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Board of Directors

	<i>Chairman</i>	Fabian T. Garcia
	<i>Vice-Chairman</i>	R. A. Shah
	<i>Deputy Chairman</i>	P. K. Ghosh
	<i>Managing Director</i>	G. Dalziel
	<i>Whole-time Director</i>	M. A. Elias
	<i>Whole-time Director</i>	K. V. Vaidyanathan
		V. S. Mehta
		J. K. Setna
	<i>Company Secretary</i>	K. V. Vaidyanathan
Management Committee	<i>Managing Director</i>	G. Dalziel
	<i>Finance</i>	M. A. Elias
	<i>Legal</i>	K. V. Vaidyanathan
	<i>Marketing</i>	V. Hegde
	<i>New Geographies</i>	A. B. Ganu
	<i>Sales</i>	V. Nambiar
	<i>R & D</i>	S. Manek
	<i>Information Technology</i>	A. Pande
	<i>Manufacturing</i>	D. Chhibba
	<i>Human Resources</i>	D. Roy
Audit Committee	<i>Chairperson</i>	R. A. Shah
		P. K. Ghosh
		J. K. Setna
	<i>Secretary</i>	K. V. Vaidyanathan
Shareholders'/Investors' Grievance Committee	<i>Chairperson</i>	P. K. Ghosh
		G. Dalziel
		J. K. Setna
		K. V. Vaidyanathan
	<i>Solicitors</i>	Crawford Bayley & Co.
	<i>Auditors</i>	Price Waterhouse Chartered Accountants
	<i>Registered Office</i>	Colgate Research Centre Main Street, Hiranandani Gardens Powai, Mumbai 400 076
	<i>Factories</i>	Sewri Fort Road, Mumbai 400 015 Waluj Industrial Area, MIDC, Aurangabad 431 136
	<i>Registrars & Share Transfer Agents</i>	Sharepro Services



Ten-year Highlights

(Rs. Lacs)

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
A. Operating Results :										
Sales	681,46	850,11	960,60	1,019,73#	998,22#	1,089,58#	1,176,88	1,160,89	1,056,89	1,042,08
Other Income	29,40	14,84	17,61	12,48#	16,31#	22,89#	29,51	30,95	35,76	29,92
Net Profit After Tax	71,79	76,30	78,92	80,07	45,67	51,79	62,50	69,79	88,66	108,00
Cash Profits	82,70	94,72	98,58	101,24	70,30	75,00	82,72	91,94	108,13	132,26
B. Financial Position :										
Fixed Assets (Net)	144,02	151,73	160,41	194,46	226,17	215,58	196,93#	172,31	158,02	93,95
Current Assets (Net)	57,88	49,13	84,89	83,17	58,47	80,31	31,26#	56,86	29,52	36,77
Others (Net)	30,69	43,68	16,89	20,51	14,23	11,08	23,97#	27,72	89,62	115,76
TOTAL ASSETS	232,59	244,54	262,19	298,14	298,87	306,97	252,16	256,89	277,16	246,48
Share Capital	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99
Reserves and Surplus	95,00	106,02	122,18	157,37	157,75	164,26	103,12	111,65	139,03	108,32
SHAREHOLDERS' FUNDS	230,99	242,01	258,17	293,36	293,74	300,25	239,11	247,64	275,02	244,31
Loan Funds	1,60	2,53	4,02	4,78	5,13	6,72	13,05	9,25	2,14	2,17
TOTAL CAPITAL EMPLOYED	232,59	244,54	262,19	298,14	298,87	306,97	252,16	256,89	277,16	246,48
C. Equity Share Data :										
Earnings Per Share (Rs.)	5.28	5.61	5.80	5.89	3.36	3.81	4.60	5.13	6.52	7.94
Dividend Per Share (Rs.)	4.49	4.80	4.50	3.00	3.00	3.00	8.25*	4.25	4.25	6.00**
Number of Shares (in Lacs)	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60
Number of Shareholders (in '000s)	1,95	2,29	2,35	2,38	2,41	2,30	2,22	2,15	2,07	1,85

Regrouped

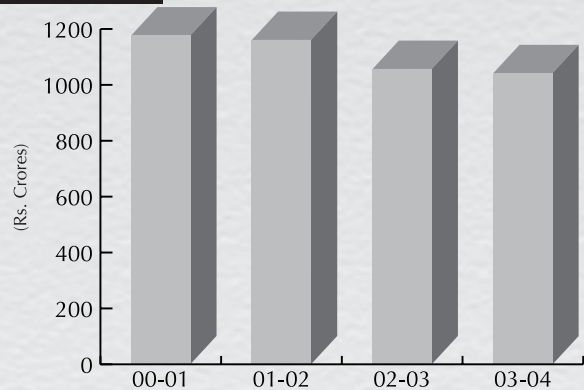
* Including one-time special dividend of Rs. 4.75 per share.

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

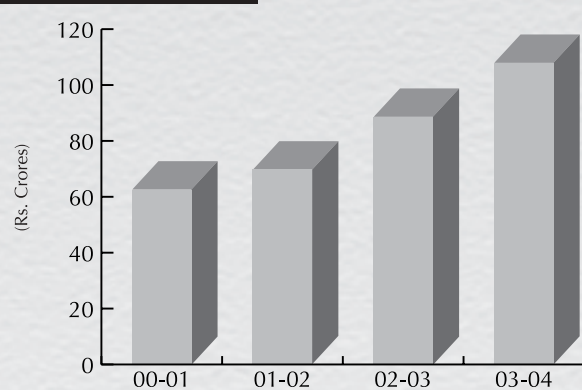
Previous year's figures have been reclassified to conform with current year's presentation, where applicable.



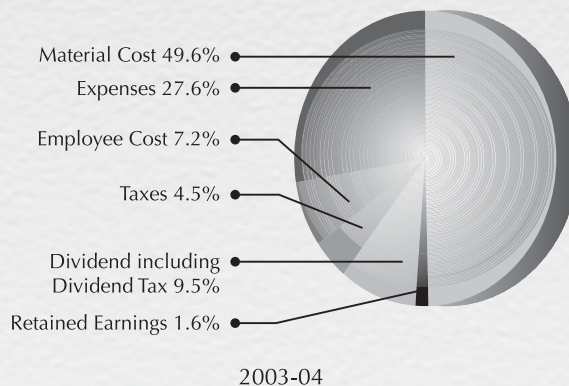
Gross Sales



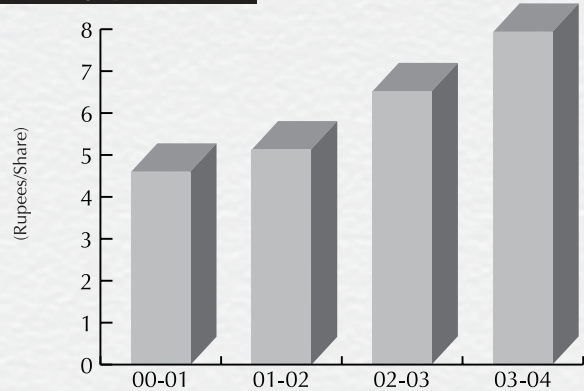
Net Profit After Tax



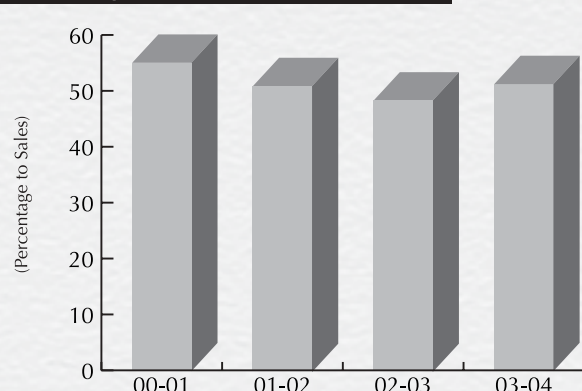
Distribution of Income



Earnings per Share



Percentage of Material Cost to Sales





Notice

NOTICE is hereby given that the Sixty-third Annual General Meeting of COLGATE-PALMOLIVE (INDIA) LIMITED will be held at The Sivaswamy Auditorium, The Fine Arts Cultural Centre, Fine Arts Chowk, R. C. Marg (Near Flyover), Chembur, Mumbai - 400 071 on Wednesday, August 18, 2004 at 3.30 p.m. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. P. K. Ghosh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. A. Elias, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

By Order of the Board

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

Date : June 29, 2004

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

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 10, 2004 to Wednesday, August 18, 2004 (both days inclusive).
3. Share transfer documents and all correspondence relating

thereto, should be addressed to the Registrars and Share Transfer Agents of the Company, Messrs. Sharepro Services, 912, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021.

4. Members who hold shares in physical form are requested to notify immediately any change in their addresses to the Registrars and Share Transfer Agents of the Company at the above address and to their respective depository participants, in case shares are held in electronic mode.
5. To avoid the incidence of fraudulent encashment of dividend warrants, Members are requested to intimate the Registrars and Share Transfer Agents of the Company under the signature of the Sole/First joint holder the following information so that the Bank Account Number and Name and Address of the Bank can be printed on the dividend warrants, if and when issued :
 - a) Name of Sole/First joint holder and Folio Number
 - b) Particulars of Bank Account viz.
 - i) Name of the Bank
 - ii) Name of the Branch
 - iii) Complete address of the Bank with pincode number
 - iv) Account type, whether Savings or Current Account
 - v) Bank Account number allotted by the Bank.
6. The Company, consequent upon the introduction of the Depository System [DS], entered into agreements with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL]. Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.
7. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates, etc. Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
8. Members holding shares in Demat form may please note that the bank account details given by them to their Depository Participants [DPs] and passed on to the Company by such DPs would be printed on the dividend



warrants of the concerned members. However, if any member wishes to receive dividend in any other bank account, he/she should change/correct the bank account details with their concerned DPs. The Company would not entertain any request from such shareholders directly for deletion/change in the bank account details printed on the dividend warrants on the basis of information furnished by the DPs to the Company.

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

Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are transferred to the 'Investor Education and Protection Fund', constituted by the Central Government. Accordingly, unclaimed dividends from the Second Interim Dividend for 1995-96 have to be transferred to the said Fund. During the Financial Year 2003-04, unclaimed amounts of First Interim Dividend (Rs. 7,78,420/-) and Second Interim Dividend (Rs. 8,60,027/-) for 1996-97 have been transferred to the Investor Education and Protection Fund on October 30, 2003 and January 24, 2004 respectively.

10. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
11. At the ensuing Annual General Meeting, Mr. P. K. Ghosh and Mr. M. A. Elias shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. Ghosh and Mr. Elias are given below :

Mr. P. K. Ghosh :

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

Mr. Ghosh does not hold any other directorship.

Mr. Ghosh is a member of the Audit Committee and Chairman of the Shareholders'/Investors' Grievance Committee of the Company.

Mr. M. A. Elias :

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

Mr. M. A. Elias is a Director of Colgate-Palmolive (Nepal) Private Limited.



Report of the Directors

To
The Members
Colgate-Palmolive (India) Limited

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended March 31, 2004.

Financial Results

(Rs. in Crores)

	2003-04	2002-03
Total Revenue	969.11	983.20
Sales (Excluding Excise Duty)	939.19	947.44
Other Income	29.92	35.76
Profit before Taxation	151.48	146.48
Provision for Taxation	43.48	57.82
Profit after Taxation	108.00	88.66
Balance brought forward	22.02	3.50
Profit available for Appropriation	130.02	92.16
Appropriation :		
Dividend	81.60	57.79
Dividend Tax	10.45	3.48
General Reserve	10.80	8.87
Balance carried forward	27.17	22.02
	130.02	92.16

Business Performance

Reversing the declining trend in calendar years 2002 and 2003, the toothpaste market has started showing signs of growth again in the first half of 2004. However, the toothpowder market continues to decline. The market environment remained very competitive, particularly in the low price toothpaste segment in 2003. In an aggressive bid to re-ignite market and brand volume growth, your Company reduced the prices of its flagship brand, Colgate Dental Cream, by an average 17 per cent in April 2003. To aggressively compete against local low priced competitors, the consumer prices of Colgate Cibaca were also substantially reduced. Despite these deep price cuts, which affected approximately 65% of your Company's sales, the sales for the financial year were only marginally lower at Rs. 939 Crores as against Rs. 947 Crores in the previous year. This performance clearly shows that the price reduction strategy has been

successful in stimulating market demand and re-igniting volume growth. In April 2004, Colgate Cibaca became the market leader in the low price segment surpassing the market share of all other brands competing in the segment. Your Company also continued to deliver excellent net profits, recording a growth of 22 per cent to Rs. 108 Crores as against Rs. 89 Crores in the previous year.

To achieve its financial objectives, your Company employs a strategy which focuses the organisation on initiatives to both drive growth and simultaneously fund the market place activities that drive the growth. Growth and therefore revenues are driven by bringing to the marketplace products which offer superior value to the consumer. The investments needed to fund their growth are generated through continuous, company-wide initiatives to lower costs and increase effective asset utilisation.



Some of the initiatives taken during the year on Driving and Funding Growth include :

Colgate Dental Cream Revitalisation

Colgate Dental Cream, which received the coveted Seal of Acceptance from the Indian Dental Association, was revitalised with the adoption of a 100 per cent natural mint flavour to offer a refreshing taste and upgraded by significantly improving its germ fighting efficacy. Colgate Dental Cream now offers maximum protection against tooth decay. In an independent survey, Colgate was, once again, identified as being the Most Trusted Brand in India.

Colgate Herbal White Launch

Expanding the herbal portfolio, Colgate Herbal White striped toothpaste was launched with lemon extracts, eucalyptus and mint. This unique formulation, besides strengthening the teeth, safely polishes the teeth to help restore their natural whiteness and shine.

Colgate Fresh Energy Gel Rejuvenation

Consumer research had shown that a feeling of “freshness” is one of the key benefits desired by users of toothpaste. In response to this growing need, Colgate Fresh Energy Gel toothpaste was rejuvenated with a new flavour that provided long-lasting fresh breath.

Colgate Cibaca Toothpaste

Colgate Cibaca, the price flanker brand, was down priced to effectively compete in the low price toothpaste segment. By April 2004, Colgate Cibaca had become the No.1 brand in the fast growing low price toothpaste segment, and successfully stalled the progress of low priced competitors.

Colgate Navigator Plus Toothbrush

Developed using Colgate’s leading edge technology, Colgate Navigator Plus Toothbrush was launched during the year. This has a series of innovative features like flexible hinged head, bi-level bristles and contoured handle to offer an effective and comfortable clean.

Palmolive Aroma Range

The bestselling international range of Palmolive Aroma Shower Gels, Liquid Hand Washes, Bar Soaps and Talcum Powder was launched to provide the Indian consumer state-of-the-art body cleansing products of international quality, which fit into her modern lifestyle.

On Funding Growth, your Company continued its strong cash generation driven by business performance. The Company’s focused programs and concerted efforts to reduce operational costs and improve efficiencies continue to yield positive results.

The Management of your Company is committed to pursue these strategic initiatives to Drive and Fund Growth. On an on-going basis, the Management focuses on a variety of key indicators to monitor business health and performance. The success of these key measures is indicated by the vitality of the business and the financial strength reflected in the Company’s Balance Sheet.

New Toothpaste Manufacturing Facility

With the dereservation of toothpaste and the returning vitality in the toothpaste market and volume growth currently being experienced, your Company has decided to establish a state-of-the-art additional toothpaste manufacturing facility at Baddi, Himachal Pradesh. The Company has been allotted land by the Government of Himachal Pradesh and the factory building construction has already commenced. The new facility is scheduled to commence commercial production in April 2005. The primary reason for establishing this additional toothpaste manufacturing facility at Baddi is to avail of the fiscal incentives, which include excise duty exemption and income-tax holiday, offered by the Government.

National Oral Health Program

Your Company in conjunction with the Indian Dental Association (IDA) maintained focus on long term category consumption and penetration building activities with the 2003 launch of the “Bright Smiles, Bright Future” National Oral Health Program, an initiative which stressed the importance of preventive oral care amongst school children.

This Program was conducted between July and December 2003 and had the following integrated elements :

- School Dental Health Education Program
- Teachers’ Training Program
- Parents’ Orientation Program

The dentist members of over 100 branches of IDA educated over 40 lacs school children about basic rules of good oral hygiene practices such as proper brushing techniques and good eating habits. The trained dental surgeons from IDA also conducted Special Teachers’ Training Program for which your Company provided logistic support including teaching aids and education materials as well as special dental packs.

Responsibility Statements

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

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;



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

Dividend

For the financial year 2003-04, three interim dividends were paid – Rs. 2.25 per share on September 24, 2003; Rs. 2.50 per share (including a one-time special dividend of Rs. 1.25 per share to commemorate the 25th Anniversary of the Company's initial public issue in December, 1978) on December 24, 2003; and Rs. 1.25 per share on April 23, 2004 aggregating to Rs. 6.00 per share (including a one-time special anniversary dividend of Rs. 1.25 per share). In view of the above, your Directors do not recommend final dividend for the year.

You will be pleased to know that for the financial year 2004-05, your Directors at their meeting held on June 29, 2004 have declared an interim dividend of Rs. 1.50 per share. The said dividend would be paid on or about July 23, 2004 to those shareholders whose names are registered in the register of members as on July 8, 2004, being the record date.

Nepal Subsidiary

The Nepalese economy continued to suffer on account of political instability and deteriorating security situations. These factors resulted in a series of "bandhs" which adversely affected the industrial production. The Management of your Company continues to closely monitor the prevailing situation in Nepal.

Other Subsidiaries

The requisite formalities have been complied with for getting the names of your Company's subsidiaries, (viz. Passion Trading & Investment Company Limited, Multimint Leasing & Finance Limited and Jigs Investments Limited) struck off from the records maintained by the Registrar of Companies. This was done in accordance with the provisions of the Simplified Exit Scheme introduced by the Government of India, since the paid-up capital of these subsidiaries was not increased to Rs. 5 lacs.

Consequently, these subsidiaries have become defunct

companies within the meaning of Section 560 of the Companies Act, 1956.

Since the Office of the Registrar of Companies has not officially confirmed having struck off the names of the said subsidiaries from their records, the report and accounts of the subsidiary companies forms a part of this Report. However, in the context of mandatory requirement to present consolidated accounts, which provide members with a consolidated position of the Company including subsidiaries at the first instance, members are being provided with the Report and Accounts of the Company treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Members desirous of receiving the full Report and Accounts of the subsidiaries will be provided the same on receipt of a written request from them. This will help save cost in connection with printing and mailing of the Report and Accounts.

Corporate Governance

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

Employee Relations

During this year your Company was recognised as one of the top ten Best Employers in India in an independent survey carried out by Hewitt and Associates. This award recognises the very significant emphasis the Management of your Company places upon making Colgate-Palmolive India one of the best places to work. This strategy enables us to attract and retain the very best talent available.

Relations between the employees and the management continued to be cordial during the year, barring some untoward incidents at one of the Company's plants.

Long term memorandum of settlement for four years, at the Company's Sewri Factory was signed on April 30, 2004. This settlement would be valid upto December, 2006.

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

Trade Relations

Your Directors wish to record their appreciation of the continued unstinted support and co-operation from its retailers, stockists,



suppliers of goods/services, clearing and forwarding agents and all others associated with it. Your Company would continue to build and maintain strong links with its business partners.

Energy, Technology Absorption and Foreign Exchange

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is appended hereto as Annexure 2 and forms part of this Report.

Directors

Consequent upon the movement of Mr. Peter Dam to Colgate-Palmolive, Brazil, he resigned as Director and Chairman of the Board effective December 31, 2003. The Directors wish to place on record their appreciation for the valuable services rendered by Mr. Dam during his tenure as Chairman of the Board.

Effective January 1, 2004, Mr. Fabian T. Garcia has been appointed as Director and Chairman of the Board. Mr. Garcia is the President of the Asia-Pacific Division of Colgate-Palmolive Co., USA.

Mr. Vikram Kaushik resigned as Director effective December 31, 2003. The Directors wish to place on record their appreciation for the valuable services rendered by Mr. Kaushik during his tenure as Director of the Company.

Under Article 124 of the Company's Articles of Association, Mr. P. K. Ghosh and Mr. M. A. Elias retire by rotation at the 63rd Annual General Meeting and, being eligible, offer themselves for re-appointment.

Auditors

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

Acknowledgements

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

On behalf of the Board

G. Dalziel
Managing Director

R. A. Shah
Vice-Chairman

Mumbai, June 29, 2004



Corporate Governance Report

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

1. Company's philosophy on Code of Governance

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

2. Composition of Board

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

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

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

No. of other		Directorships - excluding Private Ltd. Companies and Alternate Directorships	No. of Memberships of other Board Committees	No. of other Board Committees of which the Director is a Chairperson
Name of Director	Category			
Mr. Fabian T. Garcia*	Non-executive	11 [@]	1 [@]	—
Mr. S. Peter Dam**	Non-executive	—	—	—
Mr. R. A. Shah	Non-executive	14	9	3
Mr. P. K. Ghosh	Non-executive	—	—	—
Mr. G. Dalziel	Executive	—	—	—
Mr. M. A. Elias	Executive	—	—	—
Mr. K. V. Vaidyanathan	Executive	3	—	—
Mr. V. Kaushik**	Executive	—	—	—
Mr. J. K. Setna	Non-executive	8	5	2
Mr. V. S. Mehta	Non-executive	4	—	—

* Appointed as Director and Chairman effective January 1, 2004

** Ceased to be Director effective December 31, 2003

@ Foreign bodies corporate

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

During the year 2003-04, 13 Board Meetings were held on May 14 and 28, June 10, July 29, August 18 and 25,

September 25, October 15 and December 3, 2003, January 23 and 30, February 27 and March 31, 2004. The last Annual General Meeting of the Company was held on August 18, 2003.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. Fabian T. Garcia*	1	—
Mr. S. Peter Dam*	2	Absent
Mr. R. A. Shah	8	Present
Mr. P. K. Ghosh	8	Present
Mr. G. Dalziel	13	Present
Mr. M. A. Elias	12	Present
Mr. K. V. Vaidyanathan	12	Present
Mr. V. Kaushik**	7	Present
Mr. J. K. Setna	12	Present
Mr. V. S. Mehta	5	Present

* Mr. Peter Dam resigned as Director and Chairman effective December 31, 2003. Mr. Fabian T. Garcia has been appointed as Director and Chairman effective January 1, 2004.

** Ceased to be a Director effective December 31, 2003.

3. Appointment of New Director

Mr. Fabian T. Garcia, President – Asia-Pacific Division, has been appointed as Director and Chairman of the Board effective January 1, 2004 in place of Mr. Peter Dam who moved to Brazil to take up a new assignment.

Mr. Garcia assumed responsibility for Company's operations throughout the Asia region, together with Australia, New Zealand, Fiji and Papua New Guinea. He brings to Colgate a wealth of international consumer products experience. He joined Colgate from the Timberland Company where he was Senior Vice-President of International Operations and served on the Operating Committee. He was previously President, Asia-Pacific Region for Chanel, based in Singapore. Mr. Garcia's very successful career began at Procter & Gamble in Venezuela and included diverse brand management assignments, country manager responsibilities in Colombia and Taiwan and Division leadership of P&G Far East, based in Japan.

With a record of accomplishment in challenging economic environments, Mr. Garcia will help build upon Colgate's successful strategies for continued growth in the Asia region. His extensive knowledge of the Asian market and career focus on building market leading brands would contribute to the continued strong performance of the Asia-Pacific Division.

Except for Colgate-Palmolive (India) Ltd., Mr. Fabian Garcia does not hold directorship in any Indian Company.

4. Audit Committee

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

The composition of the Audit Committee is as under :

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

The terms of reference of the Audit Committee include:

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



During the financial year 2003-04, 6 Audit Committee Meetings were held on June 10, July 29, September 25, October 10, 2003, January 30 and February 27, 2004. Mr. R. A. Shah attended all the meetings of the Committee. Mr. J. K. Setna could not attend the Committee Meeting held on July 29, 2003 and Mr. P. K. Ghosh could not attend the Committee Meetings held on June 10, September 25, October 10, 2003 and February 27, 2004.

5. Remuneration of Directors

The Company has no pecuniary relationship or transaction with its Non-executive Directors other than payment of sitting fees to them for attending Board and Committee Meetings. During the year the sitting fees payable to Non-executive Directors for attending the Board and Audit

Committee Meetings were increased to Rs. 20,000/- per meeting with effect from December 3, 2003.

The Company pays fees for professional services rendered by a firm of Solicitors and Advocates of which a Non-executive Director is a partner.

The remuneration policy is directed towards rewarding performance. It is aimed at attracting and retaining high caliber talent. The Company does have an incentive plan which is linked to performance and achievement of the Company's objectives. The Company has no stock option scheme. The Company has not constituted a Remuneration Committee.

Details of remuneration paid to Directors of the Company during the year ended March 31, 2004 are given below :

	Rs. Lacs
a) Salary	2,12.53
b) Benefits	1,35.18
c) Performance linked Incentive/Commission/Bonus	1,48.83
d) Sitting fees	7.15
Total	5,03.69

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

6. Shareholders'/Investors' Grievance Committee

The Board constituted a Shareholders'/Investors' Grievance Committee in April, 2000. The Committee consists of four Directors, viz. Messrs. P. K. Ghosh, G. Dalziel, J. K. Setna and K. V. Vaidyanathan. Mr. P. K. Ghosh, Deputy Chairman and a Non-executive Director heads this Committee. The Committee meets every fortnight or at frequent intervals to consider, inter alia, share transfers, investor complaints etc.

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

During the year 2003-04, complaints were received from shareholders/investors regarding transfer of shares, non-receipt of declared dividends etc. Details of complaints are given below :

Nature of complaints	Number of complaints	Number redressed
Non-receipt of dividends	136	136
Non-receipt of shares lodged for transfer	48	48
Others	20	20
Total	204	204

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

All valid share transfers received during the year 2003-04 have been acted upon by the Company and the number of pending share transfers, as on March 31, 2004 was 102. These have since been acted upon.



7. General Body Meetings

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

Financial Year	Date	Location of the Meeting	Time
2000-01	August 29, 2001	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2001-02	August 19, 2002	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2002-03	August 18, 2003	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.

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

8. Disclosures

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

There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. Attention is drawn to Schedule 22 to the Accounts.

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

The Company has complied with the requirements of regulatory authorities on capital markets and no penalty/stricture was imposed on the Company during the last three years.

9. Means of Communication

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

Presentations are made from time to time to analysts and institutional investors.

10. Management Discussion and Analysis Report

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

The Company is engaged in Personal Care business which includes Oral Care. The Oral Care business continues to account for over 90 per cent of the Company's sales turnover. Reversing the declining trend in calendar years 2002 and 2003, the toothpaste market has started showing signs of growth again in the first half of 2004. However, the toothpowder market continues to decline. The market environment remained very competitive particularly in the low price toothpaste segment in 2003.

Almost half of the population does not have access to modern dental care. The per capita consumption of toothpaste is about 78 gms; one of the lowest in the world. There is a critically low dentist to population ratio (1:35,000 approximately) which results in low oral hygiene consciousness and widespread dental and periodontal diseases. This provides a good opportunity to expand the market and encourage people to use modern dentifrices to improve oral hygiene. With a view to achieving this objective, the Company has designed its product portfolio in a manner that its products are available at different price points to cater to the requirements of consumers across all segments. The Company has also taken a series of steps jointly with the Indian Dental Association to educate people on the importance of oral care hygiene.

In the recent survey of India's Most Trusted Brands 2003 conducted by premier research agency, A C Nielson ORG MARG, Colgate took the coveted No. 1 spot. Further, Colgate is the only toothpaste brand in India which has received the coveted Seal of Acceptance from Indian Dental Association, the premier agency of dental practitioners in India. All these recognitions are primarily on account of the Company's ability and commitment to deliver consistently superior quality products to consumers. While the predominant business of the Company was confined to the Oral Care category where it faced intense competition from low-priced brands, the outlook for the industry is positive given the size of the opportunity. The Company is hopeful that through the combination of market development and expansion activity, there would be healthy market growth over the next few years.

The Company has good internal control systems, the adequacy of which have been reported by its auditors in their report. The discussion on financial performance of the Company is covered in the Directors' Report. The segment information is available in Schedule 21 to the Audited Accounts of the Company. There has been no material development on the Human Resources and Industrial Relations continue to be cordial. The number of people employed as on March 31, 2004 was 1130.



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

11. General Shareholder Information

Annual General Meeting

Date and Time : August 18, 2004 at 3.30 p.m.

Venue : The Sivaswamy Auditorium
The Fine Arts Cultural Centre
Fine Arts Chowk (Near Flyover)
R. C. Marg, Chembur
Mumbai - 400 071

Financial Calendar

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

Dates of Book Closure

August 10, 2004 to August 18, 2004 (both days inclusive).

Dividend Payment Date

Dividend	Payment Date
First Interim 2003-04	September 24, 2003
Second Interim 2003-04 & One time Special 25 th Anniversary Dividend	December 24, 2003
Third Interim 2003-04	April 23, 2004

Listing on Stock Exchanges

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

Stock Code

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

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

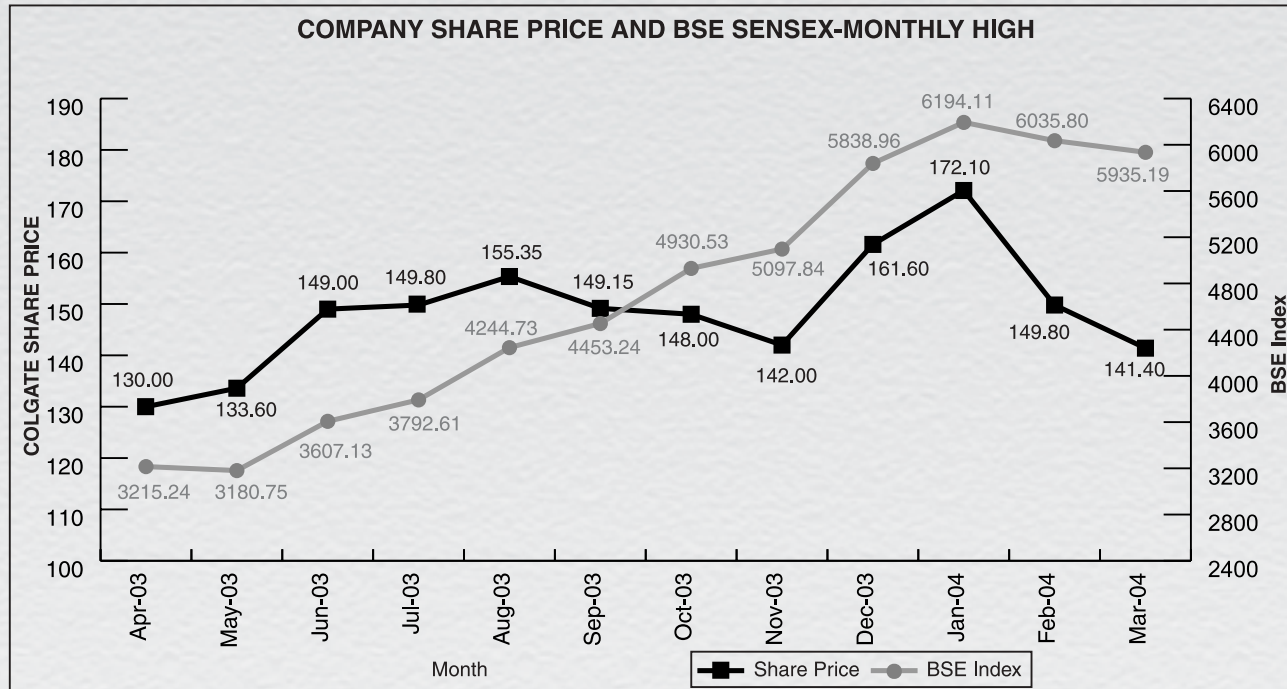
Market Price Data

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

Month	Mumbai Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April, 2003	130.00	120.70	131.40	120.30
May, 2003	133.60	129.55	150.00	125.20
June, 2003	149.00	132.50	154.00	132.00
July, 2003	149.80	135.15	154.85	135.00
August, 2003	155.35	145.40	161.85	145.00
September, 2003	149.15	136.10	153.50	133.00
October, 2003	148.00	137.15	150.50	135.70
November, 2003	142.00	133.75	145.60	133.55
December, 2003	161.60	139.10	164.75	139.00
January, 2004	172.10	146.95	175.05	144.25
February, 2004	149.80	142.00	160.00	140.05
March, 2004	141.40	125.25	144.90	122.50



Performance in comparison to BSE Sensex

**Registrar and Share Transfer Agents**

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

Share Transfer System

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

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

Physical shares received for dematerialisation are processed and completed within a period of 15 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

**Distribution of Shareholding (as at March 31, 2004)**

Category	Number of shares	%
Foreign Collaborators	69356336	51.00
Resident Individuals	46248061	34.01
Foreign Institutional Investors	3379711	02.49
NRIs/OCBs	312592	00.23
Domestic Companies	2032985	01.49
Non-domestic Companies	1380	00.00
Banks and Mutual Funds	2099687	01.54
Financial Institutions	12562065	09.24
Total	135992817	100.00

Dematerialisation of shares and liquidity

As on March 31, 2004, 37.80% of the shares were held in dematerialised form and the rest in physical form. It may be noted that Colgate-Palmolive Company, USA owns 51% of the Company's shares, which are also held in physical form. If these shares were to be excluded from the total number of shares, then dematerialised shares account for 77.15% of the remainder.

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

Outstanding GDRs/ADRs/Warrants or any convertible instruments

There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as at end March 2004.

Plant Locations*Mumbai*

6, Sewri Fort Road
Mumbai 400 015

Aurangabad

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

Address for investor correspondence

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

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



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

To

The Members of Colgate-Palmolive (India) Limited

1. We have examined the compliance of conditions of Corporate Governance by Colgate-Palmolive (India) Limited (the Company) for the year ended March 31, 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We state that in respect of investor grievances received during the year ended March 31, 2004, no investor grievances are pending against the Company as on June 29, 2004, except for dispute cases and sub-judice matters, which would be solved on final disposal by the Courts, as per the records maintained by the Company and presented to the Shareholders'/Investors' Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004



Annexure 2

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

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

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

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

- Development of new and innovative products to expand market and increase consumption.
- All aspects of supply chain to reduce the cost of materials, to effect import substitution and process cycle time reduction.
- Quality improvements and upgradation of raw materials suppliers.
- Significant technical advances in our flagship brand – Colgate Dental Cream.
- Claim substantiation.

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

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

3. Future plan of action :

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

4. Expenditure on R&D :	2003-04
	[Rs. Lacs]
a) Capital	50.89
b) Recurring	5,77.73
c) Total	6,28.62
d) Total R&D expenditure as a	
Percentage of total turnover	0.67

Technology absorption, adaptation and innovation :

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

- The Company has developed a clinically proven and highly efficacious toothpaste formula for its flagship brand Colgate Dental Cream.
- The Company has developed a unique herbal toothpaste combining the oral care science of Colgate with nature's best herbs for whiter teeth and healthy gums.
- The Company has developed and introduced a range of products including shower gel, bar soap, talcum powder and liquid hand wash under the brand Palmolive Aroma.
- The Company has developed a range of toothbrushes including Colgate Massager and Colgate Designer; Colgate Oral Pharmaceutical Range of brushes – Interdental & Orthodontic; and Powered Brushes – Colgate Motion for kids.

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

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

3. Imported Technology :

The Company receives valuable technical guidance and assistance, which is absorbed and adapted to meet the demands of the local market. The Company has entered into Technical Know-how Agreements with Colgate-Palmolive Company, USA with a view to deriving enhanced benefit of their technology including continuous advancements and upgradation thereof for manufacture of toilet soaps and toothpaste.

C. Foreign Exchange Earnings and Outgo :

During the year, the Company was able to generate export earnings of Rs. 19,98.54 Lacs. The particulars of foreign exchange earned/utilised during the year are given in Schedule 23 to the Accounts.



Auditors' Report

To the Members of Colgate-Palmolive (India) Limited

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

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004



Annexure to the Auditors' Report

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2004)

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all items over a period of three financial years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanation given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of The Companies Act, 1956, of India (the Act).
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company and according to the information and explanation given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the Register in pursuance of Section 301 of the Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, for purchase of services made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lacs in respect of each party during the year, no comparison of prices could be made available as these services are of special nature. There were no purchase of goods and materials, and sale of goods, materials and services during the year.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.
- (vii) In our opinion, the Company's present internal audit system is commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities in India.
- (b) According to the information and explanation given to us and the records of the Company examined by us, the particulars of dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess as at March 31, 2004 which have not been deposited on account of a dispute are as follows :



Annexure to the Auditors' Report (Contd.)

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2004)

Sr. No.	Name of the Statute	Nature of the Dues	Amount under dispute not yet deposited (Rs. Lacs)	Forum where dispute is pending
1.	Excise Duty The Central Excise Act, 1944	Excise duty liability from April 1999 to October 1999	3.77	Customs, Excise and Service Tax Appellate Tribunal
	Sub-total		3.77	
2.	Income Tax The Income Tax Act, 1961	Matters in Appeal by the Income Tax Department for the Assessment years 1986-87 to 1994-95.	7,61.67	Mumbai High Court
	Sub-total		7,61.67	
3.	Sales Tax * As per the Statutes applicable in the following states - New Delhi, Rajasthan, Gujarat, Maharashtra, Bihar, Orissa, Kerala, Madhya Pradesh, Andhra Pradesh, West Bengal, Uttar Pradesh and Punjab.	Sales tax in dispute for Assessment years 1990-91 and 1994-95 to 2002-03 Sales tax in dispute for Assessment years 1994-95, 1995-96 and 1997-98.	8,78.79 19.23	First Appellate Authorities of various states Sales tax Appellate Tribunal of various states
	Sub-total		8,98.02	
	Grand Total		16,63.46	

* Rs. 8,98.02 Lacs have been stayed for recovery by the relevant authority.

- | | |
|---|---|
| <p>(x) The Company has no accumulated losses as at March 31, 2004 and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.</p> <p>(xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.</p> <p>(xii) In our opinion, the Company has maintained adequate documents and records in the cases where the Company has granted loans and advances on the basis of security</p> | <p>by way of pledge of shares, debentures and other securities.</p> <p>(xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.</p> <p>(xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.</p> <p>(xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.</p> |
|---|---|



- (xvi) The Company has not taken any term loans during the current year.
- (xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported by the Management during the year, that ultimately causes the financial statements to be materially misstated.

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004



Balance Sheet as at March 31, 2004

	Schedule	Rs. Lacs	Rs. Lacs	As at March 31, 2003 Rs. Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	1	135,99.28		135,99.28
Reserves and Surplus	2	108,31.53		139,02.69
			244,30.81	275,01.97
Loan Funds				
Unsecured Loans	3		2,16.88	2,14.00
Deferred Tax Liability	4		11,84.47	26,54.20
Total			<u>258,32.16</u>	<u>303,70.17</u>
Application of Funds				
Fixed Assets	5			
Gross Block		321,23.35		319,69.33
Less : Depreciation/Amortisation		231,44.38		163,59.41
Net Block		89,78.97		156,09.92
Capital Work-in-Progress and Advances for Capital Expenditure		4,16.33		1,91.81
			93,95.30	158,01.73
Investments	6		115,88.67	105,21.50
Deferred Tax Asset	7		11,71.52	10,94.35
Current Assets, Loans and Advances				
Inventories	8	61,67.82		53,31.98
Sundry Debtors	9	32,61.71		41,04.85
Cash and Bank Balances	10	127,95.46		98,47.95
Interest Accrued on Investments/Deposits		4,63.95		4,50.17
Loans and Advances	11	103,09.35		152,81.96
		329,98.29		350,16.91
Less :				
Current Liabilities and Provisions				
Liabilities	12	227,46.72		247,27.05
Provisions	13	65,74.90		73,37.27
		293,21.62		320,64.32
Net Current Assets			36,76.67	29,52.59
Total			<u>258,32.16</u>	<u>303,70.17</u>

The Schedules (1 to 23) referred to hereinabove form an integral part of the financial statements.

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

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004

For and on behalf of the Board

Managing Director

G. Dalziel

Whole-time Director

M. A. Elias

Whole-time Director &

Company Secretary

K. V. Vaidyanathan

Mumbai, June 29, 2004



Profit and Loss Account for the year ended March 31, 2004

	Schedule	Rs. Lacs	Rs. Lacs	2002-2003 Rs. Lacs
Income				
Sales		1,042,08.35		1,056,88.82
Less : Excise Duty		102,89.11		109,44.82
			939,19.24	947,44.00
Other Income	14		29,91.83	35,76.47
			969,11.07	983,20.47
Expenditure				
Cost of Goods Sold	15	480,72.36		457,89.05
Employee Costs	16	69,52.06		69,50.90
Other Expenses	17	243,12.42		289,85.52
Depreciation/Amortisation	5	24,26.49		19,46.80
			817,63.33	836,72.27
Profit before Taxation			151,47.74	146,48.20
Current Year Taxation		58,94.71		68,03.54
Deferred Tax (Refer Note 13 on Schedule 23)		(15,46.90)		(10,21.27)
			43,47.81	57,82.27
Profit after Taxation			107,99.93	88,65.93
Balance Brought Forward			22,01.70	3,50.52
Profit Available for Appropriation			130,01.63	92,16.45
Appropriation :				
First Interim Dividend			30,59.84	30,59.82
Second Interim Dividend			16,99.91	27,19.86
One Time Special Anniversary Dividend			16,99.91	—
Third Interim Dividend			16,99.91	—
Dividend Tax			10,45.44	3,48.48
Transfer to General Reserve			10,80.00	8,86.59
Balance Carried Forward			27,16.62	22,01.70
			130,01.63	92,16.45
Earnings Per Equity Share (Rupees)				
(Face Value of Rs. 10 per equity share)				
Basic and Diluted			7.94	6.52

The Schedules (1 to 23) referred to hereinabove form an integral part of the financial statements.

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

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004

For and on behalf of the Board

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Mumbai, June 29, 2004



Cash Flow Statement for the year ended March 31, 2004

	2003-2004 Rs. Lacs	2002-2003 Rs. Lacs
Cash Flow from Operating Activities :		
Net Profit before Tax	151,47.74	146,48.20
Adjustment for :		
Foreign Exchange Loss (Net)	4.34	21.57
Depreciation and Amortisation	24,26.49	19,46.80
Interest Expense	59.33	23.93
Write-down/Provision of under utilised and Idle Fixed Assets	—	1,58.77
(Gain)/Loss on retirement of Fixed Assets (Net)	15.82	(6.19)
Interest Income	(19,50.56)	(18,70.53)
Gain on Prepayment of Sales Tax Deferral Liability	(32.59)	(4,38.13)
Diminution in Value of Investments	—	0.95
Loss/(Gain) on Sale of Investments	—	5,94.21
Operating Profit before Working Capital Changes	156,70.57	150,79.58
Adjustment for (Increase)/Decrease in Working Capital :		
Inventories	(8,35.84)	19,80.15
Sundry Debtors	8,43.14	31,94.99
Loans and Advances	(6,50.39)	11,75.55
Current Liabilities and Provisions	(15,49.23)	17,89.96
Cash Generated from Operations	134,78.25	232,20.23
Direct Taxes Paid (Net)	(59,65.08)	(56,44.69)
Net Cash from Operating Activities (A)	75,13.17	175,75.54
Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(8,49.70)	(7,03.87)
Sale of Fixed Assets	1,47.73	33.88
Purchase of Investments	(10,67.17)	(73,09.00)
Sale of Investments	—	15,45.00
Inter Corporate Deposits (placed)/Refunded (Net)	56,23.00	(55,91.00)
Interest Received	19,36.79	16,16.72
Net Cash used in Investing Activities (B)	57,90.65	(104,08.27)
Cash Flow from Financing Activities :		
Long Term Loans Availed/(Paid)	2.88	54.00
Sales Tax Deferral (Paid)/Availed (Net)	32.59	(3,26.59)
Interest Paid	(59.33)	(23.93)
Dividend Paid	(91,52.00)	(68,77.57)
Dividend Tax Paid	(11,76.11)	—
Net Cash used in Financing Activities (C)	(103,51.97)	(71,74.09)
Net increase in Cash and Cash Equivalents (A+B+C)	29,51.85	(6.82)
Cash and Cash Equivalents at the beginning of the year	98,47.95	98,76.34
	127,99.80	98,69.52
Effects of Exchange Rate Changes	(4.34)	(21.57)
Cash and Cash Equivalents at the end of the year	127,95.46	98,47.95



Cash Flow Statement for the year ended March 31, 2004 (Contd.)

	As at March 31, 2004 Rs. Lacs	As at March 31, 2003 Rs. Lacs
Cash and Cash Equivalents comprise :		
Cash and Cheques on Hand	—	—
Balances with Scheduled Banks in		
– Current Accounts	27,07.10	43,86.70
– Deposit Accounts	96,52.76	50,53.17
– Unpaid Dividend Accounts	4,35.60	4,08.08
Cash and Cash Equivalents as at March 31, 2004	127,95.46	98,47.95

Notes :

1. The Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Accounting Standard 3 “Cash Flow Statements” issued by the Institute of Chartered Accountants of India.
2. Previous year’s figures have been re-grouped and re-arranged wherever necessary.

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

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004

For and on behalf of the Board

Managing Director

G. Dalziel

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K. V. Vaidyanathan

Mumbai, June 29, 2004



Schedules forming part of the Balance Sheet as at March 31, 2004

	Rs. Lacs	As at March 31, 2004 Rs. Lacs	As at March 31, 2003 Rs. Lacs
Schedule 1 : Share Capital			
Authorised			
13,70,00,000 Equity Shares of Rs. 10 each		<u>137,00.00</u>	<u>137,00.00</u>
Issued, Subscribed and Paid-up			
13,59,92,817 Equity Shares of Rs. 10 each fully paid		<u>135,99.28</u>	<u>135,99.28</u>
Of the above:			
(i) 6,93,56,336 Shares are held by Colgate-Palmolive Company, USA, the Holding Company.			
(ii) 11,18,85,735 Shares of Rs. 10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.			
Schedule 2 : Reserves and Surplus			
Capital Reserve			
Consideration for vacating rented godown	6.50		6.50
Special Capital Incentive from State Government	<u>20.00</u>		<u>20.00</u>
		26.50	26.50
Share Premium Account		<u>12,79.93</u>	<u>12,79.93</u>
General Reserve			
Balance, beginning of the year	103,94.56		95,07.97
Less : Adjustment of Intangible Assets (Refer Note 13 on Schedule 23)	<u>46,66.08</u>		<u>—</u>
	57,28.48		95,07.97
Add : Transfer from Profit and Loss Account	<u>10,80.00</u>		<u>8,86.59</u>
		68,08.48	103,94.56
Profit and Loss Account Balance		<u>27,16.62</u>	<u>22,01.70</u>
		<u>108,31.53</u>	<u>139,02.69</u>
Schedule 3 : Unsecured Loans			
Loans [Repayable within one year Rs. 1,60.00 Lacs (Previous Year : Rs. 5.00 Lacs)]		<u>2,16.88</u>	<u>2,14.00</u>
		<u>2,16.88</u>	<u>2,14.00</u>
Schedule 4 : Deferred Tax Liability (Refer Note 8 on Schedule 18 and Note 13 on Schedule 23)			
Timing Difference between book and tax depreciation		<u>11,84.47</u>	<u>26,54.20</u>
		<u>11,84.47</u>	<u>26,54.20</u>

Schedules forming part of the Balance Sheet as at March 31, 2004

Schedule 5 : Fixed Assets

(Refer Note 2 on Schedule 18 and Note 13 on Schedule 23)

(Rs. Lacs)

Particulars	Gross Block				Depreciation/Amortisation				Net Book Value	
	As at March 31, 2003	Additions/ Transfers	Disposals/ Transfers	As at March 31, 2004	Upto March 31, 2003	For the Year	Disposals/ Transfers/ Adjustment (Refer Note 13 on Schedule 23)	Upto March 31, 2004	As at March 31, 2004	As at March 31, 2003
Intangible Assets										
Goodwill and Trademarks	27,29.81	–	–	27,29.81	5,80.08	1,19.43	18,93.81	25,93.32	1,36.49	21,49.73
Copyrights and Design	13,52.90	–	–	13,52.90	8,21.40	1,06.31	3,57.55	12,85.26	67.64	5,31.50
Technical Know-how	49,83.70	–	–	49,83.70	20,17.21	3,02.58	24,14.72	47,34.51	2,49.19	29,66.49
Tangible Assets										
Land - Leasehold (Refer Note (i) below)	86.08	–	–	86.08	11.19	0.91	–	12.10	73.98	74.89
Buildings (Refer Note (ii) below) (Refer Note 12 on Schedule 23)	70,67.07	71.87	–	71,38.94	13,15.81	7,45.07	–	20,60.88	50,78.06	57,51.26
Plant and Machinery	122,65.99	3,58.65	90.59	125,34.05	89,53.46	6,17.42	(48.97)	95,21.91	30,12.14	33,12.53
Furniture and Equipment	33,61.18	1,94.50	3,47.04	32,08.64	25,89.98	5,16.55	(2,31.00)	28,75.53	3,33.11	7,71.20
Vehicles	1,22.60	0.16	33.53	89.23	70.28	18.22	(27.63)	60.87	28.36	52.32
Total	319,69.33	6,25.18	4,71.16	321,23.35	163,59.41	24,26.49	43,58.48	231,44.38	89,78.97	156,09.92
Total Previous Year	313,23.38	7,71.44	1,25.49	319,69.33	143,51.63	19,46.80	60.98	163,59.41		
Add : Capital Work-in-Progress including advances on Capital Account Rs. 90.78 Lacs (Previous Year : Rs. 28.04 Lacs)									4,16.33	1,91.81
Total									93,95.30	158,01.73

- Notes : (i) Land — Leasehold comprises of lease rights in respect of the land at Waluj and Aurangabad in the possession of the Company under Lease/Agreements to Lease with the Maharashtra Industrial Development Corporation and City & Industrial Development Corporation of Maharashtra Limited, respectively.
- (ii) Buildings comprise of : (a) Cost of Premises, including shares and loan stock bonds in a Co-operative Society, (b) Factory Building at Sewri and leasehold rights in the land on which the building stands. While the ownership of the factory building is in the name of the Company, Mumbai Port Trust (MPT) has not yet effected formal transfer of lease rights in the said land, in favour of the Company. As regards the plot of land adjoining the factory building, MPT has revoked its offer of assignment. The Company has made a representation to MPT in this respect and the matter is pending. The amount of stamp duty and legal costs for such transfer will be capitalised when paid, (c) Factory buildings at Waluj, Aurangabad (d) a residential building at Aurangabad and (e) Research Centre at Powai, Mumbai.



Schedules forming part of the Balance Sheet as at March 31, 2004

	As at March 31, 2004 Rs. Lacs	As at March 31, 2003 Rs. Lacs
Schedule 6 : Investments		
(Refer Note 3 on Schedule 18)		
(At Cost - Long Term, Unquoted, unless otherwise stated)		
A. In Wholly-owned Subsidiary Companies		
3,500 (Previous Year : 3,500) Equity Shares of Rs. 10 each fully paid in Multimint Leasing & Finance Limited (Refer Note below)	0.35	0.35
3,020 (Previous Year : 3,020) Equity Shares of Rs. 10 each fully paid in Jigs Investments Limited (Refer Note below)	0.30	0.30
302 (Previous Year : 302) Equity Shares of Rs. 100 each fully paid in Passion Trading & Investment Company Limited (Refer Note below)	0.30	0.30
17,00,000 (Previous Year : 17,00,000) Equity Shares of Nepalese Rs. 100 each fully paid in Colgate-Palmolive (Nepal) Private Limited	10,62.50	10,62.50
	10,63.45	10,63.45
Less : Provision for Diminution in the value of Investments (Refer Note below)	0.95	0.95
	10,62.50	10,62.50
B. Other Investments (Listed but not quoted) (Non-Trade)		
5.20% (Tax Free) Secured, Redeemable, Non-Convertible Railway Bonds of Indian Railway Finance Corporation Limited (Series 44 th 'A') of the face value of Rs. 2,000 Lacs	20,00.00	20,00.00
7.80% (Tax Free) Secured, Redeemable, Non-Convertible Railway Bonds of Indian Railway Finance Corporation Limited (Series 36) of the face value of Rs. 15,00 Lacs	15,00.00	15,00.00
5.25% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4D) of the face value of Rs. 1,000 Lacs	10,00.00	10,00.00
8.75% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Limited (Series 5A) of the face value of Rs. 500 Lacs	5,00.00	5,00.00
6.35% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Limited (Series 7A) of the face value of Rs. 2,000 Lacs	20,00.00	20,00.00
5.10% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4A) of the face value of Rs. 1,500 Lacs	15,00.00	15,00.00
9.25% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Hudco-Gujarat Punarnirman (Series - 1C) of the face value of Rs. 950 Lacs	9,59.00	9,59.00
	94,59.00	94,59.00
C. Other Investments (Listed and quoted) (Non-Trade)		
6.75% Tax Free bonds of Unit Trust of India of the face value of Rs. 10,50.20 Lacs purchased during the year (Quoted) [Market Value Rs. 11,39.47 Lacs (Previous Year : Rs. Nil)]	10,67.17	—
	10,67.17	—
	115,88.67	105,21.50
Aggregate book value of Investments :		
Unquoted	10,62.50	10,62.50
Listed but not quoted	94,59.00	94,59.00
Listed and quoted - Market Value Rs. 11,39.47 Lacs (Previous Year : Rs. Nil)	10,67.17	—
	115,88.67	105,21.50

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



Schedules forming part of the Balance Sheet as at March 31, 2004

	As at March 31, 2004 Rs. Lacs	As at March 31, 2003 Rs. Lacs
Schedule 7 : Deferred Tax Asset (Refer Note 8 on Schedule 18)		
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	1,31.18	1,79.17
Accrual for expenses allowable only on payment	10,40.34	9,15.18
	<u>11,71.52</u>	<u>10,94.35</u>
Schedule 8 : Inventories (Refer Note 4 on Schedule 18)		
Stores and Spares	1,64.18	1,87.79
Raw and Packing Materials	8,00.37	10,17.70
Work-in-Process	1,27.44	3,29.73
Finished Goods	50,75.83	37,96.76
	<u>61,67.82</u>	<u>53,31.98</u>
Schedule 9 : Sundry Debtors Unsecured : Considered Good		
Over Six Months	—	73.82
Others	32,61.71	40,31.03
	<u>32,61.71</u>	<u>41,04.85</u>
Schedule 10 : Cash and Bank Balances Balances with Scheduled Banks in :		
– Current Accounts	27,07.10	43,86.70
– Deposit Accounts	96,52.76	50,53.17
– Unpaid Dividend Accounts	4,35.60	4,08.08
	<u>127,95.46</u>	<u>98,47.95</u>
Schedule 11 : Loans and Advances (Refer Note 11 on Schedule 23)		
Secured :		
Loans to Employees	3,04.33	2,51.82
[include amounts due from an officer of the Company Rs. 29.77 Lacs (Previous Year : Rs. 30.97 Lacs) - maximum amounts due during the year : Rs. 30.97 Lacs (Previous Year : Rs. 32.15 Lacs)]		
Unsecured : Considered Good		
Inter-Corporate Deposits	65,44.00	121,67.00
Advances Recoverable in Cash or in Kind or for Value to be Received	12,84.48	9,16.80
[include amount due from a Wholly-owned subsidiary : Rs. Nil (Previous Year : Rs. 2,15.89 Lacs)]		
Balances with Excise Authorities	2,58.74	21.99
Deposits - Others	19,17.80	19,24.35
	<u>103,09.35</u>	<u>152,81.96</u>



Schedules forming part of the Balance Sheet as at March 31, 2004

	As at March 31, 2004 Rs. Lacs	As at March 31, 2003 Rs. Lacs
Schedule 12 : Liabilities		
Acceptances	20,38.03	20,79.87
Sundry Creditors (Refer Note 8 on Schedule 23) [include amounts due to subsidiaries: Rs. 1,32.77 Lacs (Previous Year : Rs. Nil)]	153,12.68	177,22.76
Unclaimed Dividends*	4,35.60	4,08.08
Other Liabilities	49,60.41	45,16.34
	<u>227,46.72</u>	<u>247,27.05</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		

Schedule 13 : Provisions

Taxation (net of advance tax payments)	20,51.61	21,21.98
Second Interim Dividend	—	27,19.86
Third Interim Dividend	16,99.91	—
Dividend Tax	2,17.81	3,48.48
Gratuity (Refer Note 6 on Schedule 18)	65.29	—
Leave Encashment (Refer Note 6 on Schedule 18)	3,40.28	5,91.03
Others/Contingency (Refer Note 14 on Schedule 23)	22,00.00	15,55.92
	<u>65,74.90</u>	<u>73,37.27</u>
	<u>293,21.62</u>	<u>320,64.32</u>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2004

	2003-2004 Rs. Lacs	2002-2003 Rs. Lacs
Schedule 14 : Other Income		
Interest		
— On Bank Deposits	2,55.76	4,10.29
[Tax Deducted at Source Rs. 71.19 Lacs (Previous Year : Rs. 94.97 Lacs)]		
— On Long Term Investments	5,67.86	4,59.88
— Others	11,26.94	10,00.36
[Tax Deducted at Source Rs. 1,62.70 Lacs (Previous Year : Rs. 1,64.11 Lacs)]		
Cash Discount	1,30.93	1,36.53
Gain on pre-payment of Sales-Tax Deferral Liability	32.59	4,38.13
Rental Income	66.96	66.96
[Tax Deducted at Source Rs. 9.52 Lacs (Previous Year : Rs. 13.00 Lacs)]		
Provisions no Longer Required Written Back	3,31.55	5,40.00
Bad Debts Recovered	77.40	1,70.54
Profit on Sale of Assets (Net)	—	6.19
Miscellaneous	4,01.84	3,47.59
	<u>29,91.83</u>	<u>35,76.47</u>



Schedules forming part of the Profit and Loss Account for the year ended March 31, 2004

	Rs. Lacs	2003-2004 Rs. Lacs	2002-2003 Rs. Lacs
Schedule 15 : Cost of Goods Sold			
Opening Stock			
Work-in-Process	3,29.73		3,14.30
Finished Goods	37,96.76		56,60.75
		41,26.49	59,75.05
Raw and Packing Materials Consumed			
Opening Stock	10,17.70		10,85.24
Add : Purchases	135,51.74		139,12.51
	145,69.44		149,97.75
Less : Closing Stock	8,00.37		10,17.70
	137,69.07		139,80.05
Less : Sale of Materials	22,11.96		20,30.79
		115,57.11	119,49.26
Purchased Finished Goods		156,83.60	179,24.31
Less : Closing Stock		374,52.86	324,77.01
Work-in-Process	1,27.44		3,29.73
Finished Goods	50,75.83		37,96.76
		52,03.27	41,26.49
Increase/(Decrease) in Excise Duty on Finished Goods		1,39.17	(4,85.78)
		480,72.36	457,89.05
Schedule 16 : Employee Costs			
Salaries, Wages and Bonus		58,71.15	59,19.25
[includes Rs. Nil (Previous Year : Rs. 6,08.78 Lacs) incurred towards Voluntary Retirement Scheme] (Refer Note 6 on Schedule 18)			
Contribution to Provident, Gratuity and Other Funds		8,38.84	7,33.92
Staff Welfare Expenses		2,42.07	2,97.73
		69,52.06	69,50.90



Schedules forming part of the Profit and Loss Account for the year ended March 31, 2004

	Rs. Lacs	2003-2004 Rs. Lacs	2002-2003 Rs. Lacs
Schedule 17 : Other Expenses			
Consumption of Stores and Spares		2,08.51	1,53.22
Processing Charges		66.85	1,13.34
Power and Fuel		4,31.90	4,92.64
Freight and Forwarding Charges		16,31.44	16,35.26
Rent		4,20.39	3,91.95
Rates and Taxes		1,09.80	81.43
Insurance		1,20.38	1,52.39
Repairs :			
– Plant and Machinery	4,04.34		4,55.62
– Buildings	1,05.93		14.78
– Others	32.41		88.45
		5,42.68	5,58.85
Advertising		147,64.92	184,81.81
Directors' Fees		7.15	4.10
Auditors' Remuneration :			
– As Auditors	28.00		20.00
In other capacity in respect of :			
– Other Matters	20.90		16.63
– Out-of-Pocket Expenses	0.62		0.57
		49.52	37.20
Sales Taxes absorbed		5,13.88	5,50.09
Royalty		9,51.40	7,61.31
Loss on Sale of Investment		–	44.21
Loss on Sale of Investment in Wholly-owned Subsidiary		–	5,50.00
Diminution in Value of Investments		–	0.95
Bad Debts Written Off		58.05	1,56.82
Loss on Sale of Fixed Assets (Net)		15.82	–
Exchange Loss (Net)		28.38	41.51
Interest [Includes Rs. 24.34 Lacs (Previous Year : Rs. 23.93 Lacs) on Fixed Loans]		59.33	23.93
Miscellaneous		43,32.02	47,54.51
		243,12.42	289,85.52



Notes forming part of the Balance Sheet as at March 31, 2004 and Profit and Loss Account for the year ended March 31, 2004

Schedule 18 : Significant Accounting Policies

1. Basis of Accounting

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

2. Fixed Assets

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

Intangible Assets

The Company has revised the useful life of Goodwill and Trademarks, Copyrights and Design, Technical Know-how to 10 years. The balance useful life of Goodwill and Trademarks, Copyrights and Design and Technical Know-how as at March 31, 2004 is 6 months. (Refer Note 13 on Schedule 23).

Tangible Assets

Leasehold land is being amortised over the period of lease. Depreciation is provided pro-rata to the period of use on straight-line method based on the estimated useful lives of the assets, as stated below:

Assets	Useful Lives
Residential and Office Building *	40 Years
Factory Building *	20 Years
Plant and Machinery	9 Years to 21 Years
Dies and Moulds	3 Years
Furniture and Fixtures	5 Years
Office Equipment	5 Years
Computers	5 Years
Vehicles	5 Years

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

The Company has revised the estimated useful life of Factory Buildings to 20 years and Residential and Office Buildings to 40 years. (Refer Note 12 on Schedule 23).

The useful lives of the assets are based on technical estimates approved by the Management, and are lower than the implied useful lives arrived on the basis of the

rates prescribed under Schedule XIV to the Companies Act, 1956 of India. Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

3. Investments

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

4. Inventories

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

5. Revenue Recognition

Sales are recognised on despatch to customers and are recorded net of trade discounts, rebates, sales taxes and excise duty on own manufactured and out-sourced products.

6. Expenditure

Expenses are accounted for on accrual basis and provision is made for all known/potential losses/claims and liabilities, on a conservative and consistent basis.

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

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

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

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



Notes forming part of the Balance Sheet as at March 31, 2004 and Profit and Loss Account for the year ended March 31, 2004

7. Foreign Currency Transactions

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

8. Taxation

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

Schedule 19 : Contingencies & Commitments

	2003-2004 Rs. Lacs	2002-2003 Rs. Lacs
1. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs. 90.78 Lacs (Previous Year : Rs. 28.04 Lacs)]	7,87.18	1,12.08
2. Contingent liabilities not provided for in respect of :		
(i) Guarantees given by the Company	4,60.00	8,90.00
(ii) Counter Guarantees given to the Banks	56.91	55.95
(iii) Cheques Discounted with Banks	16,99.21	4,54.98
(iv) Others		
– Excise Matters	4,63.16	2,79.29
– Service Tax Matters	92.19	45.83

Schedule 20 : Lease Accounting

1. The Company has leased vehicles and computer equipments under "Operating Leases". The lease payments to be made in future in respect of the leases are as follows :		
Upto 1 year	2,86.02	2,52.18
Greater than 1 year but less than 5 years	3,22.67	2,55.14
Greater than 5 years	–	–
2. Lease payments recognised in Profit and Loss Account are included in "Miscellaneous" under Other Expenses in Schedule 17	3,26.59	3,02.99

Schedule 21 : Segment Information

- In accordance with the requirements of Accounting Standard-17, "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's Business Segment is "Personal Care (including Oral Care)" and hence it has no other Primary reportable segments. Thus the Segment revenue, Segment result, total carrying amount of Segment assets and Segment liability, total cost incurred to acquire Segment assets, total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2004.

	India		Outside India		Total	
	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003
Revenue by Geographical Segment						
External	921,58.48	928,20.06	17,60.76	19,23.94	939,19.24	947,44.00
Inter-Segments	–	–	–	–	–	–
Total	921,58.48	928,20.06	17,60.76	19,23.94	939,19.24	947,44.00
Carrying amount of segment assets	551,53.79	624,34.49	–	–	551,53.79	624,34.49
Capital Expenditure	6,25.18	7,71.44	–	–	6,25.18	7,71.44



Notes forming part of the Balance Sheet as at March 31, 2004 and Profit and Loss Account for the year ended March 31, 2004

Schedule 22 : Disclosure of Related Parties

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

- | | | |
|--|---|---|
| i) Holding Company | : | Colgate-Palmolive Company, U.S.A. |
| ii) Wholly-owned Subsidiaries | : | Colgate-Palmolive (Nepal) Private Limited |
| | : | Camelot Investments Company Limited * |
| | : | Passion Trading & Investment Company Limited |
| | : | Multimint Leasing & Finance Limited |
| | : | Jigs Investments Limited |
| iii) Group Companies where common control exists | : | Colgate-Palmolive (Malaysia) Mktg. SDN BHD |
| | : | Colgate-Palmolive, Poland Sp.z.o.o |
| | : | Colgate-Palmolive, Russia |
| | : | Colgate-Palmolive, Philippines, Inc. |
| | : | Colgate-Palmolive, East Africa Ltd., Kenya |
| | : | Colgate-Palmolive, Marocco Limited |
| | : | Colgate-Palmolive Pty Ltd., South Africa |
| | : | Colgate-Palmolive Pty Ltd., Australia |
| | : | Colgate-Palmolive (Thailand) Ltd. |
| | : | Colgate-Palmolive (H.K.) Ltd., Hongkong |
| | : | Colgate-Palmolive (Guangzhou) Co. Ltd., China |
| | : | Colgate-Palmolive Son Hai Ltd., Vietnam |
| | : | Colgate Sanxiao (Consumer Products) Company Limited |
| | : | Colgate-Palmolive (U.K.) Limited |
| | : | Colgate-Palmolive (Png) Limited |
| | : | Colgate-Palmolive S.A., Portugal |
| | : | Hawley & Hazel Chemical Company (H.K.) Limited |
| | : | Colgate-Palmolive (Burlington) Limited |
| | : | Colgate Oral Pharmaceuticals, Inc. |
| | : | Colgate-Palmolive, Temizlik, Urunleri, Turkey |
| | : | Colgate-Palmolive IND. COM. LTDA |
| | : | Colgate-Palmolive Cameroun S.A. |
| | : | Colgate-Palmolive Romania srl. |
| | : | Hills' Pet Nutrition Canada, Inc. |
| | : | Colgate-Palmolive (Mexico) S.A. de C.V. |
| | : | CP Global Export - France |
| | : | Colgate-Palmolive (Fiji) Limited |
| | : | Colgate-Palmolive Company Puerto Rico |
| * Ceased to be a subsidiary with effect from March 21, 2003 | | |
| iv) Vendors where Key Management Personnel have significant influence | : | Quantum Market Research Private Limited |
| v) Key Management Personnel | : | Graeme Dalziel |
| | : | Moses Elias |
| | : | Vikram Kaushik |
| | : | K. V. Vaidyanathan |
| vi) Relatives of Key Management Personnel | : | Mrs. Pratima Elias |



Notes forming part of the Balance Sheet as at March 31, 2004 and Profit and Loss Account for the year ended March 31, 2004.

Schedule 22 : Disclosure of Related Parties – Continued

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

Rs. Lacs

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Parties referred to in (vi) above		Total	
	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003
Purchase of Goods/Materials														
Colgate-Palmolive (Nepal) Private Limited	–	–	54,79.72	49,04.72	–	–	–	–	–	–	–	–	54,79.72	49,04.72
Others	0.80	–	–	–	9,63.25	1,76.69	–	–	–	–	–	–	9,64.05	1,76.69
Sub-Total	0.80	–	54,79.72	49,04.72	9,63.25	1,76.69	–	–	–	–	–	–	64,43.77	50,81.41
Sale of Goods														
Colgate-Palmolive (Nepal) Private Limited	–	–	3,12.39	3,04.18	–	–	–	–	–	–	–	–	3,12.39	3,04.18
Colgate-Palmolive, Poland Sp.z.o.o	–	–	–	–	15.33	1,19.22	–	–	–	–	–	–	15.33	1,19.22
Colgate-Palmolive Pty Ltd., South Africa	–	–	–	–	1,47.68	30.12	–	–	–	–	–	–	1,47.68	30.12
Others	–	0.62	–	–	1,12.53	62.12	–	–	–	–	–	–	1,12.53	62.74
Sub-Total	–	0.62	3,12.39	3,04.18	2,75.54	2,11.46	–	–	–	–	–	–	5,87.93	5,16.26
Purchase of Assets														
Colgate-Palmolive (Guangzhou)														
Co. Ltd., China	–	–	–	–	–	42.44	–	–	–	–	–	–	–	42.44
Colgate-Palmolive (Nepal) Private Limited	–	–	–	83.59	–	–	–	–	–	–	–	–	–	83.59
Colgate-Palmolive Company, USA	4.35	–	–	–	–	–	–	–	–	–	–	–	4.35	–
Others	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sub-Total	4.35	–	–	83.59	–	42.44	–	–	–	–	–	–	4.35	1,26.03
Sale of Assets														
Colgate-Palmolive Son Hai Ltd., Vietnam	–	–	–	–	–	16.15	–	–	–	–	–	–	–	16.15
Sub-Total	–	–	–	–	–	16.15	–	–	–	–	–	–	–	16.15
Services Rendered														
Colgate-Palmolive Company, USA	2,77.78	2,48.10	–	–	–	–	–	–	–	–	–	–	2,77.78	2,48.10
Colgate-Palmolive (Malaysia) Mktg.														
SDN BHD	–	–	–	–	64.10	69.68	–	–	–	–	–	–	64.10	69.68
Others	–	–	–	–	7.02	–	–	–	–	–	–	–	7.02	–
Sub-Total	2,77.78	2,48.10	–	–	71.12	69.68	–	–	–	–	–	–	3,48.90	3,17.78
Services Received														
Colgate-Palmolive Company, USA	5,53.21	17.97	–	–	–	–	–	–	–	–	–	–	5,53.21	17.97
Colgate-Palmolive (Malaysia) Mktg.														
SDN BHD	–	–	–	–	5,40.40	8,88.64	–	–	–	–	–	–	5,40.40	8,88.64
Sub-Total	5,53.21	17.97	–	–	5,40.40	8,88.64	–	–	–	–	–	–	10,93.61	9,06.61
Reimbursement of Expenses														
Colgate-Palmolive Company, USA	1,51.50	0.92	–	–	–	–	–	–	–	–	–	–	1,51.50	0.92
Colgate-Palmolive S.A., Portugal	–	–	–	–	–	(7.11)	–	–	–	–	–	–	–	(7.11)
Colgate-Palmolive (H.K.) Ltd., Hongkong	–	–	–	–	(1.72)	8.77	–	–	–	–	–	–	(1.72)	8.77
Colgate-Palmolive (Thailand) Ltd.	–	–	–	–	(5.67)	(12.49)	–	–	–	–	–	–	(5.67)	(12.49)
Colgate-Palmolive, Philippines, Inc.	–	–	–	–	(45.93)	(0.31)	–	–	–	–	–	–	(45.93)	(0.31)
Colgate-Palmolive Son Hai Ltd., Vietnam	–	–	–	–	(4.28)	(9.47)	–	–	–	–	–	–	(4.28)	(9.47)
Others	–	–	–	–	(8.52)	8.50	–	–	–	–	–	–	(8.52)	8.50
Sub-Total	1,51.50	0.92	–	–	(66.12)	(12.11)	–	–	–	–	–	–	85.38	(11.19)

Notes forming part of the Balance Sheet as at March 31, 2004 and Profit and Loss Account for the year ended March 31, 2004.

Schedule 22 : Disclosure of Related Parties – Continued

Rs. Lacs

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Parties referred to in (vi) above		Total	
	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003
Dividend														
Colgate-Palmolive Company, USA	41,61.38	29,47.64	-	-	-	-	-	-	-	-	-	-	41,61.38	29,47.64
Sub-Total	41,61.38	29,47.64	-	-	-	-	-	-	-	-	-	-	41,61.38	29,47.64
Royalty and Technical Fees														
Colgate-Palmolive Company, USA	9,70.41	8,17.01	-	-	-	-	-	-	-	-	-	-	9,70.41	8,17.01
Sub-Total	9,70.41	8,17.01	-	-	-	-	-	-	-	-	-	-	9,70.41	8,17.01
Investment in Shares														
Camelot Investments Company Limited	-	-	-	5,50.00	-	-	-	-	-	-	-	-	-	5,50.00
Sub-Total	-	-	-	5,50.00	-	-	-	-	-	-	-	-	-	5,50.00
Repayment of Loan														
Camelot Investments Company Limited	-	-	-	9,00.00	-	-	-	-	-	-	-	-	-	9,00.00
Sub-Total	-	-	-	9,00.00	-	-	-	-	-	-	-	-	-	9,00.00
Provision no longer required														
Camelot Investments Company Limited	-	-	-	5,40.00	-	-	-	-	-	-	-	-	-	5,40.00
Sub-Total	-	-	-	5,40.00	-	-	-	-	-	-	-	-	-	5,40.00
Diminution in value of Investments														
Sub-Total	-	-	-	0.95	-	-	-	-	-	-	-	-	-	0.95
Market Research Services														
Quantum Market Research Private Limited	-	-	-	-	-	-	-	6.50	-	-	-	-	-	6.50
Sub-Total	-	-	-	-	-	-	-	6.50	-	-	-	-	-	6.50
Remuneration														
Sub-Total	-	-	-	-	-	-	-	-	4,96.53	3,78.23	-	-	4,96.53	3,78.23
Dividend														
Sub-Total	-	-	-	-	-	-	-	-	0.07	0.01	0.18	0.01	0.25	0.02
Refund of Deposit														
Sub-Total	-	-	-	-	-	-	-	-	-	14.00	-	-	-	14.00
Repayment of Loan														
Sub-Total	-	-	-	-	-	-	-	-	1.20	1.20	-	-	1.20	1.20
Interest on Loan received														
Sub-Total	-	-	-	-	-	-	-	-	0.90	0.90	-	-	0.90	0.90
Outstanding Receivable net of Payable	-	-	-	2,42.24	55.05	24.41	-	-	29.77	30.97	-	-	84.82	2,97.62
Outstanding Payable net of Receivable	5,21.62	7,21.88	1,32.77	-	1,73.69	2,82.55	-	-	-	-	-	-	8,28.08	10,04.43



Notes forming part of the Balance Sheet as at March 31, 2004 and Profit and Loss Account for the year ended March 31, 2004

Schedule 23 : Supplementary Information

1. Details of Raw and Packing Materials consumed :

	Unit	2003-2004		2002-2003	
		Quantity	Value	Quantity	Value
			Rs. Lacs		Rs. Lacs
Chemicals	M.T.	17,035	47,65.30	19,390	44,81.15
Tubes and Containers	Gross	12,27,643	32,68.08	13,49,336	39,88.57
Oils	M.T.	2,107	34,00.99	24,36	31,83.18
Cartons	Gross	8,36,341	13,16.08	8,87,773	12,18.80
Others			10,18.62		11,08.35
Total			137,69.07		139,80.05

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

	Value	% to Total	Value	% to Total
	Rs. Lacs	Consumption	Rs. Lacs	Consumption
Raw and Packing Materials :				
Imported at landed cost	16,03.50	12	17,24.06	12
Indigenously obtained	121,65.57	88	122,55.99	88
Total	137,69.07	100	139,80.05	100
Stores and Spare Parts :				
Imported at landed cost	48.24	23	83.26	54
Indigenously obtained	1,60.27	77	69.96	46
Total	2,08.51	100	1,53.22	100

	2003-2004	2002-2003
	Rs. Lacs	Rs. Lacs
3. Value of imports calculated on C.I.F. basis :		
Raw Materials	12,42.86	10,82.10
Finished Goods	8,28.10	1,77.33
Capital Goods	1,03.10	40.86
Spares	43.73	25.52
4. Expenditure in foreign currency (on payment basis) :		
Travelling	53.56	33.63
Royalty (Net of tax)	12,23.11	66.29
Services Received	6,10.39	7,25.21
Others	6,38.22	6,07.05
5. Earnings in foreign currency :		
Exports at F.O.B. Value	17,39.15	19,00.65
Services Rendered	2,57.23	3,17.78
Others	2.16	50.20



Notes forming part of the Balance Sheet as at March 31, 2004 and Profit and Loss Account for the year ended March 31, 2004

Schedule 23 : Supplementary Information (Contd.)

6. Net Dividends remitted in foreign currency to one non-resident shareholder – Colgate-Palmolive Company, USA :

For the Year	Nature of Dividend	No. of Equity Shares	2003-2004 Rs. Lacs	2002-2003 Rs. Lacs
2001-02	Second Interim	6,93,56,336	–	10,31.67
2002-03	First Interim	6,93,56,336	–	13,26.43
2002-03	Second Interim	6,93,56,336	13,87.13	–
2003-04	First Interim	6,93,56,336	15,60.52	–
2003-04	Second Interim	6,93,56,336	8,66.95	–
2003-04	One Time Special Anniversary	6,93,56,336	8,66.95	–
			46,81.55	23,58.10

7. Information for each class of goods manufactured :

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

		Annual capacity on three-shift basis			
		Unit	Licensed	Installed	Actual Production
Cosmetics and Toilet Preparation	2003-2004	M.T.	See Note (i) below	23,265	16,508
	2002-2003	M.T.	”	23,265	19,875
Distilled Fatty Acid	2003-2004	M.T.	24,000	24,000	1,239
	2002-2003	M.T.	24,000	24,000	1,621
Toilet Soaps	2003-2004	M.T.	Not Applicable	20,000	3,998
			See Note (ii) below		
Glycerine	2002-2003	M.T.	”	20,000	2,566
	2003-2004	M.T.	Not Applicable	3,000	108
			See Note (ii) below		
Toothbrushes and Shave Brushes	2002-2003	M.T.	”	3,000	104
	2003-2004	Doz.	Not Applicable	Not Applicable	102,064
			See Note (iii) below		
Dicalcium Phosphate	2002-2003	Doz.	”	”	100,584
	2003-2004	M.T.	Not Applicable	4,000	–
			See Note (iv) below		
	2002-2003	M.T.	”	4,000	793

Notes :

- The industrial undertaking was established prior to the enactment of the Industries (Development & Regulation) Act, 1951 (“The Industries Act”). The Company, therefore, did not require any industrial license at the time of establishment of its undertaking, but required registration under the Industries Act which was obtained in 1954. In 1957, the Company was granted a license for substantial expansion for manufacture of toothpaste, face cream and snow, talcum and face powders, oils and shampoos and other requirements. In 1966, Government recognised Company’s toothpaste mixing capacity as 1,550 tonnes per annum based on actual production at that time and advised the Company that its industrial undertaking was exempt from the provisions of the Industries Act. The Company applied for endorsement of its productive capacity on its Registration Certificate in pursuance of Government Notification dated July 5, 1975. In February 1979, Government endorsed annual productive capacity of 771 tonnes in respect of tooth powder and advised the Company that the productive capacities of other items shall be as specified in the industrial license granted in 1957. The installed capacity was last assessed by the Company in 1980 at 4,500 tonnes for tooth powder and 11,000 tonnes for toothpaste. The Company has filed a writ petition in the High Court for a declaration that it has not effected any unauthorised “substantial expansion” as contemplated in Section 13 (1)(d) of the Industries Act. The petition has been admitted by the High Court which has passed an order restraining the Government (pending the hearing and final disposal of the petition) from adopting any proceeding against the Company for alleged contravention of the provisions of the Industries Act. Toothpaste has now been delicensed in terms of Government notification issued in May 2002.
- Since the manufacture of toilet soap and glycerine are delicensed, the Company has obtained registrations from the Government of India for an annual capacity of 30,000 tonnes in respect of toilet soap and 3,000 tonnes in respect of glycerine. Distilled fatty acid & glycerine are used for captive consumption except to the extent sold.
- The bristling operations for toothbrushes and shave brushes are carried out under manufacturing arrangements with third parties.
- Dicalcium Phosphate, which is a delicensed item, is used for captive consumption, except to the extent sold.
- The installed capacity as shown above has been certified by the Executive Vice-President (Manufacturing) & Product Supply Chain and not verified by the Auditors being a technical matter.



Notes forming part of the Balance Sheet as at March 31, 2004 and Profit and Loss Account for the year ended March 31, 2004

Schedule 23 : Supplementary Information (Contd.)

(b) Opening and Closing Stocks of Finished Goods :

	2003-2004				2002-2003			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Doz.	Rs. Lacs	Doz.	Rs. Lacs	Doz.	Rs. Lacs	Doz.	Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	37,23,326	31,23.76	47,39,991	45,35.08	49,52,148	48,14.42	37,23,326	31,23.76
Toothbrushes and Shave Brushes	17,70,756	6,40.61	12,82,608	5,30.27	16,52,370	8,30.74	17,70,756	6,40.61
Others		32.39		10.48		15.59		32.39
Total		37,96.76		50,75.83		56,60.75		37,96.76

(c) Sale by Class of Goods :

	Unit	2003-2004		2002-2003	
		Quantity	Value	Quantity	Value
			Rs. Lacs		Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	Doz.	6,24,81,008	846,05.23	6,53,41,480	869,46.19
Toothbrushes and Shave Brushes	Doz.	1,09,71,842	91,60.94	1,11,22,906	76,54.49
Others			1,53.07		1,43.32
Total			939,19.24		947,44.00

(d) Purchase of Finished Goods :

	Unit	2003-2004		2002-2003	
		Quantity	Value	Quantity	Value
			Rs. Lacs		Rs. Lacs
Cosmetics and Toilet Preparations	Doz.	4,17,13,533	330,40.92	4,13,23,241	280,87.82
Toothbrushes and Shave Brushes	Doz.	1,03,91,658	43,34.96	1,12,44,357	42,78.93
Others			76.98		1,10.26
Total			374,52.86		324,77.01

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

- Sundry Creditors include an amount of **Rs. 4,04.62 Lacs** (Previous Year : Rs. 7,42.58 Lacs) due to small scale industrial undertakings.
- There are no dues to small scale industrial undertakings outstanding for more than 30 days.

	2003-2004	2002-2003
	Rs. Lacs	Rs. Lacs
9. (a) Remuneration to the Directors		
Salaries	2,12.53	1,74.22
Commission/Bonus	1,48.83	1,02.24
Contribution to Provident and Other Funds	12.02	13.37
Other Perquisites	1,23.16	88.40
Total	4,96.54	3,78.23



Notes forming part of the Balance Sheet as at March 31, 2004 and Profit and Loss Account for the year ended March 31, 2004

Schedule 23 : Supplementary Information (Contd.)

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

	2003-2004		2002-2003	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
Profit before Taxation		151,47.74		146,48.20
Add : (i) Remuneration paid to the Directors	4,96.54		3,78.23	
(ii) Directors' Fees	7.15		4.10	
(iii) Depreciation/Amortisation as per Accounts	24,26.49		19,46.80	
(iv) Loss on sale of Fixed Assets	15.82		—	
(v) Loss on sale of Investments	—		5,94.21	
(vi) Written-down of under utilised and Idle Assets	—		1,58.77	
(vii) Diminution in value of Investments	—		0.95	
Less : (i) Depreciation/Amortisation as per Section 350	17,96.60		14,29.56	
(ii) Profit on sale of Fixed Assets	—		6.19	
(iii) Loss on sale of Fixed Assets as per Section 350	1,28.13		21.35	
		10,21.27		16,25.96
Net Profit for the purpose of Directors' Commission		161,69.01		162,74.16
Commission @ 1% of Net Profit		1,61.69		1,62.74
Restricted to		1,48.83		1,02.24

10. Revenue expenses amounting to **Rs. 5,77.73 Lacs** (Previous Year : Rs. 4,91.41 Lacs) on Research and Development have been included under the respective heads of expense accounts.
11. As at the year-end the Company -
- has no loans and advances in the nature of loans to subsidiary and associates
 - has no loans and advances in the nature of loans to subsidiary and associates, wherein there is no repayment schedule or repayment is beyond seven years, and
 - has no loans and advances to firms/companies in which Directors are interested.
12. During the year, the Company has revised the estimated useful lives of Factory Buildings from 30 years to 20 years and of Residential and Office Buildings from 61 years to 40 years. Consequently, the depreciation charged to Profit and Loss Account is higher in the current year by Rs. 6,04.74 Lacs with the corresponding reduction in Profit before Taxation for the year.
13. During the year, the Company has revised the Accounting Policy in respect of the useful lives of Goodwill and Trademarks, Copyrights and Design and Technical Know-how from 40 years, 14 years and 21 years respectively to 10 years. In accordance with the transitional provisions of Accounting Standard 26 - 'Intangible Assets', issued by The Institute of Chartered Accountants of India, Rs. 46,66.08 Lacs being the difference in the carrying value of intangible assets, due to the change in the accounting policy has been charged to General Reserve. Had the change not been made, amortisation charged to the Profit and Loss Account would have been lower by Rs. 1,26.13 Lacs with a corresponding increase in Profit before Taxation for the year.
- The Deferred Tax impact of Rs. 9,94.54 Lacs has been reduced from the Opening Deferred Tax Liability and considered as a Deferred Tax credit in the Profit and Loss Account.
14. Other/Contingencies represents estimates for probable liabilities/claims.
15. Refer Annexure for additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.
16. Previous year's figures have been re-grouped and re-arranged where ever necessary.

The Schedules (1 to 23) referred to hereinabove form an integral part of the financial statements.

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004

For and on behalf of the Board

Managing Director

Whole-time Director

Whole-time Director &

Company Secretary

Mumbai, June 29, 2004

G. Dalziel

M. A. Elias

K. V. Vaidyanathan



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

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details :

Registration No.	2700
State code	11
Balance Sheet Date	31-03-2004

Application of Funds :

Net Fixed Assets	939530
Investments	1158867
Deferred Tax Asset	117152
Net Current Assets	367667
Misc. Expenditure	—
Accumulated Losses	—

II. Capital raised during the year

(Amount in Rs. Thousands) :

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

IV. Performance of Company

(Amount in Rs. Thousands) :

Turnover (including Other Income)	9691107
Total Expenditure	8176333
Profit Before Tax	1514774
Profit After Tax	1079993
Earnings per Share in Rs. *	7.94
Dividend %	60%

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands) :

Total Liabilities (including Shareholders' Funds)	5515378
Total Assets	5515378

Sources of Funds :

Paid-up Capital	1359928
Reserves and Surplus	1083152
Secured Loans	—
Unsecured Loans	21688
Deferred Tax Liability	118447

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

V. Generic Names of Three Principal Products/

Services of the Company (as per Monetary Terms) :

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

For and on behalf of the Board

Managing Director	G. Dalziel
Whole-time Director	M. A. Elias
Whole-time Director & Company Secretary	K. V. Vaidyanathan
Mumbai, June 29, 2004	



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

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

Jigs Investments Limited incurred expenditure of Rs. 16,511 for the year (Rs. 30,200 as on March 31, 2004), Passion Trading & Investment Company Limited, incurred expenditure of Rs.16,246 for the year (Rs. 30,200 as on March 31, 2004), Multimint Leasing & Finance Limited, incurred expenditure of

Rs.18,746 for the year (Rs. 35,000 as on March 31, 2004) whereas Colgate-Palmolive (Nepal) Private Limited, made a profit of Nepalese Rs. 94.41 Lacs for the year (Nepalese Rs. 7,68.51 Lacs as on July 16, 2003) out of which Nepalese Rs. 94.41 lacs has not been dealt with in the books of accounts.

Changes in Company's interest in Colgate-Palmolive (Nepal) Private Limited between July 16, 2003 and March 31, 2004 : **Nil**

Material changes between July 16, 2003 and March 31, 2004 in respect of fixed assets, investments, money lent and moneys borrowed (other than meeting current liability) by Colgate-Palmolive (Nepal) Private Limited : **Nil**

For and on behalf of the Board

Managing Director

G. Dalziel

Whole-time Director

M. A. Elias

Whole-time Director &
Company Secretary

K. V. Vaidyanathan

Mumbai, June 29, 2004

Report of the Directors

To
The Members
Colgate-Palmolive (Nepal) Private Limited

Your Directors have pleasure in presenting their Report and Audited Accounts for the year ended Ashad 32, 2060 (July 16, 2003).

Financial Results

	<i>Nepalese Rs. in Lacs</i>	
	2059-60	2058-59
Total Revenue	91,17.18	91,96.16
Sales	90,94.86	91,77.87
Other Income	22.32	18.29
Profit/(Loss) for the year	94.40	(1,23.33)
Prior year's adjustments – reversal of Provisions	–	7,49.08
Profit Before Taxation	94.40	6,25.75
Provision for Taxation	–	–
Profit After Taxation	94.40	6,25.75
Balance brought forward	6,74.10	48.35
Profit available for appropriation	7,68.50	6,74.10
Appropriation :		
Proposed Dividend	–	–
Balance carried forward	7,68.50	6,74.10

Business Operations

The fiscal year 2059-60 was the most difficult year for industries in Nepal. The country recorded the lowest GDP growth rate. The deteriorating security situations resulted in a series of “bandhs” which adversely affected the industrial production. Despite these constraints, your Company's domestic sales were almost at the same level as in the previous year. As a result of various cost saving initiatives, your Company could achieve profit for the year amounting to NPR 94 Lacs as against the loss of NPR 123 Lacs. Your Company's export business continued to be affected because of the fiscal changes in the Indian budget in February 2001 levying countervailing duty based on MRP and due to the additional tax imposed on exports by the HMGN.

Safety, Environmental & Quality Standards

The Company has been striving for continuous improvement in Environment, Health and Safety Standards in compliance with the global standards. Your Directors are pleased to state that for the second consecutive year, your Company has received Colgate President's Award for Safety and “Zero” Loss of Work Case Rate for the calendar year 2002.

Future Outlook

Your Company is determined to develop the domestic business and establish a cost effective and efficient distribution network

to ensure availability of the Company's products across the country. In this regard your Company seeks the active support and assistance of the HMGN and the trade partners.

Security

Although the HMGN is taking every step to improve security situations in the country, the security situations continue to cause anxiety. The Company has made its own security arrangements which is being upgraded from time to time. The Company continues to spend substantial amount on security every year to maintain highest vigilance for safety of its people and property.

Customs Duty exemption and VAT refunds

After repeated follow-ups, your Company finally received the HMGN's approval to avail of the benefits of the New Pass Book System to utilize the customs duty credit against duty payable on subsequent imports. Your Company continues to face inordinate delays in obtaining refunds from the HMGN with regard to customs duty and VAT.

Personnel

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

Community Development

In keeping with its continued commitment to contribute towards the development of the local community, your Company adopted a school at Hetauda and built one floor comprising 3 classrooms. This has enormously benefited the students studying in the school. The Colgate “Merit Scholarship Scheme” launched last year in Hetauda has benefited at least 60 students who received scholarships under the Scheme. Your Company also continues to provide dental check-ups and advice by qualified dentists in Hetauda at nominal rates.

Auditors

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

Acknowledgements

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

On behalf of the Board

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

September 10, 2003

Independent Auditors' Report

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

We have audited the attached Balance Sheet of Colgate-Palmolive (Nepal) Private Limited, as at 16 July, 2003 (Corresponding to Ashad 32, 2060), the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto, and report that :

- a) we have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the provisions of the Company Act, 2053 and are in agreement with the books of account maintained by the Company;
- c) in our opinion, the Company has kept proper books of account as required by law so far as appears from the examination of the books;
- d) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes appearing thereon, give a true and fair view :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at July 16, 2003;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, the cash flows for the year ended on that date.
- e) to the best of our information and according to the explanation given to us, the Board of Directors or any employees of the Company have not acted contrary to legal provision relating to accounts or caused loss or damage to the Company or committed misappropriation so far as appears from our examination of the books.

T. R. Upadhyay, Senior Partner

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

Kathmandu, September 10, 2003

Balance Sheet

as at July 16, 2003 (Ashad 32, 2060)

	Schedule	As at July 16, 2003 (NPR)	As at July 16, 2003 (INR)	As at July 16, 2002 (NPR)	As at July 16, 2002 (INR)
Capital & Liabilities					
Capital & Reserve Fund					
Share Capital	1	170,000,000.00	106,250,000.00	170,000,000.00	106,250,000.00
Reserves and Retained Profit	2	76,850,420.10	48,031,512.56	67,409,759.01	42,131,099.38
Medium and Long Term loans	3				
Secured Loans		225,000,000.00	140,625,000.00	225,000,000.00	140,625,000.00
Unsecured Loans		—	—	—	—
Total		471,850,420.10	294,906,512.56	462,409,759.01	289,006,099.38
Assets					
Fixed Assets	4				
Gross Block		585,300,477.76	365,812,798.60	571,235,129.82	357,021,956.14
Less : Depreciation/Amortisation		281,698,191.95	176,061,369.97	227,846,920.95	142,404,325.59
Net Block		303,602,285.81	189,751,428.63	343,388,208.87	214,617,630.54
Capital Work-in-Progress		9,305,490.79	5,815,931.74	9,969,078.59	6,230,674.12
		312,907,776.60	195,567,360.38	353,357,287.46	220,848,304.66
Investments	5	4,832,883.33	3,020,552.08	6,176,328.93	3,860,205.58
Current Assets					
Inventories	6	67,485,585.59	42,178,490.99	106,533,349.36	66,583,343.35
Trade and other receivables	7	50,593,134.51	31,620,709.07	4,292,996.40	2,683,122.75
Cash and Bank Balance	8	51,157,690.48	31,973,556.55	11,429,477.52	7,143,423.45
Prepaid Expenses, Loans, Advances	9	158,381,890.29	98,988,681.43	174,361,038.83	108,975,649.27
		327,618,300.87	204,761,438.04	296,616,862.11	185,385,538.82
<i>Less :</i>					
Current Liabilities and Provisions					
Trade and other payables	10	170,753,493.70	106,720,933.56	182,825,166.49	114,265,729.06
Provisions	11	2,755,047.00	1,721,904.38	10,915,553.00	6,822,220.63
		173,508,540.70	108,442,837.94	193,740,719.49	121,087,949.68
Net Current Assets		154,109,760.17	96,318,600.11	102,876,142.62	64,297,589.14
Total		471,850,420.10	294,906,512.56	462,409,759.01	289,006,099.38
Contingent Liabilities	16				
Significant Accounting Policies & Notes to Accounts	17				

Per our attached report

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

Kathmandu, September 10, 2003

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

Profit and Loss Account for the year ended July 16, 2003 (Ashad 32, 2060)

	Schedule	2002-2003 (NPR)	2002-2003 (INR)	2001-2002 (NPR)	2001-2002 (INR)
Income					
Sales Income	12	909,485,825.83	568,428,641.14	917,787,278.96	573,617,049.35
Less : Material Cost	13	662,851,064.40	414,281,915.25	669,588,411.03	418,492,756.89
Gross Profit		246,634,761.43	154,146,725.89	248,198,867.93	155,124,292.46
Other Income	14	2,231,618.54	1,394,761.59	1,828,707.09	1,142,941.93
Business Expenditure					
Distribution Expenses		11,624,394.21	7,265,246.38	14,118,653.54	8,824,158.46
Administrative Expenses	15	153,260,290.02	95,787,681.26	152,822,155.09	95,513,846.93
Operating Profit		83,981,695.74	52,488,559.84	83,086,766.39	51,929,228.99
Interest Expenses		19,088,716.65	11,930,447.91	22,095,666.87	13,809,791.79
Depreciation/Amortisation		53,851,271.00	33,657,044.38	62,712,180.88	39,195,113.05
Allocation for Employee Housing		552,085.00	345,053.13	3,659,346.00	2,287,091.25
Provision for Bonus		1,048,962.00	655,601.25	6,952,757.00	4,345,473.13
Profit/(loss) for the year		9,440,661.09	5,900,413.18	(12,333,184.36)	(7,708,240.23)
Prior year Adjustments - Reversal of Provisions		–	–	74,908,000.00	46,817,500.00
Profit before Taxation		9,440,661.09	5,900,413.18	62,574,815.64	39,109,259.78
Provision for Tax		–	–	–	–
Profit after Taxation		9,440,661.09	5,900,413.18	62,574,815.64	39,109,259.78
Balance brought forward		67,409,759.01	42,131,099.38	4,834,943.37	3,021,839.61
Profit available for Appropriation		76,850,420.10	48,031,512.56	67,409,759.01	42,131,099.38
Profit transferred to Balance Sheet		76,850,420.10	48,031,512.56	67,409,759.01	42,131,099.38
Significant Accounting Policies & Notes to Accounts	17				

Per our attached report

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

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

Kathmandu, September 10, 2003

Cash Flow Statement for the year ended July 16, 2003 (Ashad 32, 2060)

	2002-2003		2001-2002	
	(NPR)	(INR)	(NPR)	(INR)
A. Cash Flow from Operating Activities :				
Net Profit Before Tax and Extraordinary Items	9,440,661.09	5,900,413.18	62,574,815.64	39,109,259.78
Adjustment for :				
Depreciation and Amortisation	53,851,271.00	33,657,044.38	62,712,180.95	39,195,113.09
Interest Expenses (net)	19,088,716.65	11,930,447.91	22,069,932.17	13,793,707.61
Provisions	(8,160,506.00)	(5,100,316.25)	10,915,553.00	6,822,220.63
Adjustment for :				
Cash flow due to changes in Working Capital				
a. Decrease/(Increase) in Current Assets	23,726,774.20	14,829,233.88	(37,449,718.08)	(23,406,073.80)
b. Increase/(Decrease) in Current Liabilities	(12,705,530.45)	(7,940,956.53)	(178,515,587.78)	(111,572,242.36)
c. Interest payment	(18,454,858.99)	(11,534,286.87)	(25,938,490.40)	(16,211,556.50)
d. Advance Income Tax Paid	(15,000,000.00)	(9,375,000.00)	20,146,910.00	12,591,818.75
Net Cash from Operating Activities	51,786,527.50	32,366,579.69	(63,484,404.50)	(39,677,752.81)
B. Cash Flows from Investing Activities :				
Sale/(Purchase) of Fixed Assets	(13,401,760.14)	(8,376,100.09)	(18,901,461.76)	(11,813,413.60)
Sale/(Purchase) of Investments	1,343,445.60	839,653.50	(6,176,328.93)	(3,860,205.58)
Net Cash Flow from Investing Activities	(12,058,314.54)	(7,536,446.59)	(25,077,790.69)	(15,673,619.18)
C. Cash Flows from Financing Activities :				
Payment of Long Term Loans	—	—	107,688,000.00	67,305,000.00
Dividend Paid	—	—	(57,800,000.00)	(36,125,000.00)
Net Cash from Financing Activities	—	—	49,888,000.00	31,180,000.00
Increase/(Decrease) in Cash A+B+C	39,728,212.96	24,830,133.10	(38,674,195.19)	(24,171,371.99)
Cash & Bank Balances at the beginning of the year	11,429,477.52	7,143,423.45	50,103,672.71	31,314,795.44
Cash & Bank Balances at the end of the year	51,157,690.48	31,973,556.55	11,429,477.52	7,143,423.45

Significant Accounting Policies and
Notes to Accounts (Schedule 17)

Per our attached report

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

Kathmandu, September 10, 2003

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

Schedules to the Accounts

	As at July 16, 2003 (NPR)	As at July 16, 2003 (INR)	As at July 16, 2002 (NPR)	As at July 16, 2002 (INR)
Schedule 1 : Share Capital				
Authorised Capital	600,000,000.00	375,000,000.00	600,000,000.00	375,000,000.00
(6,000,000 Equity Shares of Rs. 100 each)				
Issued, Subscribed & Paid-up				
(1,700,000 Ordinary Shares of Rs. 100 each entirely held by Colgate-Palmolive (India) Limited)	170,000,000.00	106,250,000.00	170,000,000.00	106,250,000.00
Total	170,000,000.00	106,250,000.00	170,000,000.00	106,250,000.00
Schedule 2 : Reserves and Retained Profit				
Profit & Loss Account	76,850,420.10	48,031,512.56	67,409,759.01	42,131,099.38
Total	76,850,420.10	48,031,512.56	67,409,759.01	42,131,099.38
Schedule 3 : Medium and Long Term Loans				
Secured Loans				
from Standard Chartered Bank Nepal Limited (secured against a first charge of fixed & current assets, inventories, receivables and mortgage over all properties of the Company at Hetauda Industrial District)	225,000,000.00	140,625,000.00	225,000,000.00	140,625,000.00
Unsecured Loans				
Loan from Colgate-Palmolive (India) Limited	—	—	—	—
Total	225,000,000.00	140,625,000.00	225,000,000.00	140,625,000.00

Schedule 4 : Fixed Assets

	Gross Block				Depreciation/Amortisation			Net Block	
	As at 16-07-2002 (NPR)	Additions/ Transfers (NPR)	Deductions/ Transfers (NPR)	As at 16-07-2003 (NPR)	As at 16-07-2002 (NPR)	For the Year (NPR)	As at 16-07-2003 (NPR)	As at 16-07-2003 (NPR)	As at 16-07-2002 (NPR)
Land - Leasehold	4,800,000 (3,000,000)	– (–)	– (–)	4,800,000 (3,000,000)	1,210,000 (756,250)	240,000 (150,000)	1,450,000 (906,250)	3,350,000 (2,093,750)	3,590,000 (2,243,750)
Buildings	174,773,599 (109,233,499)	609,315 (380,822)	– (–)	175,382,914 (109,614,321)	37,395,514 (23,372,196)	9,203,762 (5,752,351)	46,599,276 (29,124,548)	128,783,638 (80,489,774)	137,378,085 (85,861,303)
Plant & Machinery	370,176,104 (231,360,065)	12,384,713 (7,740,446)	– (–)	382,560,817 (239,100,511)	177,613,864 (111,008,665)	40,737,800 (25,461,125)	218,351,664 (136,469,790)	164,209,153 (102,630,720)	192,562,240 (120,351,400)
Computers	11,190,423 (6,994,015)	426,860 (266,788)	– (–)	11,617,283 (7,260,802)	5,884,961 (3,678,100)	1,907,170 (1,191,981)	7,792,131 (4,870,082)	3,825,153 (2,390,720)	5,305,463 (3,315,914)
Furniture & Fixtures	10,295,003 (6,434,377)	644,460 (402,788)	– (–)	10,939,463 (6,837,165)	5,742,581 (3,589,113)	1,762,540 (1,101,588)	7,505,121 (4,690,701)	3,434,342 (2,146,464)	4,552,422 (2,845,264)
Total	571,235,130 (357,021,956)	14,065,348 (8,790,843)	– (–)	585,300,478 (365,812,799)	227,846,921 (142,404,325)	53,851,272 (33,657,045)	281,698,193 (176,061,370)	303,602,285 (189,751,428)	
Total Previous Year	557,651,490 (348,532,181)	13,583,639 (8,489,774)	– (–)	571,235,129 (357,021,956)	165,134,740 (103,209,213)	62,712,181 (39,195,113)	227,846,921 (142,404,326)		343,388,209 (214,617,631)
Capital Work-in-Progress and Advances								9,305,491 (5,815,932)	9,969,079 (6,230,674)
Total								312,907,776 (195,567,360)	353,357,288 (220,848,305)

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

(ii) Asset Classified under Household Appliances Amt. NPR 15,82,336 was previously included in Plant & Machinery, now regrouped under Furniture and Fixtures. However there is no impact as depreciation rate was same for Household Appliances and F & F in the previous year.

(iii) Figures in brackets represent Indian Rupees

	As at July 16, 2003 (NPR)	As at July 16, 2003 (INR)	As at July 16, 2002 (NPR)	As at July 16, 2002 (INR)
Schedule 5 : Investments				
Bonds and Securities - Government Bonds	4,832,883.33	3,020,552.08	6,176,328.93	3,860,205.58
Total	4,832,883.33	3,020,552.08	6,176,328.93	3,860,205.58
Schedule 6 : Inventories				
Stores, Spare Parts & Loose Tools	6,337,490.24	3,960,931.40	5,301,966.06	3,313,728.79
Inventory Stock :				
Raw and Packing Materials	52,035,568.57	32,522,230.36	88,459,257.57	55,287,035.98
Work-in-Process	485,689.94	303,556.21	1,049,252.91	655,783.07
Finished Goods	8,626,836.84	5,391,773.03	11,722,872.82	7,326,795.51
Goods in Transit	-	-	-	-
Total	67,485,585.59	42,178,490.99	106,533,349.36	66,583,343.35
Schedule 7 : Trade and Other Receivables				
Secured Debtors	50,593,134.51	31,620,709.07	4,292,996.40	2,683,122.75
Schedule 8 : Cash & Bank Balance				
Cash on Hand	50,602.00	31,626.25	19,837.00	12,398.13
Cash at Bank	51,107,088.48	31,941,930.30	11,409,640.52	7,131,025.33
Total	51,157,690.48	31,973,556.55	11,429,477.52	7,143,423.45
Schedule 9 : Prepaid Expenses, Loans, Advances				
Loans and Advances :				
Employees	884,557.46	552,848.41	766,887.18	479,304.49
Others	8,142,918.21	5,089,323.88	8,422,621.16	5,264,138.23
Deposits	586,969.50	366,855.94	576,969.50	360,605.94
Advance VAT & Customs Duty	179,862,409.70	112,414,006.06	140,478,688.99	87,799,180.62
Margin Money with Bank	853,128.00	533,205.00	407,651.00	254,781.88
Prepaid Expenses	3,986,951.42	2,491,844.64	3,561,311.00	2,225,819.38
Advance Tax	35,146,910.00	21,966,818.75	20,146,910.00	12,591,818.75
Insurance Claims	-	-	-	-
Less : Provision for Doubtful Claims & Receivables	(71,081,954.00)	(44,426,221.25)	-	-
Total	158,381,890.29	98,988,681.43	174,361,038.83	108,975,649.27
Schedule 10 : Trade and Other payables				
Sundry Creditors	169,995,269.04	106,247,043.15	93,300,597.20	58,312,873.25
Advance received (From CPIL Rs. 7,09.44 Lacs, previous year Rs. 13,44.26 Lacs)	-	-	70,949,983.38	44,343,739.61
Interest Payable	633,857.66	396,161.04	796,845.95	498,028.72
Others	124,367.00	77,729.38	17,777,739.96	11,111,087.48
Total	170,753,493.70	106,720,933.56	182,825,166.49	114,265,729.06
Schedule 11 : Provisions				
Employee Housing Fund	552,085.00	345,053.13	3,659,346.00	2,287,091.25
Bonus	1,048,962.00	655,601.25	6,952,757.00	4,345,473.13
Gratuity and Others	1,154,000.00	721,250.00	303,450.00	189,656.25
Total	2,755,047.00	1,721,904.38	10,915,553.00	6,822,220.63

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	2002-2003 (NPR)	2002-2003 (INR)	2001-2002 (NPR)	2001-2002 (INR)
Schedule 12 : Sales Income				
Sales - Export	859,219,224.03	537,012,015.02	867,549,652.19	542,218,532.62
Sales - Local	50,266,601.80	31,416,626.13	50,237,626.77	31,398,516.73
Total	909,485,825.83	568,428,641.14	917,787,278.96	573,617,049.35
Schedule 13 : Material cost				
Opening Stock				
Work-in-Process	1,049,252.91	655,783.07	947,793.00	592,370.63
Finished Goods	11,722,872.82	7,326,795.51	19,483,505.00	12,177,190.63
	12,772,125.73	7,982,578.58	20,431,298.00	12,769,561.25
Raw and Packing Materials Consumed				
Opening Stock	88,459,257.57	55,287,035.98	97,414,024.85	60,883,765.53
Add : Purchases	622,767,776.45	389,229,860.28	652,974,471.48	408,109,044.68
	711,227,034.02	444,516,896.26	750,388,496.33	468,992,810.21
Less : Closing Stock	52,035,568.57	32,522,230.36	88,459,257.57	55,287,035.98
	659,191,465.45	411,994,665.91	661,929,238.76	413,705,774.23
Less : Closing Stock				
Work-in-Process	485,689.94	303,556.21	1,049,252.91	655,783.07
Finished Goods	8,626,836.84	5,391,773.03	11,722,872.82	7,326,795.51
	9,112,526.78	5,695,329.24	12,772,125.73	7,982,578.58
Total	662,851,064.40	414,281,915.25	669,588,411.03	418,492,756.89
Schedule 14 : Other Income				
Sale of Scrap	2,211,481.54	1,382,175.96	1,802,972.39	1,126,857.74
Interest Income	20,137.00	12,585.63	25,734.70	16,084.19
Total	2,231,618.54	1,394,761.59	1,828,707.09	1,142,941.93
Schedule 15 : Administrative Expenses				
Salaries, Wages	24,792,540.57	15,495,337.86	26,667,501.42	16,667,188.39
Contribution to Provident, Gratuity and Other Funds	1,697,396.00	1,060,872.50	1,993,538.40	1,245,961.50
Staff Welfare Expenses	2,108,928.84	1,318,080.53	1,657,164.50	1,035,727.81
Consumption of Stores and Spares	3,729,822.76	2,331,139.23	2,335,308.04	1,459,567.53
Power and Fuel	9,376,372.41	5,860,232.76	9,522,331.90	5,951,457.44
Rent	1,085,918.81	678,699.26	1,481,193.91	925,746.19
Insurance	2,837,516.58	1,773,447.86	4,336,755.00	2,710,471.88
Royalty & Technical Service Fees	71,120,434.99	44,450,271.87	64,412,769.00	40,257,980.63
Bank charges	624,688.33	390,430.21	999,663.06	624,789.41
Plant & Machinery Repairs & Upkeep	5,944,588.81	3,715,368.01	9,367,044.69	5,854,402.93
Audit, Tax Audit Fees & Expenses	435,000.00	271,875.00	595,648.00	372,280.00
Legal & Retainer Fees	2,164,000.00	1,352,500.00	2,139,149.00	1,336,968.13
Telephone, Fax, Postage & Courier Charges	6,743,955.03	4,214,971.89	5,903,768.81	3,689,855.51
Travelling Expenses	5,967,454.82	3,729,659.26	8,239,105.36	5,149,440.85
Advertisement Expenses	9,586,859.19	5,991,786.99	9,107,091.72	5,691,932.33
Security Services	2,550,592.00	1,594,120.00	2,415,222.00	1,509,513.75
Miscellaneous Expenses	2,494,220.88	1,558,888.05	1,648,900.28	1,030,562.68
Total	153,260,290.02	95,787,681.26	152,822,155.09	95,513,846.93

Schedule 16 : Contingent Liabilities

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

	As at July 16, 2003	As at July 16, 2002
1. Unexpired Letters of Credit	3,03.48	3,86.13
2. Unexpired Bank Guarantees	2,99.00	2,99.00
3. Disputes regarding income tax liabilities for tax holiday exemption - pending before Hon'ble Supreme Court	2,23.82	1,51.31
Total	8,26.30	8,36.44

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

NPR = Nepalese Rupees

INR = Indian Rupees

INR 1 = NPR 1.60

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

Schedule 17 : Significant Accounting Policies & Notes to Accounts**1) Significant Accounting Policies****a) Basis of Accounting**

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

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

b) Fixed Assets

Fixed Assets are recorded at cost less accumulated depreciation. The Company capitalises all direct costs relating to the acquisition and installation of Fixed Assets. Furniture and Fixtures individually costing less than NPR 8,000 is charged off in the year of purchase by charge to depreciation.

c) Depreciation & Amortisation

Depreciation is provided on written down value on all Fixed Assets (except leasehold land) at the rates prescribed by the Income Tax Act including additional depreciation permitted by the Industrial Enterprises Act, 2049.

Leasehold land is amortised over the period of lease.

d) Investments

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

e) Inventories

Inventories are valued at lower of cost or net realisable

value. Cost is determined using standard cost method that approximates actual costs.

f) Retirement Benefits

Retirement benefits to employees comprise payments to gratuity fund, provident fund and superannuation fund and all contributions to the provident fund and superannuation funds are charged to Profit & Loss Account as incurred. In respect of local employees provident fund contributions are made to Karmachari Sanchaya Kosh. Contributions to provident and superannuation funds of employees seconded from Colgate-Palmolive (India) Limited has been paid into funds maintained by Colgate-Palmolive (India) Limited. Liabilities in respect of gratuity are provided for as per Labour Act, 2049.

g) Revenue Recognition

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

h) Staff Housing and Bonus

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

i) Foreign Currency Transactions

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

j) Basis of Provision for Debtors, Loans and Advances

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

2) Notes to Accounts

- Previous year's figures have been regrouped/rearranged wherever necessary to facilitate comparison.
- Exports sales of NPR 85,42.63 Lacs are those made to Colgate-Palmolive (India) Ltd. and NPR 49.56 Lacs are those made to ACI Ltd., Bangladesh. Total Export Sales is NPR 85,92.19 Lacs.
- Under Section 15 b of the Industrial Enterprises Act, 2049, a writ petition has been filed before the Honourable Supreme Court for the dispute on tax holiday and therefore no provision for tax has been made in the current year.
- Customs duty paid on import of raw materials is recoverable against export pursuant to statutory enactment and accordingly the Company has made necessary applications to the appropriate authorities for its refund as per the rules and waiting for final refund order. However suitable provisions have been made in the accounts.

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

T. R. Upadhyay
Partner
Kathmandu, September 10, 2003

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



Auditors' Report

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

1. We have audited the attached Consolidated Balance Sheet of Colgate-Palmolive (India) Limited and its subsidiaries as at March 31, 2004, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Management of Colgate-Palmolive (India) Limited. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 40,37.19 Lacs as at March 31, 2004 and total revenues of Rs. 57,91.75 Lacs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Colgate-Palmolive (India) Limited and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Colgate-Palmolive (India) Limited and its aforesaid subsidiaries, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Colgate-Palmolive (India) Limited and its subsidiaries as at March 31, 2004;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated result of operations of Colgate-Palmolive (India) Limited and its subsidiaries for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Colgate-Palmolive (India) Limited and its subsidiaries for the year ended on that date.

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004



Consolidated Balance Sheet as at March 31, 2004

	Schedule	Rs. Lacs	Rs. Lacs	As at March 31, 2003 Rs. Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	1	135,99.28		135,99.28
Reserves and Surplus	2	116,38.47		142,70.95
			252,37.75	278,70.23
Loan Funds	3			
Secured Loans		11,25.00		14,06.25
Unsecured Loans		2,16.88		2,14.00
			13,41.88	16,20.25
Deferred Tax Liability	4		12,73.04	27,49.95
Total			<u>278,52.67</u>	<u>322,40.43</u>
Application of Funds				
Fixed Assets	5			
Gross Block		358,50.83		355,35.97
Less : Depreciation/Amortisation		246,55.82		175,39.26
Net Block		111,95.01		179,96.71
Capital Work-in-Progress and Advances for Capital Expenditure		4,28.88		2,50.69
			116,23.89	182,47.40
Investments	6		105,26.17	94,59.00
Deferred Tax Asset	7		13,17.98	12,27.01
Current Assets, Loans and Advances				
Inventories	8	65,91.29		59,98.68
Sundry Debtors	9	33,16.98		44,16.75
Cash and Bank Balances	10	130,43.22		100,47.57
Interest Accrued on Investments and Deposits		4,63.96		4,50.16
Loans and Advances	11	109,81.30		157,50.59
		343,96.75		366,63.75
Less :				
Current Liabilities and Provisions				
Liabilities	12	232,69.96		251,93.60
Provisions	13	67,42.16		81,63.13
		300,12.12		333,56.73
Net Current Assets			43,84.63	33,07.02
Total			<u>278,52.67</u>	<u>322,40.43</u>

The Schedules (1 to 23) referred to hereinabove form an integral part of the financial statements.

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

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004

For and on behalf of the Board

Managing Director

Whole-time Director

Whole-time Director &

Company Secretary

Mumbai, June 29, 2004

G. Dalziel

M. A. Elias

K. V. Vaidyanathan



Consolidated Profit and Loss Account for the year ended March 31, 2004

	Schedule	Rs. Lacs	Rs. Lacs	2002-2003 Rs. Lacs
Income				
Sales		1,045,20.37		1,060,30.54
Less : Excise Duty		<u>102,89.11</u>		<u>109,44.82</u>
			942,31.26	950,85.72
Other Income	14		<u>30,65.37</u>	<u>31,31.71</u>
			972,96.63	982,17.43
Expenditure				
Cost of Goods Sold	15	462,22.86		448,57.10
Employee Costs	16	72,28.99		73,02.35
Other Expenses	17	252,39.76		294,50.10
Depreciation/Amortisation	5	<u>27,61.93</u>		<u>23,39.50</u>
			814,53.54	839,49.05
Profit before Taxation			158,43.09	142,68.38
Current Year Taxation		61,72.36		68,03.68
Deferred Tax (Refer Note 2 on Schedule 23)		<u>(15,67.88)</u>		<u>(10,77.57)</u>
			46,04.48	57,26.11
Profit after Taxation			112,38.61	85,42.27
Balance Brought Forward			25,69.96	10,42.45
Profit Available for Appropriation			138,08.57	95,84.72
Appropriation :				
First Interim Dividend			30,59.84	30,59.83
Second Interim Dividend			16,99.91	27,19.86
One Time Special Anniversary Dividend			16,99.91	—
Third Interim Dividend			16,99.91	—
Dividend Tax			10,45.44	3,48.48
Transfer to General Reserve			10,80.00	8,86.59
Balance Carried Forward			35,23.56	25,69.96
			138,08.57	95,84.72
Earnings per Equity Share (Rupees)				
(Face value of Rs. 10 per equity share)				
Basic and Diluted			8.26	6.28

The Schedules (1 to 23) referred to hereinabove form an integral part of the financial statements.

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

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004

For and on behalf of the Board

Managing Director

G. Dalziel

Whole-time Director

M. A. Elias

Whole-time Director &

Company Secretary

K. V. Vaidyanathan

Mumbai, June 29, 2004



Consolidated Cash Flow Statement for the year ended March 31, 2004

	2003-2004 Rs. Lacs	2002-2003 Rs. Lacs
Cash Flow from Operating Activities :		
Net Profit before Tax	158,43.09	142,68.36
Adjustment for :		
Foreign Exchange Loss (Net)	4.34	21.57
Depreciation and Amortisation	27,61.93	23,39.50
Interest Expense	1,79.19	1,42.86
Loss/(Gain) on Sale of Investments	15.28	51.53
Loss on disposal of Subsidiary	—	64.61
Write-down/Provision of under utilised and Idle Fixed Assets	—	1,60.29
(Gain)/Loss on Sale of Fixed Assets (Net)	(68.04)	(1,15.67)
Gain on Prepayment of Sales Tax Deferral Liability	(32.59)	(4,38.13)
Interest Income	(19,50.56)	(18,74.03)
Operating Profit before Working Capital Changes	167,52.64	146,20.89
Adjustment for (Increase)/Decrease in Working Capital		
Inventories	(5,92.61)	20,19.90
Sundry Debtors	10,99.77	28,68.46
Loans and Advances	(8,53.71)	2,80.23
Current Liabilities and Provisions	(14,26.09)	25,86.66
Miscellaneous Expenditure	—	0.19
Cash Generated from Operations	149,80.00	223,76.33
Direct Taxes Paid (Net)	(69,67.78)	(58,02.79)
Net Cash from Operating Activities (A)	80,12.22	165,73.54
Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(8,85.46)	(7,02.01)
Sale of Fixed Assets	1,49.00	2,21.85
Purchase of Investments	(11,76.22)	(67,59.00)
Sale of Investments	93.77	15,79.35
Inter-Corporate Deposits (placed)/Refunded (Net)	56,23.00	(55,91.00)
Interest Received	19,36.76	16,20.77
Net Cash used in Investing Activities (B)	57,40.85	(96,30.04)
Cash Flow from Financing Activities :		
Long Term Loans Availed	2.88	54.00
Long Term Loans Paid	(2,81.25)	—
Sales Tax Deferral (Paid)/Availed (Net)	32.59	(3,26.54)
Interest Paid	(1,79.19)	(1,66.81)
Dividend Paid	(91,52.00)	(68,77.57)
Dividend Tax Paid	(11,76.11)	—
Net Cash used in Financing Activities (C)	(107,53.08)	(73,16.92)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	29,99.99	(3,73.42)
Cash and Cash Equivalents at the beginning of the year	100,47.57	104,59.86
	130,47.56	100,86.44
Effect of exchange rate changes	(4.34)	(21.57)
Cash and Cash Equivalents of erstwhile subsidiary, disposed off during the year	—	(17.30)
Cash and Cash Equivalents at the end of the year	130,43.22	100,47.57



Consolidated Cash Flow Statement for the year ended March 31, 2004 (Contd.)

	As at March 31, 2004 Rs. Lacs	As at March 31, 2003 Rs. Lacs
Cash and Cash Equivalents comprise :		
Cash on hand	–	0.07
Balances with Scheduled Banks in		
– Current Accounts	29,54.86	45,86.25
– Deposit Accounts	96,52.76	50,53.17
– Unpaid Dividend Accounts	4,35.60	4,08.08
Cash and Cash Equivalents as at March 31, 2004	130,43.22	100,47.57

Notes :

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
2. Previous year's figures have been re-grouped and re-arranged wherever necessary.

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

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004

For and on behalf of the Board

Managing Director

G. Dalziel

Whole-time Director

M. A. Elias

Whole-time Director &

Company Secretary

K. V. Vaidyanathan

Mumbai, June 29, 2004



Schedules forming part of the Consolidated Balance Sheet as at March 31, 2004

	Rs. Lacs	As at March 31, 2004 Rs. Lacs	As at March 31, 2003 Rs. Lacs
Schedule 1 : Share Capital			
Authorised			
13,70,00,000 Equity Shares of Rs. 10 each		<u>137,00.00</u>	<u>137,00.00</u>
Issued, Subscribed and Paid-up			
13,59,92,817 Equity Shares of Rs. 10 each fully paid		<u>135,99.28</u>	<u>135,99.28</u>
Of the above:			
(i) 6,93,56,336 Shares are held by Colgate-Palmolive Company, USA, the Holding Company.			
(ii) 11,18,85,735 Shares of Rs.10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.			
Schedule 2 : Reserves and Surplus			
Capital Reserve			
Consideration for vacating rented godown	6.50		6.50
Special Capital Incentive from State Government	<u>20.00</u>		<u>20.00</u>
		26.50	26.50
Share Premium Account		<u>12,79.93</u>	<u>12,79.93</u>
General Reserve			
Balance, beginning of the year	103,94.56		95,07.97
Less : Adjustment of Intangible Assets (Refer Note 2 on Schedule 23)	<u>46,66.08</u>		<u>—</u>
	57,28.48		95,07.97
Add : Transfer from Profit and Loss Account	<u>10,80.00</u>		<u>8,86.59</u>
		68,08.48	103,94.56
Profit and Loss Account Balance		<u>35,23.56</u>	<u>25,69.96</u>
		<u>116,38.47</u>	<u>142,70.95</u>
Schedule 3 : Loan Funds			
Secured Loans			
Bank Loan		11,25.00	14,06.25
(Secured against a first charge of fixed and current assets, inventories, receivables and mortgage over all properties of Colgate-Palmolive (Nepal) Private Limited at Hetauda Industrial District.)			
Unsecured Loans			
Loans		2,16.88	2,14.00
		<u>13,41.88</u>	<u>16,20.25</u>
Schedule 4 : Deferred Tax Liability			
(Refer Note 9 on Schedule 18 and Note 2 on Schedule 23)			
Timing Difference between book and tax depreciation		12,73.04	27,49.95
		<u>12,73.04</u>	<u>27,49.95</u>

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2004



Schedule 5 : Fixed Assets

(Refer Note 3 on Schedule 18 and Note 1 on Schedule 23)

(Rs. Lacs)

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at March 31, 2003	Additions/ Transfers	Deductions/ Transfers	As at March 31, 2004	Upto March 31, 2003	For the Year	Disposals/ Transfers/ Adjustment (Refer Note 2 on Schedule 23)	Upto March 31, 2004	As at March 31, 2004	As at March 31, 2003
Intangible Assets										
Goodwill and Trademarks	27,29.81	–	–	27,29.81	5,80.08	1,19.43	18,93.81	25,93.32	1,36.49	21,49.73
Copyrights and Design	13,52.90	–	–	13,52.90	8,21.40	1,06.31	3,57.55	12,85.26	67.64	5,31.50
Technical Know-how	49,83.70	–	–	49,83.70	20,17.21	3,02.58	24,14.72	47,34.51	2,49.19	29,66.49
Tangible Assets										
Land – Leasehold (Refer Note (i) below)	1,16.09	–	–	1,16.09	19.82	2.41	–	22.23	93.86	96.27
Buildings (Refer Note (ii) below) (Refer Note 1 on Schedule 23)	81,63.21	1,17.02	–	82,80.23	14,71.11	8,05.19	–	22,76.30	60,03.93	66,92.10
Plant and Machinery	145,67.81	4,63.94	90.60	149,41.15	98,76.05	8,67.75	(48.97)	106,94.83	42,46.32	46,91.76
Furniture and Equipment	34,99.85	2,09.24	3,51.37	33,57.72	26,83.32	5,40.04	(2,34.85)	29,88.51	3,69.21	8,16.53
Vehicles	1,22.60	0.16	33.53	89.23	70.27	18.22	(27.63)	60.86	28.37	52.33
Total	355,35.97	7,90.36	4,75.50	358,50.83	175,39.26	27,61.93	43,54.63	246,55.82	111,95.01	179,96.71
Total Previous Year	361,17.87	7,87.12	13,69.02	355,35.97	162,02.33	23,39.50	(10,02.57)	175,39.26		
Add : Capital Work-in-Progress including advances on Capital Account									4,28.88	2,50.69
Total									116,23.89	182,47.40

- Notes : (i) Land - Leasehold comprises of lease rights in respect of the land at Waluj and Aurangabad, in the possession of the Company under Lease/Agreements to Lease with the Maharashtra Industrial Development Corporation and City & Industrial Development Corporation of Maharashtra Limited, respectively and at Hetauda Industrial Estate, Hetauda in possession of the Company under lease with Hetauda Industrial District.
- (ii) Buildings comprise of : (a) Cost of Premises, including shares and loan stock bonds in a Co-operative Society, (b) Factory Building at Sewri and leasehold rights in the land on which the building stands. While the ownership of the factory building is in the name of the Company, Mumbai Port Trust (MPT) has not yet effected formal transfer of lease rights in the said land in favour of the Company. As regards the plot of land adjoining the factory building, MPT has revoked its offer of assignment. The Company has made a representation to MPT in this respect and the matter is pending. The amount of stamp duty and legal costs for such transfer will be capitalised when paid, (c) Factory buildings at Waluj, Aurangabd (d) a residential building at Aurangabad, (e) Research Centre at Powai, Mumbai and (f) Factory building at Hetauda, Nepal.



Schedules forming part of the Consolidated Balance Sheet as at March 31, 2004

	As at March 31, 2004 Rs. Lacs	As at March 31, 2003 Rs. Lacs
Schedule 6 : Investments		
(Refer Note 5 on Schedule 18)		
(At Cost – Long Term, Unquoted, unless otherwise stated)		
A. Other Investments at Cost - (Listed but not quoted) (Non-Trade)		
5.20% (Tax Free) Secured, Redeemable, Non-Convertible Railway Bonds of Indian Railway Finance Corporation Limited (Series 44 th 'A') of the face value of Rs. 2,000 Lacs	20,00.00	20,00.00
7.80% (Tax Free) Secured, Redeemable, Non-Convertible Railway Bonds of Indian Railway Finance Corporation Limited (Series 36) of the face value of Rs. 1,500 Lacs	15,00.00	15,00.00
5.25% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4D) of the face value of Rs. 1,000 Lacs	10,00.00	10,00.00
8.75% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Limited (Series 5A) of the face value of Rs. 500 Lacs	5,00.00	5,00.00
6.35% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Limited (Series 7A) of the face value of Rs. 2,000 Lacs	20,00.00	20,00.00
5.10% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4A) of the face value of Rs. 1,500 Lacs	15,00.00	15,00.00
9.25% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Hudco-Gujarat Punarnirman (Series - 1C) of the face value of Rs. 950 Lacs.	9,59.00	9,59.00
	94,59.00	94,59.00
B. Other Investments (Listed and quoted) (Non-Trade)		
6.75% Tax Free bonds of Unit Trust of India of the face value of Rs. 10,50.20 Lacs purchased during the year (Quoted) [Market Value Rs. 11,39.47 Lacs (Previous Year : Rs. Nil)]	10,67.17	—
	10,67.17	—
Total	105,26.17	94,59.00
Aggregate book value of Investments :		
Listed but not quoted	94,59.00	94,59.00
Listed and quoted - Market Value Rs. 11,39.47 Lacs (Previous Year : Rs. Nil)	10,67.17	—
	105,26.17	94,59.00
Schedule 7 : Deferred Tax Asset		
(Refer Note 9 on Schedule 18)		
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	1,31.18	1,79.17
Accrual for expenses allowable only on payment	11,86.80	10,47.84
	13,17.98	12,27.01



Schedules forming part of the Consolidated Balance Sheet as at March 31, 2004

	As at March 31, 2004 Rs. Lacs	As at March 31, 2003 Rs. Lacs
Schedule 8 : Inventories (Refer Note 6 on Schedule 18)		
Stores and Spares	2,02.68	2,25.23
Raw and Packing Materials	11,48.06	16,24.60
Work-in-Process	1,32.14	3,35.02
Finished Goods	51,08.41	38,13.83
	<u>65,91.29</u>	<u>59,98.68</u>
Schedule 9 : Sundry Debtors		
Unsecured : Considered good		
Over Six Months	0.07	73.82
Others	33,16.91	43,42.93
	<u>33,16.98</u>	<u>44,16.75</u>
Schedule 10 : Cash and Bank Balances		
Cash on hand	—	0.07
Balances with Scheduled Banks :		
– Current Accounts	29,54.86	45,86.25
– Deposit Accounts	96,52.76	50,53.17
– Unpaid Dividend Accounts	4,35.60	4,08.08
	<u>130,43.22</u>	<u>100,47.57</u>
Schedule 11 : Loans and Advances		
Secured :		
Loans to Employees	3,06.83	2,54.69
Unsecured : Considered Good		
Inter-Corporate Deposits	65,44.00	121,67.00
Advances Recoverable in Cash or in Kind or for Value to be Received	13,35.50	7,55.71
Balances with Excise Authorities	8,73.50	25.66
Deposits - Others	19,21.47	25,47.53
	<u>109,81.30</u>	<u>157,50.59</u>
Schedule 12 : Liabilities		
Acceptances	20,38.03	20,79.87
Sundry Creditors	158,35.92	181,89.31
Unclaimed Dividends	4,35.60	4,08.08
Other Liabilities	49,60.41	45,16.34
	<u>232,69.96</u>	<u>251,93.60</u>
Schedule 13 : Provisions		
Taxation (net of advance tax payments)	21,09.59	29,05.01
Second Interim Dividend	—	27,19.86
Third Interim Dividend	16,99.91	—
Dividend Tax	2,17.81	3,48.48
Gratuity (Refer Note 7 on Schedule 18)	65.32	—
Leave Encashment (Refer Note 7 on Schedule 18)	3,40.28	5,91.04
Others/Contingency (Refer Note 3 on Schedule 23)	23,09.25	15,98.74
	<u>67,42.16</u>	<u>81,63.13</u>
	<u>300,12.12</u>	<u>333,56.73</u>



Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2004

	Rs. Lacs	2003-2004 Rs. Lacs	2002-2003 Rs. Lacs
Schedule 14 : Other Income			
Interest			
– On Bank Deposits		2,55.76	4,13.79
– From Long Term Investments		5,67.86	4,59.88
– Others		11,26.94	10,00.36
Cash Discount		1,30.93	1,36.75
Gain on pre-payment of Sales-Tax Deferral Liability		32.59	4,38.13
Provision no Longer Required written back		3,31.55	–
Rental Income		66.96	66.96
Bad Debts Recovered		77.40	1,70.54
Profit on Sale of Assets (Net)		68.04	1,15.67
Miscellaneous		4,07.34	3,29.63
		<u>30,65.37</u>	<u>31,31.71</u>
Schedule 15 : Cost of Goods Sold			
Opening Stock			
Work-in-Process	3,35.02		3,23.83
Finished Goods	38,13.83		57,32.40
		41,48.85	60,56.23
Raw and Packing Materials Consumed			
Opening Stock	16,24.60		16,75.15
Add : Purchases	166,59.40		175,47.59
	182,84.00		192,22.74
Less : Closing Stock	11,48.06		16,24.60
	171,35.94		175,98.14
Less : Sale of Materials	19,33.68		18,13.24
		152,02.26	157,84.90
		193,51.11	218,41.13
Purchased Finished Goods		319,73.13	276,51.87
Less : Closing Stock			
Work-in-Process	1,32.14		3,35.02
Finished Goods	51,08.41		38,13.83
		52,40.55	41,48.85
Increase/(Decrease) in Excise Duty on Finished Goods		1,39.17	(4,87.05)
		<u>462,22.86</u>	<u>448,57.10</u>
Schedule 16 : Employee Costs			
Salaries, Wages and Bonus [includes Rs. Nil (Previous Year : Rs. 6,08.78 Lacs) incurred towards Voluntary Retirement Scheme]		61,26.74	62,35.68
Contribution to Provident, Gratuity and Other Funds		8,49.51	7,52.03
Staff Welfare Expenses		2,52.74	3,14.64
		<u>72,28.99</u>	<u>73,02.35</u>



Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2004

	Rs. Lacs	2003-2004 Rs. Lacs	2002-2003 Rs. Lacs
Schedule 17 : Other Expenses			
Consumption of Stores and Spares		2,29.18	1,97.77
Processing Charges		66.85	1,14.62
Power and Fuel		4,95.98	5,67.83
Freight and Forwarding Charges		16,31.44	16,35.26
Rent		4,25.56	3,99.15
Rates and Taxes		1,09.80	82.59
Insurance		1,53.50	1,75.91
Repairs			
– Plant and Machinery	4,39.57		4,98.52
– Buildings	1,10.86		19.94
– Others	32.41		88.72
		5,82.84	6,07.18
Advertising		148,61.53	185,79.94
Directors' Fees		7.15	4.10
Sales Taxes absorbed		5,13.88	5,50.09
Royalty		12,84.42	10,45.41
Exchange Loss (Net)		28.38	41.51
Loss on Disposal of a Subsidiary Company		–	64.61
Bad Debts Written Off		58.05	1,56.82
Loss on Sale of Long Term Investments		15.28	51.53
Interest		1,79.19	1,42.86
Miscellaneous		45,96.73	50,32.92
		252,39.76	294,50.10

Notes forming part of the Consolidated Balance Sheet as at March 31, 2004 and Consolidated Profit and Loss Account for the year ended March 31, 2004

Schedule 18 : Significant Accounting Policies

1. Basis of Accounting

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

2. Principles of Consolidation

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

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

	Country of Incorporation	% voting power held as at March 31, 2004	% voting power held as at March 31, 2003
Colgate-Palmolive (Nepal) Private Limited	Nepal	100	100
Passion Trading & Investments Company Limited*	India	100	100
Multimint Leasing & Finance Limited*	India	100	100
Jigs Investments Limited*	India	100	100

*Refer Note 4 on Schedule 23



Notes forming part of the Consolidated Balance Sheet as at March 31, 2004 and Consolidated Profit and Loss Account for the year ended March 31, 2004

3. Fixed Assets

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

Intangible Assets

The Group has revised the useful life of Goodwill and Trademarks, Copyrights and Design, Technical Know-how to 10 years. The balance useful life of Goodwill and Trademarks, Copyrights and Design and Technical Know-how as at March 31, 2004 is 6 months. (Refer Note 2 on Schedule 23).

Tangible Assets

Leasehold land is being amortised over the period of lease.

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

Assets	Useful Lives
Residential and Office Building *	40 Years
Factory Building *	20 Years
Plant and Machinery	9 Years to 21 Years
Dies and Moulds	3 Years
Furniture and Fixtures	5 Years
Office Equipment	5 Years
Computers	5 Years
Vehicles	5 Years

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

The Group has revised the estimated useful life of Factory Buildings to 20 years and Residential and Office Buildings to 40 years. (Refer Note 1 on Schedule 23).

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

4. Revenue Recognition

Sales are recognised on despatch to customers and are recorded net of trade discounts, rebates and sales taxes, and excise duty on own manufactured and out-sourced products.

5. Investments

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

6. Inventories

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

7. Expenditure

Expenses are accounted for on accrual basis and provision is made for all known/potential losses/claims and liabilities, on a conservative and consistent basis.

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

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

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

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



Notes forming part of the Consolidated Balance Sheet as at March 31, 2004 and Consolidated Profit and Loss Account for the year ended March 31, 2004

8. Foreign Currency Transactions

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

The Consolidated Financial Statements are prepared in Indian Rupees, which is the functional currency for the Company and its domestic subsidiaries. However, Nepalese Rupee is the functional currency for its subsidiary located in Nepal. The translation of Nepalese Rupees into the reporting currency, is performed for assets, liabilities, revenues, costs and expenses using the standard exchange rate of 1 Indian Rupee = 1.6 Nepalese Rupee. There is no resultant exchange gain/loss on such translation.

9. Taxation

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

	2003-2004 Rs. Lacs	2002-2003 Rs. Lacs
Schedule 19 : Contingencies and Commitments		
1. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances]	8,18.46	1,36.89
2. Contingent liabilities not provided for in respect of :		
(i) Guarantees given by the Group	6,46.88	10,76.88
(ii) Counter Guarantees given to the Banks	56.91	55.95
(iii) Cheques Discounted with Banks	16,99.21	4,54.98
(iv) Unexpired Letters of Credit	2,18.56	76.55
(v) Claims against the Group not acknowledged as debts :		
– Excise Matters	4,63.16	2,79.29
– Service Tax Matters	92.19	45.83

Schedule 20 : Lease Accounting

1. The Group has leased vehicles and computer equipments under "Operating Leases". The lease payments to be made in future in respect of the leases are as follows :		
Upto 1 year	2,86.02	2,52.18
Greater than 1 year but less than 5 years	3,22.67	2,55.14
Greater than 5 years	–	–
2. Lease payments recognised in Profit and Loss Account included in "Miscellaneous" under Other Expenses in Schedule 17	3,26.59	3,02.99

Schedule 21 : Segment Information

- In accordance with the requirements of Accounting Standard-17, Segment Reporting, issued by the Institute of Chartered Accountants of India, the Group's Business Segment is "Personal Care (including Oral Care)" and hence it has no other Primary reportable segment.

Thus the Segment revenue, Segment result, total carrying amount of Segment assets and Segment liability, total cost incurred to acquire Segment assets, total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2004.



Notes forming part of the Consolidated Balance Sheet as at March 31, 2004 and Consolidated Profit and Loss Account for the year ended March 31, 2004

2. Information about Secondary Business Segments

Rs. Lacs

	India		Outside India		Total	
	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003
Revenue by Geographical Segment						
External	921,58.48	928,20.07	20,72.78	22,65.65	942,31.26	950,85.72
Inter-segments	—	—	—	—	—	—
Total	921,58.48	928,20.07	20,72.78	22,65.65	942,31.26	950,85.72
Carrying amount of segment assets	540,90.10	610,17.33	37,74.69	45,79.83	578,64.79	655,97.16
Capital Expenditure	7,07.69	7,00.79	82.67	86.33	7,90.36	7,87.12

Schedule 22 : Disclosure of Related Parties

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

- i) **Holding Company** : Colgate-Palmolive Company, U.S.A.
- ii) **Group Companies where common control exists** :
 - : Colgate-Palmolive (Malaysia) Mktg. SDN BHD
 - : Colgate-Palmolive, Poland Sp.z.o.o
 - : Colgate-Palmolive, Russia
 - : Colgate-Palmolive, Philippines, Inc.
 - : Colgate-Palmolive, East Africa Ltd., Kenya
 - : Colgate-Palmolive, Morocco Limited
 - : Colgate-Palmolive Pty Ltd., South Africa
 - : Colgate-Palmolive Pty Ltd., Australia
 - : Colgate-Palmolive (Thailand) Ltd.
 - : Colgate-Palmolive (H.K.) Ltd., Hongkong
 - : Colgate-Palmolive (Guangzhou) Co. Ltd., China
 - : Colgate-Palmolive Son Hai Ltd., Vietnam
 - : Colgate Sanxiao (Consumer Products) Company Limited
 - : Colgate-Palmolive (U.K.) Limited
 - : Colgate-Palmolive (Png) Limited
 - : Colgate-Palmolive S.A., Portugal
 - : Hawley & Hazel Chemical Company (H.K.) Limited
 - : Colgate-Palmolive (Burlington) Limited
 - : Colgate Oral Pharmaceuticals, Inc.
 - : Colgate-Palmolive, Temizlik, Urunleri, Turkey
 - : Colgate-Palmolive IND. COM. LTDA
 - : Colgate-Palmolive Cameroun S.A.
 - : Colgate-Palmolive Romania srl.
 - : Hills' Pet Nutrition Canada, Inc.
 - : Colgate-Palmolive (Mexico) S.A. de C.V.
 - : CP Global Export - France
 - : Colgate-Palmolive (Fiji) Limited
 - : Colgate-Palmolive Company Puerto Rico
- iii) **Vendors where Key Management Personnel have significant influence** : Quantum Market Research Private Limited
- iv) **Key Management Personnel** :
 - : Graeme Dalziel
 - : Moses Elias
 - : Vikram Kaushik
 - : K. V. Vaidyanathan
- v) **Relatives of Key Management Personnel** : Mrs. Pratima Elias



Notes forming part of the Consolidated Balance Sheet as at March 31, 2004 and Consolidated Profit and Loss Account for the year ended March 31, 2004

Schedule 22 : Disclosure of Related Parties – Continued

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

Rs. Lacs

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Total	
	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003
Purchase of Goods/Materials												
Colgate-Palmolive (Malaysia)												
Mktg. SDN BHD	-	-	3,13.70	-	-	-	-	-	-	-	3,13.70	-
Colgate-Palmolive, Temizlik, Urunleri, Turkey	-	-	1,24.70	-	-	-	-	-	-	-	1,24.70	-
Colgate-Palmolive (Thailand) Ltd.	-	-	3,94.53	38.67	-	-	-	-	-	-	3,94.53	38.67
Colgate-Palmolive Pty Ltd., Australia	-	-	-	36.64	-	-	-	-	-	-	-	36.64
Colgate Sanxiao (Consumer Products) Company Limited	-	-	1,03.79	83.82	-	-	-	-	-	-	1,03.79	83.82
Others	0.80	-	26.53	17.56	-	-	-	-	-	-	27.33	17.56
Sub-Total	0.80	-	9,63.25	1,76.69	-	-	-	-	-	-	9,64.05	1,76.69
Sale of Goods												
Colgate-Palmolive Romania srl.	-	-	35.04	-	-	-	-	-	-	-	35.04	-
Colgate-Palmolive Pty Ltd., South Africa	-	-	1,47.68	30.12	-	-	-	-	-	-	1,47.68	30.12
Colgate-Palmolive, Russia	-	-	-	40.50	-	-	-	-	-	-	-	40.50
Colgate-Palmolive, Poland Sp.z.o.o	-	-	15.33	1,19.22	-	-	-	-	-	-	15.33	1,19.22
Others	-	0.62	77.49	21.62	-	-	-	-	-	-	77.49	22.24
Sub-Total	-	0.62	2,75.54	2,11.46	-	-	-	-	-	-	2,75.54	2,12.08
Purchase of Assets												
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	-	42.44	-	-	-	-	-	-	-	42.44
Colgate-Palmolive Company, USA	4.35	-	-	-	-	-	-	-	-	-	4.35	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	4.35	-	-	42.44	-	-	-	-	-	-	4.35	42.44
Sale of Assets												
Colgate-Palmolive Son Hai Ltd., Vietnam	-	-	-	16.15	-	-	-	-	-	-	-	16.15
Sub-Total	-	-	-	16.15	-	-	-	-	-	-	-	16.15
Services Rendered												
Colgate-Palmolive Company, USA	2,77.78	2,48.10	-	-	-	-	-	-	-	-	2,77.78	2,48.10
Colgate-Palmolive (Malaysia)	-	-	64.10	69.68	-	-	-	-	-	-	64.10	69.68
Mktg. SDN BHD	-	-	7.02	-	-	-	-	-	-	-	7.02	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	2,77.78	2,48.10	71.12	69.68	-	-	-	-	-	-	3,48.90	3,17.78
Services Received												
Colgate-Palmolive Company, USA	5,53.21	17.97	-	-	-	-	-	-	-	-	5,53.21	17.97
Colgate-Palmolive (Malaysia)	-	-	5,40.40	8,88.64	-	-	-	-	-	-	5,40.40	8,88.64
Mktg. SDN BHD	5,53.21	17.97	5,40.40	8,88.64	-	-	-	-	-	-	10,93.61	9,06.61
Reimbursement of Expenses												
Colgate-Palmolive Company, USA	1,51.50	0.92	-	-	-	-	-	-	-	-	1,51.50	0.92
Colgate-Palmolive S.A., Portugal	-	-	-	(7.11)	-	-	-	-	-	-	-	(7.11)
Colgate-Palmolive (H.K.) Ltd., Hongkong	-	-	(1.72)	8.77	-	-	-	-	-	-	(1.72)	8.77
Colgate-Palmolive (Thailand) Ltd.	-	-	(5.67)	(12.49)	-	-	-	-	-	-	(5.67)	(12.49)
Colgate-Palmolive, Philippines, Inc.	-	-	(45.93)	(0.31)	-	-	-	-	-	-	(45.93)	(0.31)
Colgate-Palmolive Son Hai Ltd., Vietnam	-	-	(4.28)	(9.47)	-	-	-	-	-	-	(4.28)	(9.47)
Others	-	-	(8.23)	8.50	-	-	-	-	-	-	(8.23)	8.50
Sub-Total	1,51.50	0.92	(65.83)	(12.11)	-	-	-	-	-	-	85.67	(11.19)
Dividend												
Colgate-Palmolive Company, USA	41,61.38	29,47.64	-	-	-	-	-	-	-	-	41,61.38	29,47.64
Sub-Total	41,61.38	29,47.64	-	-	-	-	-	-	-	-	41,61.38	29,47.64

Notes forming part of the Consolidated Balance Sheet as at March 31, 2004 and Consolidated Profit and Loss Account for the year ended March 31, 2004

Schedule 22 : Disclosure of Related Parties – Continued

Rs. Lacs

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Total	
	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003
Royalty and Technical Fees												
Colgate-Palmolive Company, USA	13,10.45	11,31.25	–	–	–	–	–	–	–	–	13,10.45	11,31.25
Sub-Total	13,10.45	11,31.25	–	–	–	–	–	–	–	–	13,10.45	11,31.25
Market Research Services												
Quantum Market Research Private Limited	–	–	–	–	–	6.50	–	–	–	–	–	6.50
Sub-Total	–	–	–	–	–	6.50	–	–	–	–	–	6.50
Remuneration	–	–	–	–	–	–	4,96.53	3,78.23	–	–	4,96.53	3,78.23
Sub-Total	–	–	–	–	–	–	4,96.53	3,78.23	–	–	4,96.53	3,78.23
Dividend	–	–	–	–	–	–	0.07	0.01	0.18	0.01	0.25	0.02
Sub-Total	–	–	–	–	–	–	0.07	0.01	0.18	0.01	0.25	0.02
Refund of Deposit	–	–	–	–	–	–	–	14.00	–	–	–	14.00
Sub-Total	–	–	–	–	–	–	–	14.00	–	–	–	14.00
Repayment of Loan	–	–	–	–	–	–	1.20	1.20	–	–	1.20	1.20
Sub-Total	–	–	–	–	–	–	1.20	1.20	–	–	1.20	1.20
Interest on Loan received	–	–	–	–	–	–	0.90	0.90	–	–	0.90	0.90
Sub-Total	–	–	–	–	–	–	0.90	0.90	–	–	0.90	0.90
Outstanding Receivable net of Payable	–	–	55.05	24.41	–	–	29.77	30.97	–	–	84.82	55.38
Outstanding Payable net of Receivable	7,65.92	12,58.83	1,73.69	2,82.55	–	–	–	–	–	–	9,39.61	15,41.38



COLGATE-PALMOLIVE (INDIA) LIMITED



Notes forming part of the Consolidated Balance Sheet as at March 31, 2004 and Consolidated Profit and Loss Account for the year ended March 31, 2004.

Schedule 23 : Supplementary Information

1. During the year, the Group has revised the estimated useful lives of Factory Buildings from 30 years to 20 years and of Residential and Office Buildings from 61 years to 40 years. Consequently, the depreciation charged to Profit and Loss Account is higher in the current year by Rs. 6,28.01 Lacs with the corresponding reduction in Profit before Taxation for the year.
2. During the year, the Group has revised the Accounting Policy in respect of the useful lives of Goodwill and Trademarks, Copyrights and Design and Technical Know-how from 40 years, 14 years and 21 years respectively to 10 years. In accordance with the transitional provisions of Accounting Standard 26 - 'Intangible Assets', issued by The Institute of Chartered Accountants of India, Rs. 46,66.08 Lacs being the difference in the carrying value of intangible assets, due to the change in the accounting policy has been charged to General Reserve. Had the change not been made, amortisation charged to the Profit and Loss Account would have been lower by Rs. 1,26.13 Lacs with a corresponding increase in Profit before Taxation for the year.

The Deferred Tax impact of Rs. 9,94.54 Lacs has been reduced from the Opening Deferred Tax Liability and considered as a Deferred Tax credit in the Profit and Loss Account.
3. Other/Contingencies represents estimates for probable liabilities/claims.
4. The wholly owned subsidiaries Multimint Leasing & Finance Limited, Passion Trading & Investments Company Limited and Jigs Investments Limited, are defunct companies. The Company has opted to comply with the simplified exit scheme introduced by the Government for removal of names of defunct companies from the records maintained by the Registrar of Companies. The Company has made an application dated December 26, 2003 to the Registrar of Companies to strike off the names of the aforesaid subsidiaries from the Register of Companies.
5. The financial statements of the subsidiaries have been audited by firms other than Price Waterhouse.
6. Previous year's figures have been re-grouped and re-arranged, wherever necessary.

The Schedules (1 to 23) referred to hereinabove form an integral part of the financial statements.

P. N. Ghatalia

Partner

Membership No. F-09554

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 29, 2004

For and on behalf of the Board

Managing Director

Whole-time Director

Whole-time Director &

Company Secretary

Mumbai, June 29, 2004

G. Dalziel

M. A. Elias

K. V. Vaidyanathan