecured and Considered Good</i>	117,08.43	132,56.43
Trade Receivables which have significant increase in credit Risk	6,70.84	7,48.29
Trade Receivables - credit impaired	-	-
Allowance for doubtful debts	(6,70.84)	(7,48.29)
	<b>117,08.43</b>	<b>132,56.43</b>

## Note 10: Cash and Cash Equivalents

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Bank Balances in:		
- Current Accounts	10,61.80	38,23.08
- Deposit Accounts (with less than 3 months original maturity)	285,95.49	359,58.60
	<b>296,57.29</b>	<b>397,81.68</b>

## Note 11: Other Bank Balances

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Earmarked balances with Banks in:		
- Dividend Account - Second Interim Dividend*	543,97.13	-
- Unpaid Dividend Account	26,27.10	22,66.19
- Unpaid Share Capital Reduction Account (Year 2007)	81.98	78.98
	<b>571,06.21</b>	<b>23,45.17</b>

\*The Company has declared a Second Interim Dividend of ₹ 20/- per share aggregating to ₹ 543,97 Lakhs on March 22, 2021 which has been paid on and from April 16, 2021.

## Note 12: Current Loans

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
<i>Secured and Considered Good</i>		
Loans to Employees	63.27	72.17
<i>Unsecured and Considered Good</i>		
Inter-Corporate Deposits*	6,29.45	112,75.80
	<b>6,92.72</b>	<b>113,47.97</b>

\* [Inter-Corporate Deposits includes amounts with maturity period 91 days (March 31, 2020 - ranging 45-91 days)]

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 13: Other Current Financial Assets

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Receivables from Related Parties [Refer Note 37]	3,41.02	3,77.04
Security Deposits	1,67.72	2,76.91
Insurance Claims Receivable	-	78.26
	<b>5,08.74</b>	<b>7,32.21</b>

## Note 14: Other Current Assets

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Balances with Government Authorities	8,58.99	9,20.56
Prepaid Expenses	14,59.18	13,96.82
Advances to Suppliers	14,43.38	15,22.70
Employee Advances	1,71.53	1,37.60
Fringe Benefit Advance Tax	69.78	69.78
	<b>40,02.86</b>	<b>40,47.46</b>

## Note 15: Equity Share Capital

### Authorised Equity Share Capital:

	Number of shares	Amount ₹ Lakhs
<b>As at April 1, 2020</b>	1,37,00,00,000	137,00.00
Increase during the year	-	-
<b>As at March 31, 2021</b>	<b>1,37,00,00,000</b>	<b>137,00.00</b>

### Issued, Subscribed and Paid-up:

#### (A) Movement in Equity Share Capital

	Number of shares	Equity Share Capital (par value in Lakhs)
<b>As at April 1, 2019</b>	27,19,85,634	27,19.86
Increase / (Decrease) during the year	-	-
<b>As at March 31, 2020</b>	27,19,85,634	27,19.86
Increase / (Decrease) during the year	-	-
<b>As at March 31, 2021</b>	<b>27,19,85,634</b>	<b>27,19.86</b>

#### (B) Rights, Preferences and Restrictions attached to Equity Shares:

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

# Notes to the Financial Statements

for the year ended March 31, 2021

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

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Colgate-Palmolive Company, U.S.A., the Ultimate Holding Company 10,89,52,694 (March 31, 2020 - 10,89,52,694) equity shares.	10,89.53	10,89.53
Colgate-Palmolive (Asia) Pte Ltd., Singapore, Subsidiary of the Ultimate Holding Company 2,97,58,852 (March 31, 2020 - 2,97,58,852) equity shares.	2,97.59	2,97.59
Norwood International Incorporated, U.S.A., Subsidiary of the Ultimate Holding Company 1,126 (March 31, 2020 - 1,126) equity shares.	0.01	0.01

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

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
<b>Colgate-Palmolive Company, U.S.A.</b>		
Number of Shares	10,89,52,694	10,89,52,694
% of Holding	40.06	40.06
<b>Colgate-Palmolive (Asia) Pte Ltd., Singapore</b>		
Number of Shares	2,97,58,852	2,97,58,852
% of Holding	10.94	10.94
<b>Life Insurance Corporation of India (LIC)</b>		
Number of Shares	1,45,62,068	86,07,430
% of Holding	5.35	3.16

## (E) Aggregate number of equity shares issued as bonus, shares during the period of five years immediately preceding the reporting date

	Number of shares	Equity Share Capital (par value in Lakhs)
Equity shares allotted as fully paid bonus shares in the year 2015-16	13,59,92,817	13,59.93

## Note 16: Other Equity

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Securities Premium Account [Refer (i) below]	12,79.93	12,79.93
General Reserve [Refer (ii) below]	384,37.13	384,37.13
Share Options Outstanding Account [Refer (iii) below]	(37.65)	(66.58)
Retained Earnings [Refer (iv) below]	741,87.03	1,170,45.55
	<b>1,138,66.44</b>	<b>1,566,96.03</b>

### (i) Securities Premium Account

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Balance at the beginning of the year	12,79.93	12,79.93
<b>Balance at the end of the year</b>	<b>12,79.93</b>	<b>12,79.93</b>

(Securities Premium reserve is used to record the premium on issue of shares. The reserve will be or can be utilised in accordance with the provisions of the Companies Act, 2013).

# Notes to the Financial Statements

for the year ended March 31, 2021

## (ii) General Reserve

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Balance at the beginning of the year	384,37.13	384,37.13
<b>Balance at the end of the year</b>	<b>384,37.13</b>	<b>384,37.13</b>

(Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013).

## (iii) Share Options Outstanding account [Refer Note 38]

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Balance at the beginning of the year	(66.58)	3,82.01
Add: Employee stock option expense	11,18.24	9,74.45
Less: Transferred to Retained Earnings for employees transferred during the year	(1,50.75)	(6,73.79)
Less: Payments made against liability created	(6,58.19)	(5,83.42)
Less: Amount credited by Group Company	(3,74.67)	(2,28.39)
Add: Tax Adjustment on above	94.30	62.56
<b>Balance at the end of the year</b>	<b>(37.65)</b>	<b>(66.58)</b>

(Reserve created for all outstanding employee stock options and RSUs. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees)

## (iv) Retained Earnings

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Balance at the beginning of the year	1,170,45.55	1,018,56.39
Add: Profit for the year	1,035,38.54	816,46.60
Add: Other Comprehensive (Expense)/ Income	3,24.43	(15,52.61)
Add: Transferred from Share Options Outstanding account for employees transferred during the year	1,50.75	6,73.79
Less: Appropriations		
- Special Interim Dividend (2020 - ₹ 8/- per share)	-	(217,58.85)
- First Interim Dividend [₹ 18/- per share (2020 - ₹ 12/- per share)]	(489,57.41)	(326,38.28)
- Second Interim Dividend [2020 ₹ 16/- per share]	(435,17.70)	-
- Second Interim Dividend [₹ 20/- per share]	(543,97.13)	-
- Dividend Distribution Tax	-	(111,81.49)
<b>Balance at the end of the year</b>	<b>741,87.03</b>	<b>1,170,45.55</b>
	<b>1,138,66.44</b>	<b>1,566,96.03</b>

(Retained earnings are the profits that a company has earned to date, after appropriation for dividends payouts)

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 17: Lease liabilities

### As a Lessee

The Company has lease contracts for various items of plant and equipments, vehicles, offices and residential buildings. Leases of plant and equipments has lease terms between 10 years, while other leases have lease terms between 2 and 9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company has lease contracts that includes extension option, however the lease term in respect of such extension option is not defined in the contract.

The Company also has certain leases with lease terms of 12 months or less and leases of low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the period are given in Note 3(D)(I).

### Carrying amounts of lease liabilities and the movements during the year

	As at March 31, 2021 ₹ Lakhs	As at March 31, 2020 ₹ Lakhs
<b>As at April 01</b>	101,49.67	121,44.00
Addition	7,43.98	31,70.82
Interest	7,25.90	9,61.55
Payment	(25,01.97)	(39,67.87)
Deletion	-	(21,58.83)
<b>As at March 31</b>	<b>91,17.58</b>	<b>101,49.67</b>
<b>Non current</b>	77,35.57	83,97.24
<b>Current</b>	13,81.98	17,52.43
Depreciation expense of right-of-use assets (Note 3D)	21,86.58	36,06.56
Interest expense on lease liabilities (Note 30)	7,25.90	9,61.55
Expense relating to leases of low-value assets (included in Note 31 under lease rentals)	4,55.71	4,74.47
Expense relating to short-term leases (included in Note 31 under lease rentals)	6.47	58.64
	<b>4,62.18</b>	<b>5,33.11</b>

The effective interest rate for lease liabilities is 6.29% to 8.26%, with maturity between 2021-2029.

The Company had total cash outflows for leases of ₹ 25,01.97 lakhs in March 31, 2021 and 39,67.87 lakhs in March 31, 2020.

The maturity analysis of lease liabilities are disclosed in Note 40.

### As a Lessor

The Company has given office premise space under non-cancellable operating lease for a period of 1 year. The rental income from the asset given on lease of ₹ 2,47.08 lakhs (March 31, 2020 : ₹ 2,36.25 Lakhs) has been disclosed as "Lease Rentals" under Other Income in Note 27 to the Statement of Profit and Loss.

Description of significant operating lease arrangements in respect of premises:

- The Company has taken refundable interest free security deposit under the lease agreements.
- Agreement contain provision for renewal at the option of either party.
- Agreement provide for restriction on sub lease.

# Notes to the Financial Statements

for the year ended March 31, 2021

Future minimum lease payments that the Company is expected to receive under the non-cancellable lease are as under:

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Within one year	20.59	-

Beyond one year future minimum lease payments that the Company is expected to receive under the non-cancellable lease is ₹ Nil. (Previous Year: ₹ Nil)

## Note 18: Other Non-Current Financial Liabilities

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Security Deposits	1,24.03	1,18.13
	<b>1,24.03</b>	<b>1,18.13</b>

## Note 19: Non-Current Provisions

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Provision for Employee Benefits:		
- Gratuity [Refer Note 29 II (B) (iv) (a)]	5,97.80	16,54.42
- Pension [Refer Note 29 II (B) (v)]	-	52.72
- Compensated Absences [Refer Note 29 III]	25,15.33	23,66.99
- Provident Fund [Refer Note 29 II (B) (iv) (b)]	-	8,08.40
	<b>31,13.13</b>	<b>48,82.53</b>

## Note 20: Deferred Tax (Assets) / Liabilities [Net]

The balance comprises temporary differences attributable to:

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
<b>Deferred Tax Liabilities:</b>		
Difference between carrying value of property, plant and equipment and written down value as per tax	36,33.87	47,13.26
<b>Deferred Tax Assets:</b>		
Impact of indexation on leasehold land	(9,22.75)	(8,23.62)
Expenses allowable on payment basis for tax purposes	(13,81.34)	(13,90.27)
Employee benefits	(16,37.75)	(18,07.18)
Impairment of trade receivables	(1,68.84)	(1,88.33)
	<b>(4,76.81)</b>	<b>5,03.86</b>
<b>Movement in Deferred Tax (Assets) / Liabilities</b>		
<b>Opening balance as at beginning of the year</b>	5,03.86	30,86.86
Tax (income) during the year recognised in profit or loss [Refer Note 32 (a)]	(10,89.79)	(20,60.81)
Tax (income) during the year recognised in OCI	1,09.12	(5,22.19)
<b>Closing balance as at year end</b>	<b>(4,76.81)</b>	<b>5,03.86</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 21: Other Non-Current Liabilities

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Payable under Voluntary Retirement Scheme	47.34	49.01
	<b>47.34</b>	<b>49.01</b>

## Note 22: Trade Payables

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
- Total outstanding dues of micro enterprises and small enterprises [Refer Note 42]	11,87.40	12,72.70
- Total outstanding dues of creditors other than micro enterprises and small enterprises	748,56.60	599,78.64
	<b>760,44.00</b>	<b>612,51.34</b>
Trade Payables	669,86.11	520,88.32
Trade Payable to related parties [Refer Note 37]	90,57.89	91,63.02
	<b>760,44.00</b>	<b>612,51.34</b>

## Note 23: Other Current Financial Liabilities

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Dividends* :		
- Second Interim Dividend**	543,97.13	-
- Other Unpaid Dividends**	26,27.10	22,66.19
Unpaid Balance for Share Capital Reduction (Year 2007)**	81.98	78.98
Capital Creditors	10,05.61	2,07.30
	<b>581,11.82</b>	<b>25,52.47</b>

\*There are no amounts due for payment to the Investor Education and Protection Fund (IEPF) under Section 125 of the Companies Act, 2013 as at the year end as per the Company records.

\*\* Considered for movement in liabilities arising from financing activities in cashflow.

## Note 24: Other Current Liabilities

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Payable towards Statutory Liabilities	36,37.88	20,32.61
Employee Benefits Payable	77,10.24	66,14.14
Payable under Voluntary Retirement Scheme	3.16	3.16
Advances from Customers	17,17.79	16,92.52
	<b>130,69.07</b>	<b>103,42.43</b>



# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 25: Current Provisions

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Provision for Employee Benefits :		
- Provident Fund [Refer Note 29 II (B) (iv) (b)]	7,00.00	-
- Compensated Absences [Refer Note 29 III]	4,01.50	3,67.79
Others:		
Provision for Statutory Liabilities [Refer Note (A)]	33,49.14	24,23.77
Other Matter [Refer Note (B)]	36,54.19	32,56.68
	<b>81,04.83</b>	<b>60,48.24</b>

### (A) Provision for statutory liabilities

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Opening Balance	24,23.77	32,44.67
Add: Provision made	10,76.74	5,01.78
Less: Provision Utilised/Reversed	(1,51.37)	(13,22.68)
Closing Balance	<b>33,49.14</b>	<b>24,23.77</b>

Future cash flow in respect of the above, if any, is determinable only on receipt of judgements/decisions pending with relevant authorities.

### (B) Other Matter

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Opening Balance	32,56.68	28,54.00
Add: Provision made	3,97.51	4,02.68
Closing Balance	<b>36,54.19</b>	<b>32,56.68</b>

Provision for other matter represents claim against the Company not acknowledged as debt that may materialise in respect of matter of a Leased Property in dispute.

## Note 26: Revenue from Operations

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Revenue from Contract with Customers :		
Sale of Products (net of GST)	4,810,47.94	4,487,56.67
Other Operating Revenue		
- Service Income	27,21.52	30,96.10
- Scrap Sales	3,52.10	4,15.57
<b>Sub total (A)</b>	<b>4,841,21.56</b>	<b>4,522,68.34</b>
Government Grant (B)	-	2,40.00
<b>Total (A+B)</b>	<b>4,841,21.56</b>	<b>4,525,08.34</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

## Disaggregated revenue information

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
<b>1) Type of goods or service</b>		
Personal Care (Including Oral Care)	4,810,47.94	4,487,56.67
Research and Development Service Income	27,21.52	30,96.10
Scrap Sales	3,52.10	4,15.57
	<b>4,841,21.56</b>	<b>4,522,68.34</b>
<b>2) Geographical</b>		
India	4,660,68.76	4,320,90.78
Outside India	180,52.80	201,77.56
	<b>4,841,21.56</b>	<b>4,522,68.34</b>
<b>3) Timing of revenue recognition</b>		
Sale on transfer of goods to customer at a point in time	4,814,00.04	4,491,72.24
Service Income as and when services rendered	27,21.52	30,96.10
	<b>4,841,21.56</b>	<b>4,522,68.34</b>
<b>4) Revenue</b>		
External customer	4,712,65.60	4,346,73.18
Related Party	128,55.96	175,95.16
	<b>4,841,21.56</b>	<b>4,522,68.34</b>
<b>Contract balances</b>		
Trade receivables*	117,08.48	132,56.43
Contract Liability - Advances from Customers**	17,17.79	16,92.52

\*Trade receivables are non-interest bearing and on credit allowed to certain customers. There is no significant change in trade receivable compared to last year. As on March 31, 2021, ₹ 6,70.84 lakhs (March 31, 2020 - ₹ 7,48.29 lakhs) is recognised as allowance for doubtful debts.

\*\*Contract Liability represents short term advances received from customer to deliver the goods.

	Year Ended March 31, 2021	Year Ended March 31, 2020
	₹ Lakhs	₹ Lakhs
<b>Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price</b>		
<b>Revenue as per contracted price</b>	5,382,56.23	5,017,28.64
<b>Adjustments</b>		
Sales return	(27,24.91)	(30,55.46)
Variable Consideration - off invoice	(514,09.76)	(464,04.84)
Revenue from contract with customers	<b>4,841,21.56</b>	<b>4,522,68.34</b>

## Performance obligation

The Company's revenue contracts represent a single performance obligation to sell its products to trade customers. Sales are recorded at the time control of the products is transferred to trade customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the products. Control is the ability of trade customers to direct the use of and obtain the benefit from our products. In evaluating the timing of the transfer of control of products to trade customers, the Company considers transfer of significant risks and rewards of products and the probability of flowing of future economic benefit to the entity as per the terms of the Contract which usually co-incide with the delivery of the goods. The performance obligation for service income is satisfied as and when the service is performed.

The payment terms include advance payment and credit given to certain customers.

The nature of goods includes personal care (including oral care) and Research and Development service income.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Variable consideration

Variable consideration includes sales returns, trade discounts, volume based incentives, and cost of promotional programs, indirect taxes as may be applicable.

## Note 27: Other Income

	Year Ended March 31, 2021	Year Ended March 31, 2020
	₹ Lakhs	₹ Lakhs
Interest income on Financial Assets at Amortised cost	19,71.79	25,43.80
Interest income from Unwinding of discount on security deposits	1,27.69	1,30.52
Bad debts recovered	7.04	-
Lease Rentals [Refer Note 17]	2,47.08	2,36.25
Foreign Exchange Gain (Net)	-	1,48.55
Net gain on disposal of property, plant and equipment	-	2.13
Provisions no Longer Required Written Back	5,09.51	15,80.63
Miscellaneous Income	1,72.27	2,82.39
	<b>30,35.38</b>	<b>49,24.27</b>

## Note 28: Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress:

		Year Ended March 31, 2021	Year Ended March 31, 2020
		₹ Lakhs	₹ Lakhs
<b>Opening Stock</b>			
Finished Goods	140,49.90		126,66.90
Stock-in-Trade	33,79.83		33,79.18
Work-in-Progress	24,80.64		17,08.40
		<b>199,10.37</b>	<b>177,54.48</b>
<b>Less: Closing Stock</b>			
Finished Goods	158,15.22		140,49.90
Stock-in-Trade	48,30.47		33,79.83
Work-in-Progress	16,44.56		24,80.64
		<b>222,90.25</b>	<b>199,10.37</b>
		<b>(23,79.88)</b>	<b>(21,55.89)</b>

## Note 29: Employee Benefits Expense

	Year Ended March 31, 2021	Year Ended March 31, 2020
	₹ Lakhs	₹ Lakhs
Salaries, Wages and Bonus	317,51.65	286,00.26
Contribution to Provident Fund, Gratuity and Other Funds	26,75.00	21,91.16
Share Based Payments to Employees [Refer Note 38 (c)]	11,18.24	9,74.45
Compensated Absences [Refer III below]	3,01.12	7,92.40
Staff Welfare Expenses	7,18.01	6,70.18
	<b>365,64.02</b>	<b>332,28.45</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

## I. Defined Contribution Plans

	Year Ended March 31, 2021	Year Ended March 31, 2020
	₹ Lakhs	₹ Lakhs
Charge to Statement of Profit and Loss for Defined Contribution Plans:		
- Employers' Contribution to Provident Fund	2,06.32	2,17.59
- Employers' Contribution to Superannuation Fund	1,41.00	1,59.03
- Employers' Contribution to Employee's State Insurance	59.17	65.04
- Employers' Contribution to Employee's Pension Scheme 1995	3,24.63	3,16.36
- Employers' Contribution to National Pension Scheme	96.49	91.08
<b>Total</b> (Included in Employee Benefits Expense - Contribution to Provident Fund, Gratuity and Other Funds)	<b>8,27.61</b>	<b>8,49.10</b>

## II. Defined Benefit Plans

Contribution to Gratuity Fund (Funded Scheme), Provident Fund (Funded Scheme) and accrued liability towards Pension Scheme (Non-Funded Scheme). In accordance with Ind AS 19, Actuarial valuation was performed in respect of the aforesaid defined benefit plans.

### A) Significant actuarial assumptions were as follows:

	Year Ended March 31, 2021	Year Ended March 31, 2020
Discount Rate (per annum)	6.80%	6.85%
Rate of increase in Compensation levels	7.00%	7.00%

### B) Balance Sheet Amounts

#### i) Balance sheet amounts- Gratuity

The Company provides for gratuity for employees as per the Company policy. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of Gratuity is payable on retirement/termination of the employee's based on last drawn basic salary per month multiplied for the number of years of service. The Company has established 'Colgate-Palmolive India Gratuity Fund for Workmen' and 'Colgate-Palmolive India Gratuity Fund for Non-Workmen' to which the Company makes contribution.

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net Amount (A)-(B)
<b>Opening Balance as at April 1, 2019</b>	64,34.71	65,70.15	(1,35.44)
Current service cost (i)	5,54.29	-	5,54.29
Interest expense (ii)	4,90.66	5,16.82	(26.16)
<b>Total amount recognised in the Statement of Profit and Loss (i+ii)</b>	<b>10,44.95</b>	<b>5,16.82</b>	<b>5,28.13</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/ (income)	-	35.55	(35.55)
Loss from change in financial assumptions	8,50.08	-	8,50.08
Experience losses	4,47.20	-	4,47.20
<b>Total amount recognised in other comprehensive income</b>	<b>12,97.28</b>	<b>35.55</b>	<b>12,61.73</b>
Benefit Payments	(6,09.62)	(6,09.62)	-
<b>Closing Balance as at March 31, 2020</b>	<b>81,67.32</b>	<b>65,12.90</b>	<b>16,54.42</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 29: Employee Benefits Expense (Contd.)

### i) Balance sheet amounts- Gratuity

Particulars	₹ Lakhs		
	Present value of obligation (A)	Fair value of plan assets (B)	Net Amount (A)-(B)
<b>Opening Balance as at April 1, 2020</b>	81,67.32	65,12.90	16,54.42
Current service cost (i)	7,18.77	-	7,18.77
Past service cost (ii)	-	-	-
Interest expense/(income) (iii)	5,48.80	4,49.18	99.62
<b>Total amount recognised in the Statement of Profit and Loss (i+ii+iii)</b>	<b>12,67.57</b>	<b>4,49.18</b>	<b>8,18.39</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	4,10.77	(4,10.77)
Loss from change in financial assumptions	54.32	-	54.32
Experience losses	1,46.70	-	1,46.69
Gain from change in demographic assumptions	-	-	-
<b>Total amount recognised in other comprehensive income</b>	<b>2,01.02</b>	<b>4,10.77</b>	<b>(2,09.76)</b>
Employers contributions	-	16,65.27	(16,65.27)
Benefit payments	(2,39.69)	(2,39.69)	-
<b>Closing Balance as at March 31, 2021</b>	<b>93,96.22</b>	<b>87,98.42</b>	<b>5,97.78</b>

### ii) Balance sheet amounts- Provident Fund

The Company has established 'Colgate-Palmolive (India) Limited Provident Fund' in respect of certain employees to which both the employee and the employer make contribution. Such contribution to the provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the guaranteed specified interest rate, the same is provided for by the Company. The actuary has provided an actuarial valuation and the interest shortfall liability if any has been provided in the books of accounts after considering the assets available with the Company's Provident Fund Trust. The guaranteed rate of return (p.a) is 8.5% (March 31, 2020 - 8%).

Particulars	₹ Lakhs		
	Present value of obligation (A)	Fair value of plan assets (B)	Net Amount (A)-(B)
<b>Opening Balance as at April 1, 2019</b>	193,61.54	193,61.54	-
Current service cost	9,72.72	-	9,72.72
Interest expense	15,51.58	15,51.58	-
<b>Total amount recognised in the Statement of Profit and Loss</b>	<b>25,24.30</b>	<b>15,51.58</b>	<b>9,72.72</b>
<i>Remeasurements</i>			
Loss from change in financial assumptions	8,08.40	-	8,08.40
Experience losses	(64.04)	(64.04)	-
<b>Total amount recognised in other comprehensive income</b>	<b>7,44.36</b>	<b>(64.04)</b>	<b>8,08.40</b>
Contributions:			
Employers	-	9,72.72	(9,72.72)
Employee	17,15.36	17,15.36	-
Payment for plan:			
Benefit payments	(8,84.40)	(8,84.40)	-
Settlements	(3,56.53)	(3,56.53)	-
<b>Closing Balance as at March 31, 2020</b>	<b>231,04.63</b>	<b>222,96.23</b>	<b>8,08.40</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 29: Employee Benefits Expense (Contd.)

### ii) Balance sheet amounts- Provident Fund

Particulars	₹ Lakhs		
	Present value of obligation (A)	Fair value of plan assets (B)	Net Amount (A)-(B)
<b>Opening Balance as at April 1, 2020</b>	231,04.63	222,96.23	8,08.40
Current service cost	10,71.82	-	10,71.82
Interest expense	15,82.67	15,27.29	55.38
<b>Total amount recognised in the Statement of Profit and Loss</b>	<b>26,54.49</b>	<b>15,27.29</b>	<b>11,27.20</b>
<i>Remeasurements</i>			
Loss from change in financial assumptions	(8,08.40)	-	(8,08.40)
Experience losses	6,25.79	681.17	(55.38)
Shortfall arising on account of asset diminution	-	(7,00.00)	7,00.00
<b>Total amount recognised in other comprehensive income</b>	<b>(1,82.61)</b>	<b>(18.83)</b>	<b>(1,63.78)</b>
Contributions:			
Employers	-	10,71.82	(10,71.82)
Employee	20,10.45	20,10.45	-
Payment for plan:			
Benefit payments	(11,21.27)	(11,21.27)	-
Settlements	(6,46.87)	(6,46.87)	-
<b>Closing Balance as at March 31, 2021</b>	<b>258,18.82</b>	<b>251,18.82</b>	<b>7,00.00</b>

### iii) Balance sheet amounts- Pension (Non-funded Scheme)

The Company operates a defined benefit pension plan. The pension benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Particulars	₹ Lakhs	
		Present value of obligation
<b>Opening Balance as at April 1, 2019</b>		41.66
Current service cost		3.15
Interest expense		3.25
<b>Total amount recognised in Statement of Profit and Loss</b>		<b>6.40</b>
<i>Remeasurements</i>		
Loss from change in financial assumptions		3.60
Experience losses		1.06
<b>Total amount recognised in other comprehensive income</b>		<b>4.66</b>
Benefit payments		-
<b>Closing Balance as at March 31, 2020</b>		<b>52.72</b>

Particulars	₹ Lakhs	
		Present value of obligation
<b>Opening Balance as at April 1, 2020</b>		52.72
Current service cost		3.69
Interest expense		3.61
<b>Total amount recognised in Statement of Profit and Loss</b>		<b>7.30</b>
<i>Remeasurements</i>		
Loss from change in financial assumptions		-
Experience losses		(60.02)
<b>Total amount recognised in other comprehensive income</b>		<b>(60.02)</b>
Benefit payments		-
<b>Closing Balance as at March 31, 2021</b>		<b>-</b>



# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 29: Employee Benefits Expense (Contd.)

### (iv) Amount recognised in the Balance Sheet (Funded Scheme)

#### a) Gratuity

	Year Ended	
	March 31, 2021	March 31, 2020
	₹ Lakhs	₹ Lakhs
Present Value of Obligation as at the end of the year	93,96.22	81,67.32
Fair Value of Funded Plan Assets as at the end of the year	(87,98.42)	(65,12.90)
<b>Liability recognised in the Balance Sheet</b>	<b>5,97.80</b>	<b>16,54.42</b>

[Included in Non Current Provisions ₹ 5,97.80 Lakhs (Refer Note 19) and in Non Current Provision as on March 31, 2020 - ₹ 16,54.42 Lakhs (Refer Note 19)]

#### b) Provident Fund (Funded Scheme)

	Year Ended	
	March 31, 2021	March 31, 2020
	₹ Lakhs	₹ Lakhs
Present Value of Obligation as at the end of the year	258,18.82	231,04.63
Fair Value of Funded Plan Assets as at the end of the year	(251,18.82)	(222,96.23)
<b>Liability recognised in the Balance Sheet</b>	<b>7,00.00</b>	<b>8,08.40</b>

[Included in Current Provisions ₹ 7,00.00 lakhs (Refer Note 25) (March 31, 2020 ₹ 8,08.40 lakhs) (Refer Note 19)]

### (v) Amount recognised in the Balance Sheet (Non-funded Scheme: Pension)

#### a) Pension

	Year Ended	
	March 31, 2021	March 31, 2020
	₹ Lakhs	₹ Lakhs
Present Value of Obligation of Non-funded Plan as at the end of the year	-	52.72
<b>Liability recognised in the Balance Sheet</b>	<b>-</b>	<b>52.72</b>

[Included in Non-Current Provisions NIL (March 31, 2020 ₹ 52.72 Lakhs) (Refer Note 19)].

### (vi) Percentage of each category of Plan Assets to Total Fair Value of Plan Assets

#### a) Gratuity

Category of Assets (% Allocation)	Year Ended	
	March 31, 2021	March 31, 2020
	%	%
Government of India Securities	0%	0%
Insurer Managed Funds	100%	100%
Others	0%	0%

#### b) Provident Fund

Category of Assets (% Allocation)	Year Ended	
	March 31, 2021	March 31, 2020
	%	%
Government of India Securities	47%	44%
Other Debt Instruments	41%	44%
Equity instruments	9%	6%
Others	4%	6%

# Notes to the Financial Statements

for the year ended March 31, 2021

## C) Sensitivity Analysis

### i) Gratuity

	Year Ended	
	March 31, 2021	March 31, 2020
Discount Rate:		
Impact of increase in 50 bps on DBO	-5.57%	-5.68%
Impact of decrease in 50 bps on DBO	6.06%	6.19%
Salary Escalation Rate:		
Impact of increase in 50 bps on DBO	6.02%	6.15%
Impact of decrease in 50 bps on DBO	-5.58%	-5.70%

### ii) Provident Fund

	Year Ended	
	March 31, 2021	March 31, 2020
Guaranteed Rate of Return:		
Impact of increase in 100 bps on DBO	3.64%	6.05%
Impact of decrease in 100 bps on DBO	0.00%	3.18%

### iii) Pension

	Year Ended	
	March 31, 2021	March 31, 2020
Discount Rate:		
Impact of increase in 50 bps on DBO	-100.00%	-3.67%
Impact of decrease in 50 bps on DBO	-100.00%	3.82%

## D) Projected Plan Cash flow:

The expected contribution payable to the Gratuity plan for the year ended March 31, 2021 is ₹ 6,00 lakhs. The expected contribution payable to the Provident Fund plan for the year ended next year is ₹ 11,46.84 lakhs.

The weighted average duration to the payment of these cash flows for Gratuity is 11.61 years (March 31, 2020 : 11.86 years) and for Pension is NIL years (March 31, 2020 : 4.71 years). The weighted average duration to the payment is for Provident Fund plan is 13.34 years (March 31, 2020 : 14.24 years)

Expected cash flow profile of the benefits to be paid to the current membership of the plan: Gratuity	Year Ended	
	March 31, 2021	March 31, 2020
Less than a year	4,17.84	3,11.14
Between 1- 2 years	4,49.73	2,96.71
Between 2- 5 years	18,66.73	11,88.60
Between 5- 9 years	30,06.30	27,81.80
10 years and above	186,46.61	170,64.88

Expected cash flow profile of the benefits to be paid to the current membership of the plan: Pension	Year Ended	
	March 31, 2021	March 31, 2020
Between 2- 5 years	-	-
Between 5- 9 years	-	89.57
10 years and above	-	-

# Notes to the Financial Statements

for the year ended March 31, 2021

## III. Other Employee Benefit - Compensated Absences

The liability for Compensated Absences as at the year end is ₹ 29,16.83 Lakhs (March 31, 2020 : ₹ 27,34.78 Lakhs).

	As at March 31, 2021	As at March 31, 2020
	₹ Lakhs	₹ Lakhs
Included in :		
Non-Current Provisions (Refer Note 19)	25,15.33	23,66.99
Current Provisions (Refer Note 25)	4,01.50	3,67.79
	<b>29,16.83</b>	<b>27,34.78</b>
<b>Movement of Compensated Absences:</b>		
Balance at the beginning of the year	27,34.78	20,84.94
Add: Charge during the year	3,01.12	7,92.40
Less: Amount paid during the year	1,19.07	1,42.56
Balance at the end of the year	<b>29,16.83</b>	<b>27,34.78</b>

## Note 30 : Finance Costs

	Year Ended March 31, 2021	Year Ended March 31, 2020
	₹ Lakhs	₹ Lakhs
Interest expense on lease liabilities (Refer Note 17)	7,25.90	9,61.55
	<b>7,25.90</b>	<b>9,61.55</b>

## Note 31: Other Expenses

		Year Ended March 31, 2021	Year Ended March 31, 2020
		₹ Lakhs	₹ Lakhs
Consumption of Stores and Spares		24,91.92	23,48.12
Processing Charges		9,74.88	14,14.79
Power and Fuel		40,96.11	45,34.52
Freight and Forwarding Charges		153,59.96	149,09.20
Lease Rentals [Refer Note 17]		4,62.18	5,33.11
Rates and Taxes		5,85.03	1,60.24
Insurance		6,67.15	4,57.19
Repairs and Maintenance			
- Plant and Machinery	39,55.33		36,42.41
- Buildings	1,79.89		2,12.77
- Others	45.46		68.93
		<b>41,80.68</b>	<b>39,24.11</b>
Advertising		625,52.81	626,01.81
Fees and Commission to Independent Directors		1,65.00	1,48.00
Auditors' Remuneration [Refer Note (A) below]		1,15.06	1,23.83
Royalty			
- Royalty Expense	212,45.55		195,69.78
- Withholding tax on Royalty	26,04.42		23,98.99
		<b>238,49.97</b>	<b>219,68.77</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

	Year Ended March 31, 2021	Year Ended March 31, 2020
	₹ Lakhs	₹ Lakhs
Expenditure towards Corporate Social Responsibility [Refer Note (B) below]	21,53.00	19,81.23
Bad Debts Written Off	-	9.50
Net loss on disposal of property, plant and equipment	68.54	-
Foreign Exchange Loss (Net)	1,60.33	-
Travel and Conference Expenses	3,40.02	26,55.32
Outside Services	132,83.82	143,61.31
Miscellaneous	10,151.75	96,93.54
	<b>1,416,58.21</b>	<b>1,418,24.59</b>
<b>(A) Auditors' Remuneration (excluding Goods and Services Tax) :</b>		
As Auditor :		
- Statutory Audit	65.00	65.00
- Limited Review	33.00	32.50
- Tax Audit	17.00	17.00
- Certification	-	0.50
Other Services	-	5.02
Reimbursement of Expenses	0.06	3.81
	<b>1,15.06</b>	<b>1,23.83</b>
<b>(B) Corporate Social Responsibility Expenditure</b>		
(I) Gross amount required to be spent by the Company during the year	20,99.98	19,72.04
(II) Amount approved by the Board to be spent during the year	21,53.00	19,72.04
(III) Amount spent during the year:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above:		
- Promoting Preventive Health Care	2,48.00	13,49.23
- Water Access and Water Augmentation for livelihoods and Women Empowerment	2,53.00	2,30.00
- Empowering Youth through Education/Career Building Opportunities /Sports program	4,80.00	3,52.00
- Vocational and skill training for upliftment of economically weaker youth	15.00	50.00
- Covid Relief Pandemic work	11,57.00	-
	<b>21,53.00</b>	<b>19,81.23</b>

(IV) Details for unspent amount and amount to be carried for excess spent as per 135(5), along with details of ongoing projects as per section 135(6) disclosure

i) Details of unspent amount

There is no unspent amount of CSR activities as on March 31, 2021 as per section 135(5).

ii) Details of excess amount spent

### 135(5) Excess amount spent

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	20,99.98	21,53.00	53.02*

As per provision of Section 135 (5) of Companies Act, 2013 Company is allowed to carry forward any amount spent in relation to CSR activities if it exceeds the minimum expenditure as required by Section 135 (5) of the Companies Act, 2013. However, Company has decided not to carry forward excess spent amount in the FY 2020-21 to the next year.

# Notes to the Financial Statements

for the year ended March 31, 2021

iii) Details of Ongoing Project

There are no amount required to be spent for CSR activities as per requirement of as per section 135(6) of Companies Act, 2013 in relation to ongoing projects.

## Note 32 : Income Tax Expenses

	Year Ended March 31, 2021	Year Ended March 31, 2020
	₹ Lakhs	₹ Lakhs
<b>(a) Income tax expense</b>		
<b>Current tax</b>		
Current tax on profit for the year	357,22.61	278,48.56
Adjustments for current tax of prior periods	(31,49.45)	(30,98.52)
<b>Total current tax expenses</b>	<b>325,73.16</b>	<b>247,50.04</b>
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	(10,89.79)	(20,60.81)
<b>Income tax expenses</b>	<b>314,83.37</b>	<b>226,89.23</b>
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before income tax expense	1,350,21.91	1,043,35.83
<b>Tax at the Indian tax rate of 25.168% (March 31, 2020 - 25.168%)</b>	<b>339,82.31</b>	<b>262,59.24</b>
Tax effect of amounts which are not deductible (allowable) in calculating taxable income:		
Expenses not deductible for tax purposes	7,82.89	7,05.85
Income claimed exempt for tax purposes	(1,11.66)	(54.65)
Income considered under separate head of income	(20.72)	(18.63)
Adjustments for current tax of prior periods	(31,49.45)	(30,98.52)
Impact of differential rate used for deferred tax*	-	(11,04.06)
<b>Income tax expense</b>	<b>314,83.37</b>	<b>226,89.23</b>
*The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws [Amendment] Ordinance, 2019. Accordingly, the Company has recognized Provision for Income Tax for the period ended March 31, 2020 and re-measured its net Deferred Tax Liabilities basis the rate prescribed in the said section. The change has resulted in reversal of Deferred Tax Liabilities outstanding as at April 01, 2019 of ₹ 11,04.06 Lakhs during the previous year ending March 31, 2020.		
<b>(c) Amounts Recognised directly in Equity</b>		
Current Tax Impact arising in the reporting period in respect of distribution of Employee Stock Option directly recognised in Equity	94.30	62.56
<b>(d) Current Tax Assets (Net)</b>		
Current Tax Assets (Net) [Net of Provision of Tax ₹ 2,058,94.03 Lakhs, March 31, 2020 : ₹ 1,734,15.18 Lakhs]	258,31.49	224,73.30
<b>(e) Current Tax Liabilities (Net)</b>		
Current Tax Liabilities (Net) [Net of Advance Tax payments ₹ 787,50.08 lakhs, March 31, 2020 : ₹ 787,50.08 lakhs]	50,83.41	50,83.41

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 33: Contingent Liabilities

(To the extent not provided for)

	Year Ended March 31, 2021	Year Ended March 31, 2020
	₹ Lakhs	₹ Lakhs
Claims against the Company not acknowledged as debts:		
- Excise and Related Matters	60,25.64	53,29.49
- Service Tax Matters	60,30.71	22.71
- Sales Tax Matters	8,10.52	4,17.25
- Income Tax Matters	768,39.62	759,35.77
- Commercial Matters	15.00	15.00

Future cash flow in respect of the above, if any, is determinable only on receipt of judgements/decisions pending with the relevant authorities.

## Note 34: Capital Commitments

	Year Ended March 31, 2021	Year Ended March 31, 2020
	₹ Lakhs	₹ Lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of capital advances of ₹ 2,67.11 Lakhs (March 31, 2020 : ₹ 9,49.01 Lakhs) (Refer Note 7)]	12,83.70	10,24.58

## Note 35: Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (“CODM”) of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and Finance Director of the Company. The Company operates only in one Business Segment i.e. ‘Personal Care (including Oral Care)’ which primarily includes products such as Soaps, Cosmetics and Toilet Preparations and the activities incidental thereto within India, hence does not have any reportable Segments as per Ind AS 108 “Operating Segments”. The performance of the Company is mainly driven by sales made locally and hence, no separate geographical segment is identified.

## Note 36: Earnings Per Share (EPS)

	Year Ended March 31, 2021	Year Ended March 31, 2020
i) Basic and Diluted Earnings Per Share (₹)		
Profit for the year (₹ Lakhs)	1,035,38.54	81,646.60
Weighted average number of outstanding shares for Basic and Diluted EPS (Nos.)	27,19,85,634	27,19,85,634
Nominal Value of shares outstanding (Re.)	1	1
Basic and Diluted Earnings Per Share (₹)	38.07	30.02
ii) Weighted average number of shares used as the denominator		
Opening Balance	27,19,85,634	27,19,85,634
Increase / (Decrease) during the year	-	-
Weighted average number of shares used as the denominator for calculating basic and diluted earnings per share	27,19,85,634	27,19,85,634



# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 37: Disclosure of Related Parties

<b>A) Ultimate Holding Company</b>	:	Colgate-Palmolive Company, U.S.A.
<b>B) Group Companies where common control exists</b>	:	Colgate-Palmolive Mktg. SDN BHD, Malaysia
	:	Colgate-Palmolive East Africa Ltd., Kenya
	:	Colgate-Palmolive Pty. Ltd., South Africa
	:	Colgate-Palmolive (Thailand) Ltd., Thailand
	:	Colgate-Palmolive (H.K.) Ltd., Hongkong
	:	Colgate-Palmolive Asia Pacific Ltd., Wan Chai, Hongkong (Formerly known as Colgate-Palmolive Management Services HK Ltd)
	:	Colgate-Palmolive (China) Co. Ltd., China
	:	Colgate Palmolive (Vietnam) Ltd., Vietnam
	:	Colgate Sanxiao Company Limited, China
	:	Colgate-Palmolive SAS, Columbes
	:	Colgate-Palmolive (Burlington) Limited
	:	Colgate Palmolive Temizlik Urunleri Sanayi ve Ticaret S.A., Turkey
	:	Colgate-Palmolive Cameroun S.A., Cameroon
	:	Hawley & Hazel Chemical Co., (Zhongshan) Ltd., China*
	:	Colgate-Palmolive (Eastern) Pte. Ltd., Singapore
	:	Colgate-Palmolive Indústria Ltda., Brazil
	:	Norwood International Incorporated, U.S.A.
	:	Colgate-Palmolive Tanzania Limited, Tanzania
	:	Colgate-Palmolive Pty. Ltd., Boksburg, South Africa.
	:	Colgate Global Business Services Pvt Ltd., India
	:	Colgate-Palmolive Zambia Inc., Zambia
	:	Colgate-Palmolive Services (Poland) Sp.z.o.o, Poland
	:	Colgate-Palmolive Europe SARL, Italy
	:	Mission Hills S.A. DE. C. V., Mexico*
	:	Colgate Palmolive Bt. Ltd., (Blantyre), Malawi
	:	Colgate Oral Pharmaceuticals Inc. Carrollton, U.S.A.
	:	Colgate-Palmolive CACE Region, Istanbul, Turkey
	:	Colgate-Palmolive Senegal, Senegal
	:	Colgate-Palmolive (Pakistan) Limited, Pakistan*
	:	Colgate Philippines Inc., Phillippines
	:	Colgate-Palmolive Mocambique Limitada
	:	Colgate Palmolive West East Investments, U.S.A.

# Notes to the Financial Statements

for the year ended March 31, 2021

	:	Tom's Of Maine, U.S.A.
	:	Colgate-Palmolive Ghana Ltd., Ghana
	:	Colgate-Palmolive Europe Sarleu Div
	:	CP Middle East Exports Ltd.
	:	Colgate-Palmolive (Myanmar) Limited, Myanmar
	:	Colgate Palmolive Espana S.A., Spain*
	:	Hill'S Pet Nutrition Asia Limited
	:	Colgate-Palmolive Arabia Ltd.
	:	Colgate-Palmolive Pty. Ltd., Australia*
	:	Hawley & Hazel Chemical (Taiwan) Co., Taiwan*
	:	Colgate-Palmolive (Russia) Ltd., Russia
	:	Hypo Homecare Products Limited, Nigeria
<b>C) Key Managerial Personnel of the Company</b>		
<b>(i) Executive Directors</b>	:	I. Bachaalani (Up to July 31, 2019)
	:	M.S. Jacob
	:	R. Raghavan (effective August 01, 2019)
	:	M. Chandrasekar
	:	S.Sharma (effective May 21, 2020)
<b>(ii) Non-Executive and Non Independent Directors</b>	:	M. Deoras
<b>(iii) Non-Executive and Independent Directors</b>	:	R. A. Shah (Up to March 31, 2020)
	:	P. K. Ghosh (Up to March 31, 2020)
	:	V. S. Mehta
	:	I. Shahani
	:	S. Gopinath
	:	S. Kripalu
	:	G.Pant (effective May 21, 2020)
	:	S.Natarajan (effective May 21, 2020)
<b>(iv) Company Secretary</b>	:	K.R.Singh
<b>D) Post Employment Benefit Funds</b>	:	Colgate-Palmolive (India) Limited Provident Fund
	:	Colgate-Palmolive India Gratuity Fund for Workmen
	:	Colgate-Palmolive India Gratuity Fund for Non-Workmen

\* There are no transactions with the Company during the current year

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 37: Disclosure of Related Parties (Contd.)

### (i) Transactions entered into with Parties referred to in Category A and B

₹ Lakhs

Nature of Transaction	Parties referred to in Category A		Parties referred to in Category B		Total	
	Year Ended		Year Ended		Year ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Purchase of Goods/Materials</b>						
Colgate-Palmolive Asia Pacific Limited	-	-	45,23.55	37,79.23	45,23.55	37,79.23
Colgate-Palmolive Company, U.S.A.	3,30.16	4,97.00	-	-	3,30.16	4,97.00
Others	-	-	2,48.10	3,02.83	2,48.10	3,02.83
<b>Sub-Total</b>	<b>3,30.16</b>	<b>4,97.00</b>	<b>47,71.65</b>	<b>40,82.06</b>	<b>51,01.81</b>	<b>45,79.06</b>
<b>Sale of Goods/Materials</b>						
Hypo Homecare Products Limited, Nigeria	-	-	20,27.95	-	20,27.95	-
Colgate-Palmolive Europe Sarleu Div	-	-	22,14.17	23,17.79	22,14.17	23,17.79
Colgate-Palmolive East Africa Ltd., Kenya	-	-	4,59.10	6,26.67	4,59.10	6,26.67
Colgate-Palmolive Pty. Ltd., South Africa	-	-	5,12.99	8,78.96	5,12.99	8,78.96
Colgate-Palmolive Pty. Ltd., Boksburg	-	-	28,14.20	77,22.48	28,14.20	77,22.48
Others	-	-	21,06.02	29,53.58	21,06.02	29,53.58
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>101,34.43</b>	<b>144,99.48</b>	<b>101,34.43</b>	<b>144,99.48</b>
<b>Purchase of Fixed Assets/Spares</b>						
Colgate-Palmolive Vietnam	-	-	82.54	-	82.54	-
Colgate-Palmolive Company, U.S.A.	-	4,67.62	-	-	-	4,67.62
Others	-	-	-	2.33	-	2.33
<b>Sub-Total</b>	<b>-</b>	<b>4,67.62</b>	<b>82.54</b>	<b>2.33</b>	<b>82.54</b>	<b>4,69.95</b>
<b>Services Rendered (inclusive of Goods and Service Tax)</b>						
Colgate-Palmolive Company, U.S.A.	30,36.49	34,69.18	-	-	30,36.49	34,69.18
Others	-	-	3,31.99	3,36.53	3,31.99	3,36.53
<b>Sub-Total</b>	<b>30,36.49</b>	<b>34,69.18</b>	<b>3,31.99</b>	<b>3,36.53</b>	<b>33,68.48</b>	<b>38,05.71</b>
<b>Services Received</b>						
Colgate-Palmolive Company, U.S.A.	78,42.84	95,36.42	-	-	78,42.84	95,36.42
Colgate Global Business Services Pvt Ltd., India	-	-	14,92.57	14,56.44	14,92.57	14,56.44
<b>Sub-Total</b>	<b>78,42.84</b>	<b>95,36.42</b>	<b>14,92.57</b>	<b>14,56.44</b>	<b>93,35.41</b>	<b>109,92.86</b>
<b>Reimbursement of Expenses Charged by the Company/(on the Company)</b>						
Colgate-Palmolive Company, U.S.A.	(51,54.74)	(33,25.43)	-	-	(51,54.74)	(33,25.43)
Colgate-Palmolive Asia Pacific Limited	-	-	9,36.33	(4,35.98)	9,36.33	(4,35.98)
Others	-	-	2,12.36	2,48.78	2,12.36	2,48.78
<b>Sub-Total</b>	<b>(51,54.74)</b>	<b>(33,25.43)</b>	<b>11,48.69</b>	<b>(1,87.20)</b>	<b>(40,06.05)</b>	<b>(35,12.63)</b>
<b>Dividend Paid</b>						
Colgate-Palmolive Company, U.S.A.	370,43.92	294,17.23	-	-	370,43.92	294,17.23
Colgate-Palmolive (Asia) Pte. Ltd., Singapore	-	-	101,18.01	80,34.89	101,18.01	80,34.89
Norwood International Incorporated, U.S.A.	-	-	0.38	0.30	0.38	0.30
<b>Sub-Total</b>	<b>370,43.92</b>	<b>294,17.23</b>	<b>101,18.39</b>	<b>80,35.19</b>	<b>471,62.31</b>	<b>374,52.42</b>
<b>Royalty [exclusive of withholding tax of ₹ 26,04.42 lakhs (March 31, 2020 - ₹ 23,98.98 lakhs)]</b>						
Colgate-Palmolive Company, U.S.A.	212,45.55	195,69.78	-	-	212,45.55	195,69.78
<b>Sub-Total</b>	<b>212,45.55</b>	<b>195,69.78</b>	<b>-</b>	<b>-</b>	<b>212,45.55</b>	<b>195,69.78</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 37: Disclosure of Related Parties (Contd.)

### (ii) Transactions entered into with Parties referred to in Category C

	₹ Lakhs	
	Year Ended	
	March 31, 2021	March 31, 2020
<b>Executive Directors</b>		
Remuneration	14,75.47	12,45.86
Contribution to Provident and Other Funds *	47.15	55.30
Share Based Payments	3,13.22	7,18.07
<b>Sub Total</b>	<b>18,35.84</b>	<b>20,19.23</b>
*As the liabilities for defined benefit plan are provided on actuarial basis for the Company as a whole, the amount pertaining to key managerial persons are not included.		
<b>-Executive Directors</b>		
I. Bachaalani	-	8,65.35
M. S. Jacob	3,63.29	3,76.22
R. Raghavan	8,77.86	4,75.99
M.Chandrasekar	4,16.10	3,01.67
S.Sharma	1,78.59	-
<b>Sub Total</b>	<b>18,35.84</b>	<b>20,19.23</b>
<b>-Independent Directors</b>		
Sitting Fees and Commission		
R. A. Shah	15.00	25.00
P. K. Ghosh	15.00	24.50
V. S. Mehta	28.50	25.50
I. Shahani	28.50	25.00
S. Gopinath	28.00	24.50
S. Kripalu	28.50	23.50
G.Pant	11.00	-
S.Natarajan	10.50	-
<b>Sub Total</b>	<b>1,65.00</b>	<b>1,48.00</b>
<b>-Company Secretary</b>		
K.R.Singh	59.90	50.91
<b>Sub Total</b>	<b>59.90</b>	<b>50.91</b>

### (iii) Transactions entered into with Parties referred to in Category D

	₹ Lakhs	
	Year Ended	
	March 31, 2021	March 31, 2020
<b>Contribution made by the Company in the following funds:</b>		
Colgate-Palmolive (India) Limited Provident Fund	10,71.82	9,72.72
Colgate-Palmolive India Gratuity Fund for Workmen	5,32.16	-
Colgate-Palmolive India Gratuity Fund for Non-Workmen	11,33.11	-

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 37: Disclosure of Related Parties (Contd.)

₹ Lakhs

Outstanding Balances	Parties referred to in Category A		Parties referred to in Category B		Total	
	As at		As at		As at	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Trade Receivables</b>						
Colgate-Palmolive Company, U.S.A.	7,96.29	8,26.94	-	-	7,96.29	8,26.94
Hypo - Homecare Product Ltd.	-	-	16,80.05	2,93.46	16,80.05	2,93.46
Colgate Palmolive West East Investments, U.S.A.	-	-	-	2,90.50	-	2,90.50
Colgate-Palmolive Pty. Ltd., Boksburg	-	-	2,70.26	10,53.97	2,70.26	10,53.97
Colgate Palmolive Europe Sarl Ltd.	-	-	7,79.40	1,74.22	7,79.40	1,74.22
Colgate-Palmolive South Africa	-	-	3,70.70	1,36.98	3,70.70	1,36.98
Others	-	-	7,04.68	13,19.72	7,04.68	13,19.72
<b>Sub-Total (Refer Note 9)</b>	<b>7,96.29</b>	<b>8,26.94</b>	<b>38,05.09</b>	<b>32,68.85</b>	<b>46,01.38</b>	<b>40,95.79</b>
<b>Trade Payables</b>						
Colgate-Palmolive Company, U.S.A.	80,21.73	73,93.61	-	-	80,21.73	73,93.61
Colgate-Palmolive Asia Pacific Limited, Hongkong	-	-	6,66.32	15,75.38	6,66.32	15,75.38
Colgate Global Business Services Pvt Limited, India	-	-	2,52.61	-	2,52.61	-
Others	-	-	1,17.23	1,94.03	1,17.23	1,94.03
<b>Sub-Total (Refer Note 22)</b>	<b>80,21.73</b>	<b>73,93.61</b>	<b>10,36.16</b>	<b>17,69.41</b>	<b>90,57.89</b>	<b>91,63.02</b>
<b>Other Receivables (included in Other Current Financial Assets)</b>						
Colgate-Palmolive Company, U.S.A.	1,04.90	25.77	-	-	1,04.90	25.77
Colgate-Palmolive Asia Pacific Limited, Hongkong	-	-	1,31.13	1,02.49	1,31.13	1,02.49
Colgate Palmolive West East Investment, U.S.A.	-	-	-	18.68	-	18.68
Colgate Palmolive Pty (LTD)	-	-	64.05	-	64.05	-
Colgate Global Business Services Pvt Ltd	-	-	-	1,68.43	-	1,68.43
Others	-	-	40.94	61.67	40.94	61.67
<b>Sub-Total (Refer Note 13)</b>	<b>1,04.90</b>	<b>25.77</b>	<b>2,36.12</b>	<b>3,51.27</b>	<b>3,41.02</b>	<b>3,77.04</b>

### Terms and conditions:

Transactions relating to dividends and bonus shares were on the same terms and conditions that apply to other shareholders.

Goods and Services procured or provided from/ to related parties are generally priced at arm's length. Other reimbursement of expenses to/ from related parties is on Cost basis.

All other transactions were made on normal commercial terms and conditions and at market rates.

All outstanding balances are unsecured and are repayable/ receivable in cash.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 38 - Share Based Payments

### (a) Employee option plan

The Company does not provide any equity-based compensation to its employees. However, the parent company, Colgate-Palmolive Company, U.S.A. ("the grantor") maintains equity incentive plans that provide for the grant of stock-based awards to its executive directors and certain categories of officers and employees. The Parent's Incentive Plan provides for the grant of non-qualified and incentive stock options, as well as restricted stock units. Exercise prices in the case of non-qualified and incentive stock options are not less than the fair value of the underlying common stock on the date of grant.

A stock option gives an employee, the right to purchase shares of Colgate-Palmolive Company common stock at a fixed price for a specific period of time. Stock options generally have a term of six years from the date of grant and vest over a period of three years.

A restricted stock unit provides an employee with a share of Colgate-Palmolive Company common stock upon vesting. Restricted stock units vest generally over a period of three years. Dividends will accrue with each restricted stock unit award granted subsequent to the grant date.

**The details pertaining to number of options, weighted average price and assumptions considered for fair value are disclosed below:**

Particulars	March 31, 2021		March 31, 2020	
	Weighted Average Exercise price	Number of options	Weighted Average Exercise price	Number of options
Options outstanding at the beginning of the year	4,599	3,43,236	4,368	3,83,053
Options granted/transferred during the year	5,758	61,775	4,768	1,39,673
Exercised during the year	3,610	(89,671)	3,625	(66,627)
Transferred to other group companies during the year	4,889	(20,683)	4,446	(99,041)
Lapsed during the year	-	-	4,572	(13,822)
<b>Options outstanding at the end of the year</b>	<b>4,945</b>	<b>2,94,657</b>	<b>4,599</b>	<b>3,43,236</b>
<b>Options vested and exercisable at the end of the year</b>		<b>2,24,390</b>		<b>2,74,733</b>

The weighted average share price at the dates of exercise of options exercised during the year ended March 31, 2021 was ₹ 5,733 (March 31, 2020 : ₹ 5,041)

### **Share options outstanding at the end of the year have the following expiry dates and exercise prices**

Grant year	Expiry Year	Exercise price (₹)	March 31, 2021	March 31, 2020
			Number of options	Number of options
2014 - 2016	2019 - 2022	3,907-4,890	70,263	1,44,005
2017 - 2018	2020 - 2024	4,440-4,729	1,08,572	1,35,699
2019 - 2020	2027 - 2029	5,153-5,758	1,15,822	63,532
<b>Total</b>			<b>2,94,657</b>	<b>3,43,236</b>
Weighted average remaining contractual life of options outstanding at end of year			<b>4.13 Years</b>	<b>3.64 Years</b>

### **Fair Value of options granted**

The fair value at the grant date of options granted during the year ended March 31, 2021 was ₹ 848.55 per option (March 31, 2020 : ₹ 747.06 per option). The fair value at grant date is determined using the Black-Scholes Model which takes into account the exercise price, expected volatility, option's life, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

# Notes to the Financial Statements

for the year ended March 31, 2021

The model inputs for the options granted during the year ended March 31, 2021 and March 31, 2020 are as below:

Particulars	March 31, 2021	March 31, 2020
Expected volatility (%)	21.77%	19.20%
Expected life of the options	6 years	6 years
Risk free interest rate (%)	0.46%	1.54%
Grant Year	2020	2019
Expiry Year	2030	2029
Expected dividend (%)	2.29%	2.35%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. The expected volatility was determined based on the volatility of the equity share for the period of one year prior to issue of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

## (b) Restricted Stock Units (RSU's)

Particulars	March 31, 2021		March 31, 2020	
	Weighted Average Grant date Fair value	Number of Units	Weighted Average Grant date Fair value	Number of Units
Units outstanding at the beginning of the year	4,780	40,042	4,618	34,629
Units granted / transferred during the year	5,800	11,963	4,937	21,207
Exercised during the year	4,661	(8,124)	4,490	(8,490)
Transferred to other group companies during the year	4,987	(2,386)	4,693	(6,491)
Lapsed during the year	-	-	4,706	(813)
<b>Units outstanding at the end of the year</b>	<b>5,079</b>	<b>41,495</b>	<b>4,780</b>	<b>40,042</b>

### **Restricted Stock Units outstanding at the end of the year have the following expiry date and exercise prices**

Particulars	March 31, 2021	March 31, 2020
Weighted average remaining contractual life of RSUs outstanding at end of year	1.23 Years	1.42 Years

The weighted average fair value at the date of exercise of RSU's exercised during the year ended March 31, 2021 was ₹ 5,523 (March 31, 2020: ₹ 4,963)

## (c) Expenses Arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in statement of profit and loss as part of employee benefit expense were as follows:

Particulars	March 31, 2021	March 31, 2020
	₹ Lakhs	₹ Lakhs
Employee share based payment expense [Refer Note 29]	11,18.24	9,74.45



# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 39: Fair value measurements

The Company uses the following hierarchy for determining and disclosing the fair value of financial instrument:

Level 1 : Quoted prices for identical instruments in active market.

Level 2 : Directly or indirectly observable market inputs, other than Level 1 inputs; and

Level 3 : Inputs which are not based on observable market data.

### (i) Financial Instruments by Category and fair values of the same measured at amortised cost

	March 31, 2021			March 31, 2020		
	Carrying amount / Fair Value			Carrying amount / Fair Value		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial Assets</b>						
(i) Investments - Non-Current	-	-	18,61.45	-	-	18,61.85
(ii) Trade Receivable	-	-	117,08.43	-	-	132,56.43
(iii) Cash and Cash Equivalents	-	-	296,57.29	-	-	397,81.68
(iv) Other Bank Balances	-	-	571,06.21	-	-	23,45.17
(v) Loans - Current	-	-	6,92.72	-	-	113,47.97
(vi) Loans - Non Current	-	-	1,40.38	-	-	2,03.56
(vii) Receivable from Related Parties	-	-	3,41.02	-	-	3,77.04
(viii) Security Deposits - Non-Current	-	-	16,09.64	-	-	15,19.71
(ix) Security Deposits - Current	-	-	1,67.72	-	-	2,76.91
(x) Insurance Claim Receivables	-	-	-	-	-	78.26
(xi) Deposits with Banks	-	-	2,45.99	-	-	2,49.33
<b>Total Financial Assets</b>	-	-	<b>1,035,30.85</b>	-	-	<b>712,97.91</b>
<b>Financial Liabilities</b>						
(i) Trade payables-Total outstanding dues of micro enterprises and small enterprises	-	-	11,87.40	-	-	12,72.70
(ii) Trade payables-Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	748,56.60	-	-	599,78.64
(iii) Security Deposits - Non-Current	-	-	1,24.03	-	-	1,18.13
(iv) Lease Liabilities	-	-	91,17.56	-	-	101,49.67
(v) Capital Creditors	-	-	10,05.61	-	-	2,07.30
(vi) Dividends (Including Unpaid)	-	-	570,24.23	-	-	22,66.19
(vii) Unpaid Balance of Share Capital Reduction	-	-	81.98	-	-	78.98
<b>Total Financial liabilities</b>	-	-	<b>1,433,97.41</b>	-	-	<b>740,71.61</b>

### (ii) Assets and Liabilities that are disclosed at Amortised Cost for which Fair values are disclosed are classified as Level 3.

Current financial asset and current financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature. Non current financial assets and non current financial liabilities have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 40 - Financial Risk Management

Inherent to the nature of the Company's business are a variety of financial risks, namely liquidity risk, market risk and credit risk. Developing policies and processes to assess, monitor, manage and address these risks is the responsibility of the Company's Management. The Risk Management Committee oversees this risk management framework in the Company and intervenes as necessary to ensure there exists an appropriate level of safeguards against the key risks. Updates on compliance, exceptions and mitigating action are placed before the Audit Committee periodically. Risk management policies and systems are reviewed regularly to reflect changes like major changes in ERP systems or go to market model, changes in organization structure, events denoting material change in the risk environment, etc.

The Company's Management works closely with its Treasury department and Internal Audit department to ensure there are appropriate policies and procedures governing the operations of the Company with a view to providing assurance that there is visibility into financial risks and that the business is being run in conformity with the stated risk objectives. Periodic reviews with concerned stakeholders provides an insight into risks to the business associated with currency movements, credit risks, commodity price fluctuations, etc. and necessary deliberations are undertaken to ensure there is an appropriate response to the developments.

### A MANAGEMENT OF LIQUIDITY RISK

The Company follows a conservative policy of ensuring sufficient liquidity at all times through a strategy of profitable growth, efficient working capital management as well as prudent capital expenditure and dividend policies. The Company has a overdraft facility with banks to support any temporary funding requirements. The Company is cognizant of reputational risks that are associated with the liquidity risk and the risk is factored into the overall business strategy.

The Company's treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Carrying amount	Payable on demand	Less than 3 months	3-12 months	More than 12 months	Total
₹ Lakhs						
<b>As at March 31, 2021</b>						
(i) Trade payables	760,44.00	-	760,44.00	-	-	760,44.00
(ii) Security Deposits	1,24.03	-	-	-	1,24.03	1,24.03
(iii) Lease Liabilities	91,17.56	-	3,45.50	10,36.49	77,35.57	91,17.56
(iv) Capital Creditors	10,05.61	-	10,05.61	-	-	10,05.61
(v) Dividends (Including Unpaid)	570,24.23	26,27.10	543,97.13	-	-	570,24.23
(vi) Unpaid Balance of Share Capital Reduction	81.98	81.98	-	-	-	81.98
<b>As at March 31, 2020</b>						
(i) Trade payables	612,51.34	-	612,51.34	-	-	612,51.34
(ii) Security Deposits	1,18.13	-	-	-	1,18.13	1,18.13
(iii) Lease Liabilities	101,49.67	-	4,38.11	13,14.32	83,97.24	101,49.67
(iv) Capital Creditors	2,07.30	-	2,07.30	-	-	2,07.30
(v) Dividends (Including Unpaid)	22,66.19	22,66.19	-	-	-	22,66.19
(vi) Unpaid Balance of Share Capital Reduction	78.98	78.98	-	-	-	78.98

# Notes to the Financial Statements

for the year ended March 31, 2021

## B MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- commodity price risk;

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The objective of the Company's Management of market risk is to maintain this risk within acceptable parameters, while optimising returns. The Company's exposure to, and management of, these risks is explained below.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
<p><b>1. CURRENCY RISK</b></p> <p>The Company is subject to the risk of changes in foreign currency values that impact costs of imported raw material (directly and by local suppliers), import of finished goods, equipment for expansion at the plants, expatriate costs, service income, reimbursement of expenses, service related charges from overseas related and third parties as well as revenue from exports. Receivable and Payable having foreign currencies denomination in the balance sheet will also be impacted.</p> <p>As at March 31, 2021, the unhedged exposure to the Company on holding financial assets and liabilities other than in its functional currency amounted to ₹ 51,43.82 Lakhs and ₹ 34,76.26 Lakhs respectively (March 31, 2020: 42,89.9 Lakhs and ₹ 42,51.36 Lakhs)</p>	<p>The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD, Euro, and Chinese Yuan. The Company's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations. This intent has been achieved in all years presented.</p>	<p>As an estimation of the approximate impact of the residual risk, with respect to financial instruments, the Company has calculated the impact of a 1% change in exchange rates.</p> <p>A 1% strengthening of the INR against key currencies to which the Company is exposed at year end would have led to approximately an additional ₹ 16.68 lakhs pre-tax loss in the Statement of Profit and Loss (2019-20 : ₹ 0.39 lakhs pre-tax loss). A 1% weakening of the INR against these currencies would have led to an equal but opposite effect.</p> <p>A 1% strengthening of the INR against key currencies would have led to approximately an additional pre-tax gain of ₹ 8,03 lakhs in the Statement of Profit and Loss (2019-20 : ₹ 8,45 Lakhs pre-tax gain). A 1% weakening in currency prices would have led to an equal but opposite effect.</p>
<p><b>2. COMMODITY PRICE RISK</b></p> <p>The Company is exposed to the risk of changes in commodity prices in relation to its purchase of its raw materials especially corn, carton board, resins and palm oils.</p>	<p>The Company develops periodic financial forecasts based on commodity price forecasts by its Procurement group and appropriate actions including selling price changes and cost saving measures to reduce the impact of commodity price changes is considered as part of the financial modelling.</p>	<p>A 1% increase in commodity prices would have led to approximately ₹ 5,10 lakhs additional loss in the Statement of Profit and Loss (2019-20: ₹ 5,99 Lakhs loss). A 1% weakening in commodity prices would have led to an equal but opposite effect.</p>

## C MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or other counter-party fails to meet its contractual obligations.

### Trade Receivables

Trade receivables are subject to credit limits, controls and approval processes. A majority of customers pay prior to shipment, thereby reducing exposure to trade receivables significantly. Due to a large customer base, the Company is not exposed to material concentration of credit risk. Basis the historical experience supported by the level of default, the credit risk in case of trade receivable is low and so trade receivables are considered to be a single class of financial assets. (Refer Accounting Policy 1 B (i) on trade receivables.)

# Notes to the Financial Statements

for the year ended March 31, 2021

The gross carrying amount of trade receivables is ₹ 117,08.44 Lakhs as at March 31, 2021 and ₹ 132,56.43 Lakhs as at March 31, 2020.

## (I) Reconciliation of loss allowance provision- Trade receivables

Particulars	₹ Lakhs	
	March 31, 2021	March 31, 2020
Loss allowance at the beginning of the year	7,48.29	9,13.12
Add / (Less) : Changes in loss allowances	(77.45)	(1,64.83)
Loss allowance at the end of the year	<b>6,70.84</b>	<b>7,48.29</b>

### Balance as on March 31, 2021

	Not due	0-180	>180	Total
Ageing				
Gross carrying amount	60,85.22	53,18.24	9,75.81	123,79.27
Provision for doubtful debts	-	-	(6,70.84)	(6,70.84)
<b>Carrying amount of trade receivables (net of Provision)</b>	<b>60,85.22</b>	<b>53,18.24</b>	<b>3,04.97</b>	<b>117,08.43</b>

### Balance as on March 31, 2020

	Not due	0-180	>180	Total
Ageing				
Gross carrying amount	55,31.42	72,68.14	12,05.16	140,04.72
Provision for doubtful debts	-	-	(7,48.29)	(7,48.29)
<b>Carrying amount of trade receivables (net of Provision)</b>	<b>55,31.42</b>	<b>72,68.14</b>	<b>4,56.87</b>	<b>132,56.43</b>

### Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks and investments in debt instruments. The Company concentrates its major investment activities with a limited number of counter-parties which have secure credit ratings, to reduce this risk. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company's Treasury department.

## Note 41 - Capital Management

The Company's objective in managing its capital is to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The Company considers the following components of its Balance Sheet to be managed capital:

1) Share Capital, 2) Share Premium and 3) Other Reserves comprising of General Reserve and Retained Earnings.

The Company's capital structure is based on the Management's assessment of the balances of key elements to ensure strategic decisions and day to day activities. The capital structure of the Company is managed with a view of the overall macro economic conditions and the risk characteristics of the underlying assets.

The Company's policy is to maintain a strong capital structure with a focus to mitigate all existing and potential risks to the Company, maintain shareholder, vendor and market confidence and sustain continuous growth and development of the Company.

The Company's focus is on keeping a strong total equity base to ensure independence, security, as well as high financial flexibility without impacting the risk profile of the Company.

In order, to maintain or adjust the capital structure, the Company will take appropriate steps as may be necessary. The Company does not have any debt or financial covenants.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Note 42: Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	₹ Lakhs	
	Year ended March 31, 2021	Year ended March 31, 2020
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end*	11,87.40	12,72.70
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	7,21.44	2,42.94
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.37	1.57
(vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made**	2.88	1.96
(vii) Further interest remaining due and payable for earlier years	-	0.56

\* The principal amount represents amount outstanding (due as well as not due) as at the Balance Sheet date.

\*\* Includes interest on amounts outstanding as at the beginning of the accounting year.

**Note 43:** The Company has considered the possible effects that may result from the pandemic relating to COVID-19 including impact of second wave of pandemic, on the carrying amounts of property, plant and equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions including conditions in India because of this pandemic, the Company, as at the date of approval of these financial results has assessed impact on expected future performance of the Company by using internal and external sources of the information. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of the assets are fully recoverable. The Company, being into the business of essential products, currently believes that the impact of COVID-19 on the Company's financial statement may not be material. The management continues to evaluate impact of COVID-19 situation on the Company.

**Note 44:** The Code on Social Security 2020 has been notified in the Official Gazette on 29th September 2020, which may impact the contributions by the company towards certain employee benefits.

The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact if any of the change will be assessed and accounted in the period of notification of the relevant provisions.

**Note 45:** Previous year's figures have been regrouped / reclassified, where necessary, to conform to the current year's classification.

Signature to Notes 1 to 45 are an integral part of these financial statements

In terms of our report of even date.

**For S R B C & CO LLP**

Chartered Accountants  
Firm Registration No. 324982E/E300003

**Jayesh Gandhi**

Partner  
Membership Number - 037924

Place : Mumbai

Date : May 17, 2021

**For and on behalf of the Board of Directors of Colgate-Palmolive (India) Limited**

**M. S. Jacob**

Whole-time Director & Chief Financial Officer  
(DIN : 07645510)

Place : Mumbai

Date : May 17, 2021

**R. Raghavan**

Managing Director  
(DIN : 08511606)

**K.R. Singh**

Company Secretary  
(F-6621)