

# INNOVATING TO DRIVE *growth*



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Colgate, the market leader in Oral Care, has for the past 75 years been constantly innovating to drive growth by offering technologically advanced Oral Care solutions.

Responding to changing consumer preferences and needs is the bedrock of our approach to innovation. By listening to our consumers, we understand their needs, their usage habits and their attitudes. It is this deep understanding that drives Colgate to develop transformational solutions in oral care.

## **INNOVATING TO DRIVE CONSUMER AWARENESS**

■ **Brush at Night** - Your Company has undertaken an important initiative to help consumers understand the importance of brushing at night through a special 'Brush at Night' campaign, which has created the highest consumer advertisement awareness in the last 5 years

■ **Oral Health Month** - This is a program conducted annually over two months with the commitment and partnership of the Indian Dental Association (IDA) and the dental profession. Over 25,000 dentists supported Oral Health Month in 2012, reaching nearly 4 million consumers

■ **Bright Smiles, Bright Futures™** - One in every two children suffers from cavities. Our program with schools continues to raise awareness among the next generation about better oral health care habits. The program has benefitted over 104 million primary school children since its inception

## **INNOVATING TO DRIVE GROWTH IN NEW SEGMENTS**

Colgate is uniquely positioned to provide consumers with world-class products that address modern lifestyles. Some of our innovations are creating and leading new segments, which include:

■ **Gum Care** - Every third consumer in India suffers from gum

problems-many don't even know about it. Colgate Total Pro Gum Health toothpaste, launched early this year, is proven to reverse gum problems in 4 weeks. It is a breakthrough innovation leading this segment

■ **Sensitivity** - One in every six consumers suffers from sensitivity. Your Company is leading the way by offering a complete sensitivity Oral Care solution with Colgate Sensitive Pro Relief toothpaste, a uniquely designed toothbrush and a specially formulated mouthwash for sensitive teeth. Colgate Sensitive Pro Relief provides two times better sensitivity protection versus regular sensitivity toothpastes and is the #1 toothpaste recommended by dentists

■ **Visible White** - It is a one-of-a-kind Oral Care solution that has given birth to the beauty segment in India. This innovative product is proven to provide one shade whiter teeth in just one week

## **INNOVATING TO DRIVE CUSTOMER AND CONSUMER ENGAGEMENT**

■ **Distribution** - Colgate's store coverage has grown by 40% and rural distribution by 25% in the last one year

■ **In-Store Visibility and Promotions** - Over 1 million shoppers have been engaged through unique in-store and point-of-sale displays that are helping drive product and category awareness and are growing sales

## **INNOVATING TO ENHANCE SHAREHOLDER VALUE**

Your Company has an uninterrupted track record of paying dividend and has delivered a Compounded Annual Return of 27% since the Initial Public Offer in 1978. Colgate is committed to drive growth through innovation, creating value for all its shareholders. ■

## Contents

Board of Directors	2
Ten-year Highlights	3
Notice	4
Report of the Directors	9
Corporate Governance Report	14
Auditors' Certificate on Corporate Governance	21
Business Responsibility Report	23
Independent Auditors' Report to the Shareholders	31
Balance Sheet	36
Statement of Profit and Loss	37
Cash Flow Statement	38
Notes to the Financial Statements	40

## Board of Directors

	<i>Chairman</i>	<b>M. V. Deoras</b>
	<i>Non-executive &amp; Independent Director (Vice-Chairman)</i>	<b>R. A. Shah</b>
	<i>Non-executive &amp; Independent Director (Deputy Chairman)</i>	<b>P. K. Ghosh</b>
	<i>Managing Director</i>	<b>P. Parameswaran (Ms.)</b>
	<i>Whole-time Director &amp; CFO</i>	<b>G. Nthunzi</b>
	<i>Whole-time Director &amp; Company Secretary</i>	<b>N. Ghate</b>
	<i>Non-executive &amp; Independent Director</i>	<b>J. K. Setna</b>
	<i>Non-executive &amp; Independent Director</i>	<b>V. S. Mehta</b>
	<i>Non-executive &amp; Independent Director</i>	<b>Dr. I. Shahani (Ms.)</b>
Management Committee	<i>Managing Director</i>	<b>P. Parameswaran (Ms.)</b>
	<i>Finance</i>	<b>G. Nthunzi</b>
	<i>Legal</i>	<b>N. Ghate</b>
	<i>Marketing</i>	<b>A. Babu</b>
	<i>Customer Development</i>	<b>M. Chandrasekar</b>
	<i>R&amp;D</i>	<b>S. Potnis</b>
	<i>Manufacturing &amp; Supply Chain</i>	<b>L. Wheeler</b>
	<i>Human Resources</i>	<b>A. Singh</b>
	<i>Customer Services &amp; Logistics</i>	<b>S. Menon (Ms.)</b>
	<i>Supply Chain Director-Global Toothbrush</i>	<b>M. Mehrotra</b>
Audit Committee	<i>Chairperson</i>	<b>R. A. Shah</b>
		<b>P. K. Ghosh</b>
		<b>J. K. Setna</b>
		<b>V. S. Mehta</b>
		<b>Dr. I. Shahani (Ms.)</b>
	<i>Secretary</i>	<b>N. Ghate</b>
Shareholders' / Investors' Grievance Committee	<i>Chairperson</i>	<b>P. K. Ghosh</b> (till May 27, 2013)
		<b>P. Parameswaran (Ms.)</b>
	<i>Chairperson</i>	<b>J. K. Setna</b> (w.e.f. May 28, 2013)
		<b>N. Ghate</b>
Business Responsibility Reporting Committee (Constituted on March 25, 2013)	<i>Managing Director</i>	<b>P. Parameswaran (Ms.)</b>
	<i>Legal</i>	<b>N. Ghate</b>
	<i>Human Resources</i>	<b>A. Singh</b>
	<i>Supply Chain</i>	<b>M. Mehrotra</b>
	<i>Communications</i>	<b>H. Mehta (Ms.)</b>
Corporate Social Responsibility Committee (Constituted on May 28, 2013)	<i>Chairperson</i>	<b>Dr. I. Shahani (Ms.)</b>
	<i>Managing Director</i>	<b>P. Parameswaran (Ms.)</b>
	<i>Legal</i>	<b>N. Ghate</b>
	<i>Communications</i>	<b>H. Mehta (Ms.)</b>
	<i>Solicitors</i>	<b>Crawford Bayley &amp; Co.</b>
	<i>Auditors</i>	<b>Price Waterhouse Chartered Accountants</b>
	<i>Registered office</i>	<b>Colgate Research Centre, Main Street, Hiranandani Gardens, Powai, Mumbai 400 076.</b>
	<i>Factories</i>	<b>Plot No. B 14/10 MIDC, Waluj Industrial Area, Aurangabad 431 136.</b>
		<b>Plot No. 78, EPIP Phase I, Jharmajri, Baddi, District Solan, [H.P.] 174 103.</b>
		<b>Plot Nos.154, 158 &amp; 160, Kundaim Industrial Estate, Kundaim, Goa 403 115.</b>
	<i>Registrars &amp; Share Transfer Agents</i>	<b>Sharepro Services (India) Private Limited</b>

## Ten-year Highlights

₹ Lacs

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
<b>A. Operating Results :</b>										
Sales	1,042,08	1,072,53	1,217,50	1,385,38	1,553,21	1,758,16	2,024,65	2,317,40	2,736,17	3,244,51
Other Operating revenue and Other Income	29,92	34,23	46,09	67,00	84,78	107,76	98,46	106,80	120,06	129,63
Net Profit After Tax	108,00	113,29	137,60	160,17	231,71	290,22	423,26	402,58	446,47	496,75
Cash Profits	132,26	135,66	169,03	175,42	251,56	313,17	460,83	436,83	485,78	540,45
<b>B. Financial Position :</b>										
Net Fixed Assets #	93,95	147,21	169,12	192,03	198,99	178,59	253,14	267,31	329,91	437,46
Investments	115,89	160,78	148,34	133,34	72,59	38,33	21,00	38,74	47,12	47,12
Other Assets/(Liabilities) (Net)	36,64	(54,24)	(42,03)	(40,57)	(104,69)	4,06	56,56	78,05	58,36	5,01
TOTAL ASSETS	246,48	253,75	275,43	284,80	166,89	220,98	330,70	384,10	435,39	489,59
Share Capital	135,99	135,99	135,99	135,99	13,60	13,60	13,60	13,60	13,60	13,60
Reserves and Surplus	108,32	113,78	135,08	144,53	148,61	202,70	312,51	370,45	421,79	475,99
SHAREHOLDERS' FUNDS	244,31	249,77	271,07	280,52	162,21	216,30	326,11	384,05	435,39	489,59
Loan Funds	2,17	3,98	4,36	4,28	4,68	4,68	4,59	5	–	–
TOTAL CAPITAL EMPLOYED	246,48	253,75	275,43	284,80	166,89	220,98	330,70	384,10	435,39	489,59
<b>C. Equity Share Data :</b>										
Earnings Per Share (₹)	7.94	8.33	10.12	11.78	17.04	21.34	31.12	29.60	32.83	36.53
Dividend Per Share (₹)	6.00*	7.00	7.50	9.50**	13.00	15.00	20.00	22.00	25.00	28.00
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)	1,85	1,59	1,41	1,40	1,33	1,26	1,24	1,26	1,22	1,29

# Including Capital Advances

\* Including one-time special 25<sup>th</sup> Anniversary Dividend (since becoming public in 1978) of ₹ 1.25 per share.

\*\* Including one-time special 70<sup>th</sup> Anniversary Dividend of ₹ 2.00 per share.

Previous years' figures have been regrouped to conform with current year's presentation, wherever applicable.

## Notice

NOTICE is hereby given that the Seventy-Second Annual General Meeting of COLGATE-PALMOLIVE (INDIA) LIMITED will be held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg, J.V.P.D. Scheme, Vile-Parle (West), Mumbai 400 056 on Monday, July 29, 2013 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. J.K. Setna, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. V.S. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :  
"RESOLVED that Mr. Godfrey Nthunzi be and is hereby appointed a Director of the Company."
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution, as an Ordinary Resolution :  
"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Articles of Association of the Company and subject to the approval of the Central Government, the approval of the Company be and is hereby accorded to the appointment of Mr. Godfrey Nthunzi as Whole-time Director of the Company for a period of five years effective January 1, 2013 on the terms and conditions, including remuneration, as are set out in the draft agreement to be entered into between the Company and Mr. Godfrey Nthunzi, a copy of which, initialed by the Vice-Chairman for the purpose of identification, is placed before the meeting with a liberty to the Board of Directors of the Company ("the Board") to alter and vary

the terms and conditions thereof in such manner as may be agreed to between the Board and Mr. Godfrey Nthunzi, subject to the applicable provisions of the Act, or any amendment thereto or any re-enactment thereof.

RESOLVED further that in the event of absence or inadequacy of profits in any financial year during his tenure as Whole-time Director, Mr. Godfrey Nthunzi be paid the remuneration as minimum remuneration for that year as stated in the explanatory statement.

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

6. To appoint Auditors and to fix their remuneration.

By Order of the Board

Niket Ghate  
Whole-time Director &  
Company Secretary

Date : May 28, 2013

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

### Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement under Section 173 of the Companies Act, 1956 in respect of Item Nos. 4 and 5 to be transacted at the Meeting is appended hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, July 22, 2013 to Monday, July 29, 2013 (both days inclusive).
4. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company, Messrs. Sharepro Services (India) Private Limited at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri-East, Mumbai 400 072.
5. Members who hold shares in physical form are requested to notify immediately any change in their addresses to the Registrars and Share Transfer Agents of the Company at the above address and to their respective Depository Participants, in case shares are held in electronic mode.
6. The Company, consequent upon the introduction of the Depository System ('DS'), entered into agreements with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). The Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.
7. The DS seeks to eliminate several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates, etc. Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
8. To prevent fraudulent transactions, we urge the Members to exercise due diligence and notify the Company of any change in address/stay abroad or demise of any shareholder as soon as possible. Members are requested not to leave their demat account dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
9. Electronic Clearing Service ('ECS') helps in quick remittance of dividend without possible loss/delay in postal transit. Members are requested to fill in the form which is available on the Company's website or can obtain it from the Company's Registrars and Share Transfer Agents and forward the same to the Company's Registrars and Share Transfer Agents if the shares are held in physical form and to the Depository Participant in case the shares are held in dematerialized form.
10. All unclaimed dividends up to the First Interim Dividend for 1995-96 paid by the Company on September 29, 1995 have been transferred to the General Revenue Account of the Central Government. The Members, who have not encashed the dividend warrants up to the said period are requested to claim the amount from The Registrar of Companies, CGO Building, II Floor, A Wing, Belapur, Navi Mumbai.  
  
Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are transferred to the 'Investor Education and Protection Fund', constituted by the Central Government. Accordingly, unclaimed dividends from the Second Interim Dividend for 1995-96 have been transferred to the said Fund. During the Financial Year 2012-13, unclaimed amount of dividends (₹ 9,92,963/-, ₹ 15,24,191/-, ₹ 17,06,944/- and ₹ 11,47,410/-) declared for the years 2004-05 and 2005-06 have been transferred to the Investor Education and Protection Fund on June 18, September 25, 2012, January 28 and April 25, 2013 respectively.
11. The Company has designated an exclusive e-mail ID called **investors\_grievance@colpal.com** for redressal of shareholders' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at **investors\_grievance@colpal.com**.
12. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably addressed.
13. At the ensuing Annual General Meeting, Mr. J.K. Setna and Mr. V.S. Mehta shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. J.K. Setna and Mr. V.S. Mehta are given below :

**Mr. J.K. Setna :**

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

Mr. Setna has been acting as Independent Director of the Company since 1978. Mr. Setna brings to the Board his rich experience and understanding of the Indian industry and consumer product business and the Company will continue to benefit significantly from his expertise.

Mr. Setna does not hold any shares in the Company.

**Other Directorships :** Mr. Setna is a Director of Universal Ferro & Allied Chemicals Ltd. and also a Trustee of the N. M. Wadia Charities and its associated Trusts.

**Committee Membership :**

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

**Mr. V. S. Mehta :**

Mr. V.S. Mehta was associated with Shell Group of Companies since 1984 and was the Chairman of the Shell Group of Companies in India from 1994 to October 31, 2012. He was also the Shareholders' representative on the Board of Shell Companies in Saudi Arabia and Middle East during 1988-91 and Managing Director of Shell Marketing and Shell Chemicals Overseas, Cairo, Egypt during 1991-93. Mr. Mehta's illustrious career began as a Member of the Indian Administrative Service of

the Government of India in 1978 and he has since held various prestigious positions. These include advisory positions with world-renowned petroleum companies and the Indian Government's Ministry of Petroleum.

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

Mr. Mehta does not hold any shares in the Company.

Mr. Mehta is a Director of the following companies:

**Other Directorships :** Director of Apollo Tyres Limited, Brookings India, Brookings Institution India Private Limited, N.V. Advisory Services Private Limited, Vodafone India Limited, Mahindra & Mahindra Limited and Larsen & Toubro Limited.

**Committee Membership :**

Mr. Mehta is a member of the Audit Committee of the Company and Shareholders' Grievance Committee of Larson & Toubro Ltd. He is Chairman of the Remuneration Committee of Vodafone India Ltd.

**Annexure to the Notice****Explanatory Statement under Section 173 of the Companies Act, 1956.****Item Nos. 4 and 5**

Mr. Godfrey Nthunzi joined Colgate in 1993 as Internal Audit Manager and was promoted to Budgets and Planning Manager. In 1996, he left Colgate to join Bristol Myers Squibb as Finance Director. Mr. Nthunzi re-joined as Finance Director, Colgate-Palmolive South Africa, a subsidiary of Colgate-Palmolive Company in 2001.

Prior to joining Colgate-Palmolive (India) Limited, Mr. Nthunzi was Vice-President, Colgate-Palmolive, Canada where he contributed to the improvement in the subsidiary's margins and overall profitability whilst growing market shares.

Mr. Nthunzi holds a Bachelor of Commerce degree in Accounting and completed his MBA at the University of the Witwatersrand in South Africa. He also completed the Tuck Business School Global 2020 Leadership Development program. Mr. Nthunzi is also a Chartered Accountant.

The Board of Directors of the Company (“the Board”) at their Meeting held on October 29, 2012 appointed Mr. Nthunzi as an Additional Director effective January 1, 2013 and, subject to the approval of the Central Government and shareholders of the Company, as Whole-time Director of the Company for a period of five years effective that day.

As an Additional Director and pursuant to Section 260 of the Companies Act, 1956 (“the Act”), he holds office only up to the date of the ensuing 72<sup>nd</sup> Annual General Meeting of the Company. Due notice under Section 257 of the Act has been received from a member proposing the appointment of Mr. Nthunzi as a Director of the Company, whose office shall be liable to determination by retirement of Directors by rotation.

Mr. Nthunzi is the Chief Financial Officer of the Company.

The Board is of the view that his appointment as Whole-time Director and Chief Financial Officer will be in the best interest of the Company. The Board has no hesitation in commending his appointment.

Mr. Nthunzi does not hold any shares in the Company nor does he hold directorships in any other company.

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

The remuneration payable to Mr. Nthunzi shall be determined by the Board or Managing Director from time to time within, however, the maximum limits prescribed under Schedule XIII of the Companies Act, 1956.

**a) Salary :**

Up to ₹ 25,00,000/- (Rupees twenty five lakhs only) per month.

**b) Commission or Performance Linked Incentive or Bonus :**

Not exceeding 1% of the net profit of the Company in any financial year as the Board or Managing

Director may determine from time to time but shall not exceed the amount equivalent to the salary for the relevant period; it may be paid pro-rata on a monthly basis at the absolute discretion of the Board or Managing Director.

**c) Perquisites :**

He shall be entitled to furnished/non-furnished accommodation, gas, electricity, water, medical reimbursement, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company’s rules, the monetary value of such perquisites to be determined in accordance with the Income-tax Rules, 1962 being restricted to ₹ 80,00,000/- (Rupees eighty lakhs only) per annum.

**d) Company’s contribution to Provident Fund and Superannuation Fund or Annuity Fund, gratuity payment as per Company’s rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid.**

In addition to the perquisites referred to above, he will be eligible to the following perquisites which shall not be included in the computation of the ceiling on perquisites :

**i) Leave Travel Concession :**

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

**ii) Reimbursement of expenses incurred on joining duty and for returning to home country after completion of tenure :**

Actual expenses incurred on travel, temporary living expenses and on packing, forwarding, loading/unloading, as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India. After completion of the tenure, such expenses may be reimbursed if Mr. Nthunzi is finally leaving the

employment of the Company. In case he joins any other affiliated entity of Colgate-Palmolive Company, such affiliated entity would bear such expenses.

**e) Minimum Remuneration :**

In the event of absence or inadequacy of profits in any year, Mr. Nthunzi will be paid the aforesaid remuneration and perquisites as minimum remuneration for that year.

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

Mr. Nthunzi's appointment is for a period of five years which may be terminated by either party giving to the other, ninety days' advance notice in writing or in the case of the Company, by payment of ninety days salary as compensation in lieu of such notice. Upon such termination, Mr. Nthunzi shall cease to be a Director of the Company.

An abstract under Section 302 of the Companies Act, 1956, setting out the terms and conditions

of appointment of Mr. Nthunzi as the Whole-time Director of the Company was sent to shareholders on or about November 8, 2012.

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

None of the Directors, except Mr. Godfrey Nthunzi is concerned or interested in the resolutions at Item Nos. 4 and 5.

By Order of the Board

Niket Ghate  
Whole-time Director &  
Company Secretary

Date : May 28, 2013

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

## Report of the Directors

To,  
The Members  
Colgate-Palmolive (India) Limited

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended March 31, 2013.

### Financial Results

	(₹ Crore)	
	2012-13	2011-12
Total Revenue (a+b+c)	<b>3,213.73</b>	2,743.91
Sales (Excluding Excise Duty) (a)	<b>3,084.11</b>	2,623.85
Other Operating Revenue (b)	<b>79.70</b>	69.38
Other Income (c)	<b>49.92</b>	50.68
Profit before Taxation	<b>663.03</b>	588.39
Provision for Taxation	<b>166.28</b>	141.92
Profit after Taxation	<b>496.75</b>	446.47
Balance brought forward	<b>114.68</b>	107.99
Profit available for appropriation	<b>611.43</b>	554.46
Appropriation :		
Dividend	<b>380.78</b>	339.98
Dividend Tax	<b>61.77</b>	55.15
General Reserve	<b>49.67</b>	44.65
Balance carried forward	<b>119.21</b>	114.68
	<b>611.43</b>	554.46

### Business Performance

Despite an inflationary environment and increasingly fierce competition, your Company delivered very strong results. Your Company's business continues to grow strongly in double digits. Sales for the year increased by 18 per cent to ₹ 3,084 crore as against ₹ 2,624 crore during the previous year. The toothpaste and toothbrush businesses registered a very strong volume growth of 10 and 20 per cent respectively during the year.

The profit before tax during the year was ₹ 663 crore as against ₹ 588 crore during the previous year, an increase of 13 per cent. The profit after tax also increased, standing at ₹ 497 crore, an increase of 11 per cent over the previous year.

Your Company continued to lay emphasis on cash generation driven by strong business performance,

focus on efficiencies, cost management and continued efficient collection system. Your Company managed investments prudently by deploying surplus funds after ensuring that such investments satisfy the Company's criteria of safety and security.

During the financial year, your Company strengthened its leadership position in the toothpaste category to 54.6 per cent from 52.9 per cent in the previous year. Similarly, market share in toothbrush category was strengthened to 40.5 per cent and market share in mouthwash category has been growing consistently.

Your Company achieved its goals by focusing on strategic initiatives which are : engaging to build own brands, innovation for growth, being effective and efficient and leading to win.

## Dividend

The Company's strong cash generation and positive growth momentum led the Board of your Company to declare three interim dividends of ₹13 per share, ₹ 6 per share and ₹ 9 per share aggregating ₹ 28 per share for the financial year 2012-13 as against ₹ 25 per share in the previous year. These dividends were paid on October 19, 2012, December 27, 2012 and April 19, 2013. Having declared three interim dividends, your Board has not recommended a final dividend for the financial year 2012-13.

## Colgate – the Most Trusted Brand once again in 2012

'Colgate' has been ranked as "Most Trusted Brand" by Brand Equity's Annual Survey. In the year 2011 as well, Colgate was voted as #1 Most Trusted Brand of the year. Colgate had also been rated as India's #1 Most Trusted Brand across all categories for four consecutive years from 2003 to 2007. It is the only Brand to be ranked in the top 3 from the inception of the survey in 2001.

Your Company was also ranked as the 3<sup>rd</sup> most admired Company in India by the Global Business Magazine Fortune and Management Consultancy Hay Group.

## Sale and transfer of Company's division viz. 'Global Shared Services Organisation' (GSSO)

In the year 2004, your Company with the assistance of Colgate-Palmolive Company (CP-USA) set up a Global Shared Services Organisation (GSSO Division) to provide IT/ITES services and assistance to some of the subsidiaries of CP-USA including your Company. Its services primarily revolve around, but are not limited to, the operations, maintenance and enhancement of the SAP ERP system as well as electronic communication systems, administrative, financial, managerial and technical matters in the IT/ITES segment.

Recently, CP-USA announced a four year Global Growth Efficiency Program (GG&EP) for sustained growth. The said program's initiatives are expected to ensure continued growth and enhance the Colgate group's global leadership positions in its core businesses. The said program is expected to achieve the objectives through :

i. Expansion of commercial hubs;

- ii. Extension of Colgate Business Service Centres (CBS) and streamlining of global functions; and
- iii. Optimization of the Global Supply Chain and Facilities.

Keeping in view the aforesaid objectives, your Board felt that transfer of GSSO division to Colgate Global Business Services Private Limited (CGBSPL), a recently formed entity, will enable CP-India to focus on its core business.

Your Company accordingly decided to divest its GSSO division along with all its employees as well as assets and liabilities, as a going concern and by way of slump sale to CGBSPL, a 100% subsidiary of the ultimate holding company CP-USA for a lumpsum consideration of ₹ 59.89 crore. CGBSPL will provide the best in class service to CP-USA's subsidiaries, including CP-India with greater efficiency.

Your Company recently obtained the approval of the shareholders by way of Postal Ballot for sale of GSSO division.

## Status of new projects

As stated in the Annual Report for the year 2011-12, to support the growth momentum and to cater to the increasing demand of our products, your Company is setting up a state of the art toothpaste manufacturing facility at Sanand in Gujarat. The new factory will be the best in class manufacturing facility which is scheduled to commence commercial production in the current year.

Similarly, your Company is in an advanced stage of obtaining various permissions for a new toothbrush manufacturing facility at Sricity in Chittoor District in Andhra Pradesh. This new toothbrush manufacturing facility is expected to commence commercial production in the year 2014.

## Surrender of Lease and Sale of the factory building at Hyderabad

Pursuant to the closure of the manufacturing operations at Hyderabad factory, your Board of Directors felt that it would be in the interest of the Company to surrender the lease of the land and sell the factory building to the Lessor, Swamy Sons Agencies Private Limited for a total consideration of ₹ 1,60,00,000/- (One Crore Sixty Lacs only). The approval of the shareholders for the aforesaid sale of factory building was obtained by way of Postal Ballot and formalities for surrender of lease and sale of factory building have been completed.

## Sustainability

Your Company is committed to sustainability through a program that focuses on People, Performance and Planet.

Considering this, in the year 2010, your Company developed a plan that will guide its sustainability initiative for the next five years. The broad aspects covered are as under :

- People - Promoting healthier lives, Contributing to the Communities where we live and work.
- Performance - Delivering products that delight consumers and respect our planet.
- Planet - Making every drop of water count, Reducing our impact on climate and the environment.

Your Company believes that integrating sustainability into its everyday operations will help in making better business decisions and improve people's lives. The sustainability strategy will also continue to increase consumer loyalty, provide a competitive advantage and help ensure long-term shareholder value.

## Focus on innovation

In India today, consumer needs are fast evolving. Your Company has been staying ahead of trends by identifying opportunities based on insights into consumer behaviour and leveraging technology to deliver innovative products. Our success in delivering meaningful innovation is evident in several of our recent innovations. One out of three Indians suffer from gum problems. To address this issue, your Company launched Colgate Total Pro Gum Health, a technology breakthrough which reverses gum problems in four weeks. Your Company also launched Colgate Visible White toothpaste to create the beauty segment through this one-of-its kind Oral Care solution that offers one shade whiter teeth in just one week. In toothbrushes, your Company launched 360°, a battery operated toothbrush for consumers seeking superior teeth cleaning and MaxFresh toothbrush for those seeking freshness. In the mouthwash category, your Company launched Colgate Plax Fresh Tea, a new flavour that builds on the green tea trend.

As the leaders in Oral Care, your Company is making a constant effort to cater to the Oral Care needs of different consumers by offering products across various price points.

Innovation at your Company is not limited to new products. We are innovating in the way we connect with shoppers in-store, engage consumers in the digital arena, in how we go-to-market and in driving further efficiencies in the supply chain.

## Responsibility Statement

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

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

## Corporate Social Responsibility

Your Company in partnership with the Indian Dental Association (IDA) successfully concluded the 9<sup>th</sup> edition of a two-month long Oral Health Month Program during the year, covering a wide spectrum of activities designed to spread oral health awareness and good oral hygiene practices. The mission of this Program continued to be "Mission Zero Cavity" involving dental professionals spread across 1116 towns. The total dentists who participated in the program were 25,000. The two-month long oral care awareness drive covered in-clinic free dental check-ups, school contact program, free dental check-ups in mobile dental vans, retailers

outreach program and many more such activities to engage 3.7 million consumers.

Education has been the primary focus of your Company's Corporate Social Responsibility. Since 1976, your Company has been conducting a school initiative program Colgate Bright Smiles Bright Futures™ wherein your Company partnered with IDA, to spread oral health awareness among school-going children in primary schools in urban and rural India. Till date, 107 million school children in 2,35,617 schools in urban and rural areas have benefited from this Program. In addition, your Company also conducts, jointly with IDA, a Teachers' Training Program to enable teachers to instil good Oral Care habits among school-going children on an on-going basis.

In addition, your Company also started an employee volunteering program called "Adopt a School", wherein the employees of the Company were offered an opportunity to volunteer their time to spread the message of maintaining good oral hygiene in a simple, conversational, interactive manner to primary school children in municipal and government aided schools. The program contributed to Colgate's market development efforts and business goals and reinforced Colgate's emotional connection with consumers. The involvement and contributions by employees also helps Colgate give back to communities and demonstrates Colgate's core value of caring.

For close to a decade now, your Company partnered with the NGO, Pratham, the largest non-governmental organisation, working to provide quality education to the less privileged children of India. Pratham, established in 1994, provides education to the children in the slums of Mumbai city. Since then, the organization has grown both in scope and geographical coverage.

Today Pratham reaches out to millions of children living both in rural and urban areas through a range of interventions. It's flagship program, Read India, helps to improve the reading, writing and basic arithmetic skills of the children in the age group of 6-14 years. Even though India has made significant strides in improving the enrollment levels of the children in schools, a lot still needs to be done as far as the learning levels are concerned.

Since 2008, your Company has been supporting a program called 'A Positive Step' with the NGO, Network in Thane of People Living with HIV. Through

this program, your Company supports children affected and infected by HIV with nutritional needs and school fees. The program has infused the children with hope leading to a definitive improvement in their academic performance and they now live with more confidence despite their HIV condition.

Your Company will continue to take such measures to make a positive and significant contribution to the Society.

### **Corporate Governance**

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

### **Employee Relations**

The employee relations in the Company continued to be cordial except for an unauthorised stoppage of work by one of the unions at Goa toothpaste manufacturing facility for a period of 18 days from January 6, 2013 to January 23, 2013. However, the Management successfully resolved the situation by following the due process and discussions with the union and normalcy was restored in the facility. Since Company had adequate inventory to serve the market, the impact on the operations of the Company during the period was minimal.

A long term Memorandum of Settlement for three years and six months at the Company's Aurangabad toothpowder manufacturing facility was signed on January 28, 2013. This settlement would be in force till May 31, 2015.

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

### **Trade Relations**

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

**Energy, Technology Absorption and Foreign Exchange**

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

**Directors**

Mr. Godfrey Nthunzi was appointed as the Whole-time Director of the Company for five years, effective January 1, 2013, subject to the approval of Central Government and shareholders under the provisions of the Companies Act, 1956.

Mr. Paul Alton, Whole-time Finance Director opted for an early retirement from the services of the Company effective December 31, 2012. The Board places on record their appreciation of the outstanding contribution made by Mr. Paul Alton during his tenure as the Whole-time Finance Director of the Company.

In terms of Sections 255 and 256 of the Act and under Article 124 of the Company's Articles of Association, Mr. J. K. Setna and Mr. V. S. Mehta retire by rotation at the ensuing 72<sup>nd</sup> 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.

**Cost Auditors**

The Board of Directors at their Board Meeting held on March 25, 2013 appointed Messrs. N. I. Mehta & Company as the Cost Auditors for auditing the cost accounts relating to cosmetics and toiletries for the financial year 2013-14.

**Acknowledgements**

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

On behalf of the Board

P. Parasmeswaran (Ms.)  
Managing Director

R.A. Shah  
Vice-Chairman

May 28, 2013

## Corporate Governance Report

Your Company continues to lay great emphasis on the broad principles of Corporate Governance. Our pursuit towards achieving good governance is an ongoing process. The Company fully complies with the requirements under Clause 49 of the Stock Exchange Listing Agreement.

### 1. Company's philosophy on Code of Governance

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

Company's policies on important issues, including its relationship with customers, 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 six Non-executive Directors including the Chairman of the Board. Five of the six Non-executive Directors are Independent Directors. Accordingly, the composition of the Board is in conformity with the Stock Exchange Listing Agreement.

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

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

<b>Name of Director</b>	<b>Category</b>	<b>No. of other Directorships - excluding Private Ltd. Companies and Alternate Directorships</b>	<b>No. of Memberships of other Board Committees</b>	<b>No. of other Board Committees of which the Director is a Chairperson</b>
Mr. R. A. Shah	Non-executive	14 <sup>@</sup>	8	3
Mr. P. K. Ghosh	Non-executive	–	–	–
Mr. M. V. Deoras	Non-executive	11 <sup>@</sup>	–	–
Mr. J. K. Setna	Non-executive	1	–	–
Mr. V. S. Mehta	Non-executive	4	1	–
Mr. Niket Ghate	Executive	–	–	–
Ms. Prabha Parameswaran	Executive	1 <sup>@</sup>	–	–
Dr. (Ms.) Indu Shahani	Non-executive	2	–	–
Mr. Godfrey Nthunzi*	Executive	–	–	–
Mr. Paul Alton**	Executive	–	–	–

@ Includes foreign bodies corporate

\* Appointed as a Whole-time Director effective January 1, 2013

\*\* Opted for an early retirement from the Company effective December 31, 2012

Note: None of the Directors is related to one another.

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

During the year 2012-13, seven Board Meetings were held on May 30, July 23, September 24, October 29, December 10, 2012, January 30 and March 25, 2013.

The last Annual General Meeting of the Company was held on July 23, 2012.

The attendance details of each Director are given below :

Name of Director	No. of Board Meetings attended	Attendance at last AGM
Mr. R. A. Shah	7	Present
Mr. P. K. Ghosh	7	Present
Mr. M. V. Deoras	2	Present
Mr. P. E. Alton*	5	Present
Mr. J. K. Setna	6	Present
Mr. V. S. Mehta	7	Present
Mr. Niket Ghate	7	Present
Ms. Prabha Parameswaran	7	Present
Dr. (Ms.) Indu Shahani	5	Present
Mr. Godfrey Nthunzi**	2	Not applicable

\* Opted for an early retirement from the Company effective December 31, 2012

\*\* Appointed as a Whole-time Director effective January 1, 2013

**3. Audit Committee**

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

The composition of the Audit Committee is as under :

- A) Mr. R. A. Shah, Chairperson
- B) Mr. P. K. Ghosh
- C) Mr. J. K. Setna
- D) Mr. V. S. Mehta
- E) Dr. (Ms.) Indu Shahani

Mr. Niket Ghate acts as Secretary of the Committee.

The terms of reference of the Audit Committee include:

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

During the financial year 2012-13, five Audit Committee Meetings were held on May 30, July 23, October 29, 2012, January 30 and March 25, 2013.

The attendance details of each Member are given below :

Name of Director	Status	No. of Audit Committee Meetings attended
Mr. R. A. Shah	Chairperson	5
Mr. P. K. Ghosh	Member	5
Mr. J. K. Setna	Member	4
Mr. V. S. Mehta	Member	5
Dr. (Ms.) Indu Shahani	Member	3

#### 4. Remuneration of Directors

##### a) Non-executive Directors

The Company has no pecuniary relationship or transaction with its Non-executive Directors other than payment of sitting fees to them for attending Board and Committee meetings. The Company pays fees for professional services rendered by a firm of Solicitors and Advocates of which a Non-executive Director is a partner. The same are, however, not material in nature.

The Shareholders of the Company at the Annual General Meeting held on July 23, 2012 have approved payment of commission

to Non-executive Directors not exceeding 1% of the net profit subject to a maximum limit of ₹ 5,00,000/- per annum to each of the Non-executive Directors, for a period of five years commencing from April 2012.

##### b) Executive Directors

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 relating to its shares. The Company has not constituted a Remuneration Committee.

Details of remuneration paid/payable to the Directors of the Company during the year ended March 31, 2013 are given below :

	₹ Lacs
a) Salary	6,08.49
b) Benefits	5,26.91
c) Performance linked Incentive/Commission/Bonus	2,20.99
d) Sitting fees	12.45
e) Commission to Non-executive Directors	25.00
<b>Total</b>	<b>13,93.84</b>

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

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

this Committee as a Chairman effective May 28, 2013. The Committee meets at frequent intervals to consider, *inter-alia*, share transfers, investor complaints, etc.

#### 5. Shareholders'/Investors' Grievance Committee

The Board constituted a Shareholders'/Investors' Grievance Committee in April, 2000. The Committee consists of four Directors, viz. Mr. J. K. Setna, Mr. Niket Ghate, Mr. P. K. Ghosh and Ms. Prabha Parameswaran. Mr. P.K. Ghosh was the Chairman of the Committee till May 27, 2013. Mr. J. K. Setna, a Non-executive Director heads

Mr. Niket Ghate, Whole-time Director & Company Secretary, is the Compliance Officer.

During the year 2012-13, six complaints were received from shareholders/investors regarding transfer of shares, non-receipt of dividends, etc.

Details of complaints are given below :

Nature of complaints	Number of complaints received	Number of complaints redressed
Non-receipt of dividends	6	6
Non-receipt of shares lodged for transfer/transmission and on account of capital reduction	—	—
Others	—	—
<b>Total</b>	<b>6</b>	<b>6</b>

All complaints have generally been resolved to the satisfaction of the complainants except for disputed cases and sub-judice matters, which would be resolved upon final disposal by the Courts or by authorities before whom they are pending.

## 6. Business Responsibility Reporting Committee

The Board, pursuant to Clause 55 of the Listing Agreement, constituted a Business Responsibility Reporting Committee on March 25, 2013. The Committee consists of following executives, viz., Ms. Prabha Parameswaran, Mr. Niket Ghate, Mr. Aditya Singh, Mr. Manu Mehrotra and Ms. Hima Mehta.

## 8. 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
2009-10	July 15, 2010	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2010-11	July 22, 2011	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2011-12	July 23, 2012	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.

The Shareholders of the Company at the Annual General Meeting held on July 23, 2012 have approved payment of commission to Non-executive Directors not exceeding 1% of the net profit subject to a maximum limit of ₹ 5,00,000/- per annum to each of the Non-executive Directors, for a period of five years commencing from April 2012.

No special resolution requiring a postal ballot was passed last year or being proposed at the ensuing Annual General Meeting.

## 9. Disclosures

- a) Disclosures on materially significant related party transactions :

There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. Attention is drawn to Note 31 to the Financial Statements.

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

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

The Code of Conduct also provides for hotline which can be reached by telephone, facsimile,

## 7. Corporate Social Responsibility Committee

The Board constituted a Corporate Social Responsibility Committee on May 28, 2013. The Committee consists of following executives, viz., Dr. (Ms.) Indu Shahani, Ms. Prabha Parameswaran, Mr. Niket Ghate and Ms. Hima Mehta. Dr. (Ms.) Indu Shahani, an Independent Non-executive Director, will head this Committee.

e-mail or letter. The caller may provide his/her name or other identifying information or may contact the hotline anonymously. In all circumstances, it is ensured that no one will be retaliated against for reporting an incident, filing a claim, or for participating in an investigation. None of the personnel has been denied access to the Audit Committee.

- d) Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board when called for.

## 10. Means of Communication

The quarterly results are published in Financial Express, Free Press Journal and Navshakti as required under Clause 49. 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 and the same are displayed on the Company's website **www.colgate.co.in**

## 11. Management Discussion and Analysis Report

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

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

Almost one-third of the Indian population does not have access to modern oral care. The per capita consumption of toothpaste is about

146 gms – one of the lowest in the world. The national epidemiological study on the status of oral health in the country showed that dental caries (tooth decay) is prevalent in 63% of 15 year olds and as much as 80% amongst adults in the age group of 35-44 years and periodontal diseases (gum diseases) are prevalent in 68% of 15 year olds and as much as 90% amongst adults in the age group of 35-44 years. To address this situation, the Company in partnership with Indian Dental Association has started conducting annually, an intensive two-month-long awareness campaign in October and November under the banner ‘Oral Health Month’. The aim of this campaign is to create oral health awareness and motivate people to adopt preventive self-care habits to improve their oral health.

This was one more step in the Company’s longstanding effort to spread the message of good oral health and encourage the use of modern and efficacious Oral Care products.

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

While the predominant business of the Company has been confined to the Oral Care where it continues to face intense competition, the outlook for industry is positive given the size of the opportunity. The Company believes that through a combination of powerful marketing strategies, innovative new products and market development and expansion activities, the dentifrice market in India and the Company’s business will continue to grow strongly in the next several years.

The Company has good internal control systems, the adequacy of which has been reported by its auditors in their report. The discussion on financial performance of the Company is covered in the Directors’ Report. There has been no material development on human resources and industrial relations continue to be positive except for an unauthorised stoppage of work by one of the unions for a period of 18 days at Goa toothpaste manufacturing facility. The Management, however, successfully dealt with the issue by following due process and discussions with the union and operations resumed. The impact on the operations during the period was minimal considering the

inventory and back up from other plants of the Company. The number of people employed as on March 31, 2013 was 2008.

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.

## 12. General Shareholder Information

### Annual General Meeting

Date and Time: July 29, 2013 at 3.30 p.m.

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

### Financial Calendar

The Company follows April-March as its financial year. The financial 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 on or before May 30 as permitted under the listing agreement.

### Dates of Book Closure

Monday, July 22, 2013 to Monday, July 29, 2013 (both days inclusive).

### Dividend Payment Dates

Dividend for 2012-13	Payment Date
First Interim	October 19, 2012
Second Interim	December 27, 2012
Third Interim	April 19, 2013

### Listing on Stock Exchanges

The Company’s shares are listed on the following Stock Exchanges :

Stock Exchange Name	Stock Code
BSE Limited, Mumbai (physical & demat)	500 830
National Stock Exchange of India Limited, Mumbai (physical & demat)	COLPAL

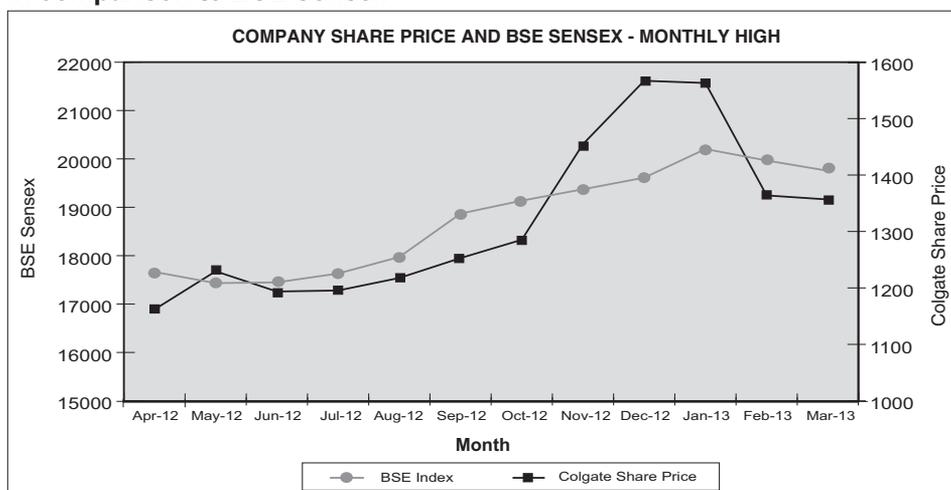
Company has paid Annual Listing fees for financial years 2012-13 & 2013-14.

### Market Price Data

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

Month	BSE Ltd.		National Stock Exchange of India Ltd.	
	High ₹	Low ₹	High ₹	Low ₹
April 2012	1,161.80	1,110.45	1,224.80	1,083.15
May 2012	1,229.50	1,117.55	1,252.00	1,050.00
June 2012	1,193.65	1,107.00	1,209.95	1,096.50
July 2012	1,195.45	1,128.25	1,201.95	1,116.00
August 2012	1,217.65	1,157.55	1,288.00	1,150.00
September 2012	1,252.90	1,167.00	1,264.20	1,126.60
October 2012	1,285.30	1,203.60	1,302.00	1,190.15
November 2012	1,454.80	1,271.00	1,471.20	1,267.00
December 2012	1,567.00	1,389.95	1,577.80	1,384.00
January 2013	1,563.05	1,350.80	1,579.90	1,334.00
February 2013	1,363.85	1,275.65	1,380.00	1,254.10
March 2013	1,356.70	1,239.60	1,387.00	1,225.50

### Performance in comparison to BSE Sensex



### Registrars and Share Transfer Agents

Sharepro Services (India) Private Limited,  
13 AB, Samhita Warehousing Complex,  
2<sup>nd</sup> floor, Sakinaka Telephone Exchange Lane,  
Off. Andheri-Kurla Road, Sakinaka, Andheri (E),  
Mumbai 400 072

Tel : 022 – 6772 0300

Fax : 022 – 2859 1568

E-mail : sharepro@shareproservices.com

### Share Transfer System

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

Shares held in the dematerialised form are electronically traded in the Depositories 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. to the shareholders.

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

**Shareholding Pattern (as at March 31, 2013)**

Category	Number of shares	%
Foreign Collaborators	69356336	51.00
Resident Individuals	28254384	20.78
Foreign Institutional Investors	29356630	21.59
NRIs/OCBs	395561	0.29
Domestic Companies	1577293	1.16
Non-domestic Companies	–	–
Banks and Mutual Funds	1390508	1.02
Financial Institutions	5662105	4.16
<b>Total</b>	<b>135992817</b>	<b>100.00</b>

**Distribution of Shareholding (as at March 31, 2013)**

Description	Holder(s)			
	Folios	%	Shares	%
1 – 500	115791	89.47	9907032	7.28
501 – 1000	6522	5.04	4725782	3.48
1001 – 2000	4659	3.60	6404332	4.71
2001 – 3000	1672	1.29	4303050	3.16
3001 – 4000	204	0.16	709201	0.52
4001 – 5000	140	0.11	623984	0.46
5001 – 10000	223	0.17	1503675	1.11
10001 & above	214	0.16	107815761	79.28
<b>Total</b>	<b>129425</b>	<b>100.00</b>	<b>135992817</b>	<b>100.00</b>

**Dematerialisation of shares and liquidity**

As on March 31, 2013, 96.28% of the shares were held in dematerialised form and the rest in physical form.

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 2013.

**Plant Locations :**
**Aurangabad**

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

**Baddi, Himachal Pradesh**

Plot No. 78, EPIP Phase 1,  
Jharmajri, Baddi,  
District Solan, [H.P.] 174 103.

**Goa**

Plot Nos. 154, 158 & 160,  
Kundaim Industrial Estate,  
Kundaim, Goa 403 115.

**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 :

**Registrars and Share Transfer Agents**

Sharepro Services (India) Private Limited,  
13 AB, Samhita Warehousing Complex,  
2<sup>nd</sup> floor, Sakinaka Telephone Exchange Lane ,  
Off. Andheri-Kurla Road, Sakinaka, Andheri (E),  
Mumbai 400 072

Tel : 022 – 6772 0300

Fax : 022 – 2859 1568

E-mail : sharepro@shareproservices.com

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

**Declaration**

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Board Members and the Senior Management Team have confirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2013.

For Colgate-Palmolive (India) Limited

**P. Parameswaran (Ms.)**  
Managing Director

Mumbai, May 28, 2013

## Auditors' Certificate regarding compliance of conditions of Corporate Governance

To,

The Members of Colgate-Palmolive (India) Limited

We have examined the compliance of conditions of Corporate Governance by Colgate-Palmolive (India) Limited ("the Company"), for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the 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.

We 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.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

Place: Mumbai  
Date: May 28, 2013

**Uday Shah**  
Partner  
Membership No. 046061

**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 with superior benefits for consumers to expand market share and increase consumption.
- \* All aspects of supply chain which includes reduction in input cost, qualify new raw materials for import substitution, process optimization and simplification, batch size optimization and batch cycle time reduction.
- \* Quality improvements and upgradation of raw materials suppliers.
- \* Claim substantiation and clinical validations.

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, optimization of formulations, cost reduction of raw and packaging materials and process optimization.

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. Also stay focused on optimizing the costs to fund the growth.

4. Expenditure on R & D :	2012-13
	[₹ Lacs]
a) Capital .....	1,14.81
b) Recurring .....	8,41.38
c) Total .....	9,56.19
d) Total R & D expenditure as a percentage of total turnover...	0.31

**Technology Absorption, adaptation and innovation :**

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

- \* The Company has developed clinically proven and highly efficacious dentifrice formulae.
- \* The Technology Centre is involved in process simplification, exploring every avenue to reduce cost of materials and effecting import substitution.

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

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

3. Imported Technology :

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

**C. Foreign Exchange Earnings and Outgo :**

During the year, the Company was able to generate export earnings of ₹ 113,46.95 Lacs. The particulars of foreign exchange earned/ utilised during the year are given in Note Nos. 33 and 34 to the Financial Statements.

## Business Responsibility Report

Colgate believes that how we do business is just as important as what we do. At Colgate, doing business responsibly is built into business decisions every day. Colgate is committed to act with compassion, integrity,

honesty and high ethics in all situations. The Company is also committed to protect global environment, to enhance communities where Colgate people live and work, and to be compliant with laws and regulations.

### Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company : **L24200MH1937PLC002700**
2. Name of the Company : **Colgate-Palmolive (India) Limited**
3. Registered address : **Colgate Research Centre,  
Main Street, Hiranandani Gardens,  
Powai, Mumbai – 400 076, India**
4. Website : **www.colgate.co.in**
5. E-mail id : **brr\_info@colpal.com**
6. Financial Year reported : **April 1, 2012 – March 31, 2013**
7. Sector(s) that the Company is engaged in (industrial activity code-wise) :  
The Company's Business Segment is "Personal Care" (including Oral Care).
8. List three key products/services that the Company manufactures/provides (as in balance sheet) :  
The Company manufactures following key products; namely –
  - i. Toothpaste and Tooth Powder
  - ii. Toothbrush
  - iii. Mouth Wash
9. Total number of locations where business activity is undertaken by the Company:
  - i. Number of International Locations: **None**
  - ii. Number of National Locations: **7**
10. Markets served by the Company - Local/State/National/International:

LOCAL	STATE	NATIONAL	INTERNATIONAL
✓	✓	✓	✓

### Section B: Financial Details of the Company (₹ Lacs)

1. Paid up Capital (INR) : **13,60**
2. Total Turnover (INR) : **3,32,420.91**
3. Total profit after taxes (INR) : **49,675.44**
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : **2%**
5. List of activities in which expenditure in 4 above has been incurred :
  - a) Oral Health Month
  - b) Academic Education to less privileged children
  - c) Support to the children affected by HIV
  - d) Bright Smiles, Bright Futures™

### Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**
  - The Company does not have any Subsidiary.
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**
  - Not applicable.
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**
  - No other entity/entities with whom Company does business participate in the Business Responsibility (BR) initiatives of the Company.

### Section D: BR Information

1. **Details of Director/Directors responsible for Business Responsibility**
  - a) Details of the Director/Directors responsible for implementation of the BR policy/policies
    - DIN Number : 05159215
    - Name : Prabha Parameswaran (Ms.)
    - Designation : Managing Director
  - b) Details of the BR head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	05159215
2.	Name	Prabha Parameswaran (Ms.)
3.	Designation	Managing Director
4.	Telephone number	022 – 6709 5050
5.	e-mail id	brr_info@colpal.com

2. **Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

**Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**Principle 3:** Businesses should promote the well-being of all employees.

**Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

**Principle 5:** Businesses should respect and promote human rights.

**Principle 6:** Businesses should respect, protect and make efforts to restore the environment.

**Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

**Principle 8:** Businesses should support inclusive growth and equitable development.

**Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S. No.	Questions	Business Ethics	Sustainability	Employees' Well-being	Stakeholders' Welfare	Human Rights	Environment	Regulatory Policy	Equitable Development	Customer Responsibility
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	-	Y	-	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	-	Y	-	Y	-
4.	Has the policy been approved by the Board? If yes, has it been signed by MD /owner/ CEO/ appropriate Board Director?	-	-	-	-	-	-	-	-	-
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	#	#	#	#	#	#	-	-	-
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	-	N	-	N	Y

# <http://www.colgate.co.in/Colgate/IN/Corp/CodeOfConduct/CodeOfConduct.pdf>

**2a. If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within the next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	✓	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

### 3. Governance related to Business Responsibilities (BR)

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year :**
  - The Company has constituted a Business Responsibility Reporting Committee to frame the initiatives and oversee the implementation of Business Responsibility initiatives. The Committee members will assess the Business Responsibility performance of the Company periodically.
- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**
  - The Company publishes the information on sustainability in the Directors' Report which forms a part of the Annual Report of the Company. The hyperlink to view the Annual Report is : <http://www.colgate.co.in/Colgate/IN/Corp/InvestorRelations/FinancialReports/annual-report-2012-13.pdf>

#### Section E: Principle-wise performance

##### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

Colgate is committed to do business with intergrity and adhere to ethical business practices. It acts with integrity in all aspects of it's business. Colgate's well earned reputation for integrity is a business asset. It is reliant upon the commitment of all Colgate Directors, Officers and Employees everywhere, to act in accordance with Colgate's Code of Conduct and all applicable laws and regulations.

Colgate-Palmolive Company, U.S.A. is the parent Company of Colgate-Palmolive (India) Limited. The parent Company's Code of Conduct ('Colgate Code of Conduct') applies to all Colgate People, including Directors, Officers and all Employees

of the Company and its subsidiaries globally. 'Colgate Code of Conduct' also applies to its Vendors and Suppliers.

Colgate also has an Anti-bribery Policy. The Company conducts a Due Diligence with its Vendors in accordance with its Anti-bribery Policy. The Company has a zero tolerance for any breach of its Policy.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

The Company received three complaints which were duly investigated and appropriate actions were taken.

##### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- Re-designing of packaging material, that results in low impact on the environment through change in Technology. Cartons that have lower thickness contribute to improve biodegradability and recyclability.
- Most of the cartons are made up of recycled paper.
- Substitution of raw materials in formulation that are safer and more environment friendly.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- i. **Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?**

We endeavor to source material from suppliers of raw material and packaging located close to our manufacturing facilities. In most of the cases, we source packaging material locally. The containers for our primary packaging material are reused and recycled.

- ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

We have imparted education on oral hygiene and have given a message of saving water while brushing teeth to 5.3 million children in 21,284 schools in the year 2012.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

Most of our plants are situated close to raw material suppliers, thereby reducing the need for transportation.

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

**If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Colgate has an Enhance Supplier Management program that helps suppliers improve their quality, efficiencies, productivities, waste reduction through audits, recommendations and an inspection process.

**5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Yes. About 80% of the waste is recycled / reused.

The containers for our primary packaging material are recycled and reused. Most of the material used for transportation of primary packaging material, is also recycled and reused.

Solid waste/sludge from Waste Water Treatment Plants and process waste is sent to cement manufacturing companies. It is co-processed to be converted into cement. A small portion of the waste is not environment friendly and is therefore disposed in a controlled manner to government approved Common Hazardous Waste Treatment Storage and Disposal Facility (CHWTSDF).

**Principle 3: Businesses should promote the wellbeing of all employees**

Colgate's commitment to caring for people is

manifested in the workplace through a variety of programs designed to promote and reward individual and team achievements. Specifically, in matters of employment:

- It is the policy, practice and aim of Colgate to provide employment opportunities to all qualified persons on an equal basis. The Company will not discriminate against any employee or applicant for employment on the basis of race, religion, disability, ethnicity, marital status or any other characteristic protected by law.
- The Company does not employ/engage child labour.
- It provides training, education and promotional opportunities that permit development and career advancement to the Company's workforce.
- It prohibits sexual harassment by any person in the workplace or while conducting Company business.
- It provides wellness programs for the employees.
- Free health check-ups are arranged for the employees.

**1. Please indicate the Total number of employees:**  
Total number of employees : 2008

**2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis:**  
The total Number of employees hired on temporary/ contractual/ casual basis : 469

**3. Please indicate the Number of permanent women employees:**  
Number of permanent women employees : 264

**4. Please indicate the Number of permanent employees with disabilities:**  
Number of permanent employees with disabilities : NIL

**5. Do you have an employee association that is recognized by management:**  
Yes, there are recognized unions/employee associations recognized by the management.

**6. What percentage of your permanent employees is members of this recognized employee association?**

There are total 830 workmen in the factories. Of these, about 364 workmen i.e. 44% form a part of the union recognized by the management.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as at the end of the financial year.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as at the end of the financial year
1.	Child labour/ forced labour/ involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- Permanent Employees : 100%
- Permanent Women Employees : 100%
- Casual/ Temporary/ Contractual Employees : 100%
- Employees with Disabilities : N.A.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

1. Has the Company mapped its internal and external stakeholders?

Yes, the Company has mapped its internal and external stakeholders.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

Yes, the Company has identified the disadvantaged, vulnerable and marginalized stakeholders.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company has focused on the education of under-privileged children in the society. Also, the Company supports a program called 'A Positive Step' with an NGO for children affected by HIV.

**Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

The policy for human rights forms part of the Code of Conduct of the Company.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

We have not received any complaints under the Human Rights in the past financial year.

**Principle 6: Businesses should respect, protect and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.

The policy related to Principle 6 cover only the Company.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

Yes, the Company does have strategies/ initiatives to address global environmental issues. The hyperlink for the same is: [www.colgate.co.in/app/Colgate/IN/Corp/Sustainability.cvsp](http://www.colgate.co.in/app/Colgate/IN/Corp/Sustainability.cvsp)

3. Does the company identify and assess potential environmental risks? Y/N

Yes, the Company identifies and assesses potential environmental risks.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company does not have a project related to Clean Development Mechanism.

5. **Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes, the Company has undertaken other initiatives on clean technology, energy efficiency, renewable energy, etc. The hyperlink for the same is: <http://www.colgate.co.in./Colgate/IN/Corp/Sustainability/Sustainability Report 2011/.pdf>

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the emissions/waste generated by the Company are within the permissible limits given by CPCB / SPCB for the financial year.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

NIL

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is associated / is a member of the following Associations:

- a) Federation of Indian Chambers of Commerce & Industry (FICCI)
- b) Bombay Chamber of Commerce & Industry (BCCI)
- c) Bombay Management Association (BMA)
- d) The Advertising Standards Council of India (ASCI)

- e) Council for Fair Business Practices (CFBP)
- f) Indian Beauty & Hygiene Association (IBHA)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Although the Company is member of the Associations, it has not lobbied in the above areas.

**Principle 8: Businesses should support inclusive growth and equitable development**

1. **Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Bright Smiles, Bright Futures™ program was instituted in India in 1976. It is conducted in rural and urban schools where Colgate, with support from the Indian Dental Association (IDA), imparts the importance of good oral hygiene to primary school children. The program equips each child with a basic dental health pack of a toothbrush and a toothpaste with a brushing chart. The school is given charts that serve as a learning for children to continue maintaining good oral hygiene. In addition, the Company also conducts, jointly with IDA, a Teachers' Training Program to enable teachers to instill good oral care habits among school-going children on an on-going basis.

Oral Health Month is Colgate's largest consumer contact program where, with the support of over 25,000 members of the Indian Dental Association and Dental Professionals, it offers an in-clinic free dental check-up to people across the country over two months. This initiative is aimed at creating awareness for good oral hygiene, given that preventive care is the best way to main good oral health.

Colgate-Palmolive (India) Limited supports 'Pratham', an NGO working in the field of education of children from less privileged backgrounds studying in Municipal Schools. It also supports 'A Positive Step' program for the last 5 years, for HIV

infected and affected children through the NGO, Network in Thane of People Living with HIV, (NTP+).

**2. Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/any other organization?**

The Company conducts two major community involvement programs - Bright Smiles, Bright Futures™ and Oral Health Month. The Company also has two NGO supported programs with 'Pratham', that works towards the education of less privileged children in Municipal schools and NTP+, which supports children affected and impacted by HIV.

**3. Have you done any impact assessment of your initiative?**

The nature of these programs - Bright Smiles, Bright Futures™ and Oral Health Month are ground initiatives. Feedback and appreciation of the community work undertaken is a continuous process that does not require formal impact assessment.

**4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.**

The Company spent an amount of ₹ 11.50 crore on two major community involvement projects - Bright Smiles, Bright Futures™ and Oral Health Month.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The importance of following and maintaining good oral hygiene is carried home by the child, thereby spreading the message in the community.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

Since the Company's business is consumer products, our success depends upon consumer satisfaction, trust and goodwill. When a consumer expresses

dissatisfaction, we address the problem promptly, courteously and fairly, and make every reasonable effort to sustain or regain the consumer's goodwill and continued purchase of Colgate products. The Company believes that consumer opinions, concerns and inquiries communicated to the Company regarding the products are important sources of information. The Company understands the consumer needs and uses it's world class technology to create products that cater to the evolving needs of consumers. The Company has fair, equitable and transparent terms for all consumers.

**1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year:**

There are total 7 consumer cases pending in different consumer courts/forums.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A. / Remarks (additional information)**

Yes. The Company displays product information on the product label, over and above what is mandated as per local laws. Few examples are efficacy of the product, technology used in the product and claims attributed to the product.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

There are no cases filed against the Company regarding unfair trade practices or anti-competitive behavior. The Company received few complaints with respect to the advertisement of its products from Advertisement Council of India (ASCI). The complaints were resolved satisfactorily.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Yes, the Company regularly conducts consumer surveys / consumer satisfaction trends.

## Independent Auditors' Report

To the Members of Colgate-Palmolive (India) Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Colgate-Palmolive (India) Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act

## Independent Auditors' Report (Contd.)

(hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by section 227(3) of the Act, 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 purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For Price Waterhouse**

Firm Registration Number: 301112E  
Chartered Accountants

**Uday Shah**

Partner

Place : Mumbai

Date: May 28, 2013      Membership Number - 046061

## Annexure to Independent Auditors' Report

Referred to in Paragraph 7 of the Independent Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2013

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory has been physically verified by the Management during the year. 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.

## Annexure to Independent Auditors' Report (Contd.)

Referred to in Paragraph 7 of the Independent Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2013

- (c) On the basis of our examination of the 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 not granted/ taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) {(b), (c), (d), (f) and (g)} of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v.
  - (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
  - (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party 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 there under.
- vii. In our opinion, the Company has an internal audit system 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 explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax and excise duty as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:

## Annexure to Independent Auditors' Report (Contd.)

Referred to in Paragraph 7 of the Independent Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2013

Sr. No.	Name of the Statute	Nature of the Dues and period to which the amount relates	Amount under dispute not yet deposited (₹ Lacs)	Forum where dispute is pending
1	<b>Income Tax</b> The Income Tax Act, 1961	Income tax liability for the Financial Years 2005-2006 and 2006-2007 and liability towards tax deducted at source for the Financial Years 2009-2010 and 2010-2011. Income tax liability for the Financial Years 2004-2005 and 2007-2008. Income tax liability for the Financial Year 2002-2003. * includes an aggregate amount of ₹ 7,60.47 Lacs in respect of matter which has been decided in favour of the Company, but department has preferred appeal at higher level.	35,36.00  *14,82.33  *6,45.47	First Appellate Authorities  Income Tax Appellate Tribunal  High Court of Judicature at Bombay
	<b>Total</b>		<b>56,63.80</b>	
2	<b>Sales Tax</b> As per the Statues applicable in the following states – New Delhi, Maharashtra, Bihar, Orissa, Kerala, Andhra Pradesh, West Bengal, Uttar Pradesh, Gujarat, Assam, Tripura and Karnataka.	Sales tax liability for the Financial Years 1995-1996, 1998-1999, 2000-2001 to 2010-2011.  Sales tax liability for the Financial Years 1987-1988, 1988-1989, 1990-1991, 1996-1997, 1997-1998, 1999-2000 to 2001-2002 and 2003-2004.  Sales tax liability for the Financial Years 1993 -94 and 2004-05.	4,28.26  3,15.52  51.86	Assessing Authorities and First Appellate Authorities of various states  Sales tax Appellate Tribunal of various states.  High Court
	<b>Total</b>		<b>7,95.64</b>	
3	<b>Service Tax</b> The Finance Act, 1994	Service tax liability for the Financial Years 2002-2003, 2004-2005 to 2009-2010.  Service tax liability for the Financial Years 1997-1998 to 2000-2001, 2007-2008 and 2008-2009.  Service tax liability for the Financial Years 1997-1998 to 2000-2001, 2005-2006 and 2006-2007.	6,91.45  72.84  9,39.73	First Appellate Authorities  Customs, Excise and Service Tax Appellate Tribunal  High Court of Judicature at Bombay
	<b>Total</b>		<b>17,04.02</b>	
4	<b>Excise Duty</b> The Central Excise Act, 1944	Excise duty liability for the Financial Year 1994-1995 to 2010-2011.  Excise duty liability for the Financial Years 1998-1999 to 2004-2005, 2009-2010 and 2011-2012  ** includes ₹ 14,00.73 Lacs in respect of matter which has been decided in favour of the Company, but department has preferred appeal at higher level.	**23,95.39  2,04.86	Customs, Excise and Service Tax Appellate Tribunal  First Appellate Authorities
	<b>Total</b>		<b>26,00.25</b>	

## Annexure to Independent Auditors' Report (Contd.)

Referred to in Paragraph 7 of the Independent Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2013

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- 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. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. The Company has not raised any loans on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
- 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. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

**For Price Waterhouse**

Firm Registration Number: 301112E  
Chartered Accountants

**Uday Shah**

Partner

Place : Mumbai

Date: May 28, 2013 Membership Number 046061

## Balance Sheet as at March 31, 2013

	Note	₹ Lacs	As at March 31, 2012 ₹ Lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	13,59.93	13,59.93
Reserves and Surplus	3	475,99.21	421,78.96
		<u>489,59.14</u>	<u>435,38.89</u>
<b>Non-Current Liabilities</b>			
Other Long-term Liabilities	4	84.42	76.17
Long-term Provisions	5	34,90.06	30,06.07
		<u>35,74.48</u>	<u>30,82.24</u>
<b>Current Liabilities</b>			
Trade Payables	6	466,61.98	369,01.33
Other Current Liabilities	7	250,17.98	217,18.03
Short-term Provisions	8	64,64.14	77,19.25
		<u>781,44.10</u>	<u>663,38.61</u>
		<u>1,306,77.72</u>	<u>1,129,59.74</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets :			
– Tangible Assets	9 (A)	280,66.32	254,42.29
– Intangible Assets	9 (B)	–	–
– Capital Work-in-Progress	9 (C)	101,95.63	69,38.25
Non-current Investments	10	37,13.48	47,11.65
Deferred Tax Assets (Net)	11	22,44.47	12,09.97
Long-term Loans and Advances	12	70,29.50	22,53.01
Other Non-current Assets	13	1,24.61	36.48
		<u>513,74.01</u>	<u>405,91.65</u>
<b>Current Assets</b>			
Current Investments	14	9,98.17	–
Inventories	15	185,29.83	217,67.99
Trade Receivables	16	81,21.14	87,26.57
Cash and Bank Balances	17	428,79.63	309,80.54
Short-term Loans and Advances	18	84,47.07	102,07.41
Other Current Assets	19	3,27.87	6,85.58
		<u>793,03.71</u>	<u>723,68.09</u>
		<u>1,306,77.72</u>	<u>1,129,59.74</u>

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

In terms of our report of even date.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

**Uday Shah**  
Partner  
Membership No. 046061

Mumbai, May 28, 2013

**For and on behalf of the Board**

Vice-Chairman **R. A. Shah**  
Managing Director **P. Parameswaran (Ms.)**

Whole-time Director &  
Chief Financial Officer **G. Nthunzi**

Whole-time Director &  
Company Secretary **N. Ghate**

Mumbai, May 28, 2013

## Statement of Profit and Loss for the year ended March 31, 2013

				2011-12
	<b>Note</b>	<b>₹ Lacs</b>	<b>₹ Lacs</b>	<b>₹ Lacs</b>
Revenue from Operations (Gross)	<b>21</b>	<b>3,324,20.91</b>		2,805,54.48
Less : Excise Duty		<u><b>160,40.35</b></u>		<u>112,31.81</u>
Revenue from Operations (Net)			<b>3,163,80.56</b>	2,693,22.67
Other Income	<b>22</b>		<u><b>49,92.32</b></u>	<u>50,68.51</u>
			<b>3,213,72.88</b>	2,743,91.18
<b>Expenses</b>				
Cost of Materials Consumed	<b>23</b>	<b>991,54.74</b>		893,86.98
Purchase of Stock-in-Trade	<b>24</b>	<b>236,44.40</b>		199,69.59
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	<b>25</b>	<b>22,19.70</b>		(43,34.40)
Employee Benefits Expense	<b>26</b>	<b>249,43.80</b>		215,60.77
Finance Costs		-		1,51.28
Depreciation and Amortisation Expenses	<b>9</b>	<b>43,69.89</b>		39,31.12
Other Expenses	<b>27</b>	<u><b>1,007,36.96</b></u>		<u>848,86.75</u>
			<b>2,550,69.49</b>	<u>2,155,52.09</u>
<b>Profit Before Tax</b>			<b>663,03.39</b>	588,39.09
<b>Tax Expense :</b>				
Current Tax (Net of prior year reversals)		<b>176,62.45</b>		137,17.59
Deferred Tax		<u><b>(10,34.50)</b></u>		<u>4,74.37</u>
			<b>166,27.95</b>	<u>141,91.96</u>
<b>Profit After Tax</b>			<b>496,75.44</b>	<u>446,47.13</u>
<b>Earnings Per Equity Share (Rupees)</b>	<b>29</b>			
[Face Value of ₹ 1 per Equity Share]				
Basic and Diluted			<b>36.53</b>	32.83

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

In terms of our report of even date.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

**Uday Shah**  
Partner  
Membership No. 046061

Mumbai, May 28, 2013

**For and on behalf of the Board**

Vice-Chairman **R. A. Shah**  
Managing Director **P. Parameswaran (Ms.)**

Whole-time Director &  
Chief Financial Officer **G. Nthunzi**

Whole-time Director &  
Company Secretary **N. Ghate**

Mumbai, May 28, 2013

## Cash Flow Statement for the year ended March 31, 2013

	2012-13 ₹ Lacs	2011-12 ₹ Lacs
<b>Cash flow from Operating Activities :</b>		
<b>Net Profit before Tax</b>	<b>663,03.39</b>	588,39.09
Adjustment for :		
Unrealised Foreign Exchange Loss/(Gain) (Net)	1,40.71	1,52.56
Depreciation and Amortisation Expenses	43,69.89	39,31.12
Finance Costs	-	1,51.28
Loss/(Profit) on Sale of Fixed Assets (Net)	1,74.82	(29.15)
Interest Income	(39,56.25)	(41,49.75)
Dividend from Mutual Funds (Current)	(34.38)	(48.04)
Loss on Maturity of Long-Term Investments	-	9.00
Provisions no Longer Required Written Back	(3,06.14)	(64.14)
<b>Operating Profit before Working Capital Changes</b>	<b>666,92.04</b>	587,91.97
Adjustment for (Increase)/Decrease in Working Capital :		
Inventories	32,38.16	(63,98.07)
Trade and Other Receivables	(16,60.97)	(28,81.76)
Trade and Other Payables	121,76.20	(1,20.16)
<b>Cash Generated from Operations</b>	<b>804,45.43</b>	493,91.98
Direct Taxes Paid (Net)	(189,55.20)	(91,08.05)
<b>Net Cash from/(used in) Operating Activities (A)</b>	<b>614,90.23</b>	402,83.93
<b>Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(154,71.76)	(102,22.30)
Sale of Fixed Assets	2,57.42	59.85
(Purchase)/Sale of Other Investments	-	(8,46.75)
Inter Corporate and Bank Deposits (Placed)/Refunded (Net)	61,65.21	56,96.49
Interest Received	42,89.35	42,40.41
Dividend from Mutual Funds (Current)	34.38	48.04
<b>Net Cash from/(used in) Investing Activities (B)</b>	<b>(47,25.40)</b>	(10,24.26)
<b>Cash Flow from Financing Activities :</b>		
Finance Costs	-	(1,51.28)
Dividend Paid	(365,82.81)	(325,57.26)
Dividend Tax Paid	(61,77.20)	(70,96.43)
<b>Net Cash from/(used in) Financing Activities (C)</b>	<b>(427,60.01)</b>	(398,04.97)
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	<b>140,04.82</b>	(5,45.30)
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>155,65.32</b>	161,10.62
<b>Cash and Cash Equivalents at the end of the year</b>	<b>295,70.14</b>	155,65.32

## Cash Flow Statement for the year ended March 31, 2013 (Continued)

	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
	<b>₹ Lacs</b>	<b>₹ Lacs</b>
<b>Cash and Cash Equivalents comprise :</b>		
Bank Balances in :		
– Current Accounts	<b>23,87.59</b>	1,70.17
– Deposit Accounts (with less than 3 months maturity)	<b>271,82.55</b>	153,95.15
<b>Cash and Cash Equivalents as at the end of the year</b>	<b><u>295,70.14</u></b>	<b><u>155,65.32</u></b>

Notes :

1. The Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Accounting Standard- 3 “Cash Flow Statements”.
2. Previous year’s figures have been reclassified to conform to the current year’s presentation.

In terms of our report of even date.

**For Price Waterhouse**

Firm Registration No. 301112E  
Chartered Accountants

**Uday Shah**

Partner  
Membership No. 046061

Mumbai, May 28, 2013

**For and on behalf of the Board**

Vice-Chairman	<b>R. A. Shah</b>
Managing Director	<b>P. Parameswaran (Ms.)</b>
Whole-time Director & Chief Financial Officer	<b>G. Nthunzi</b>
Whole-time Director & Company Secretary	<b>N. Ghate</b>

Mumbai, May 28, 2013

## Notes to the Financial Statements for the year ended March 31, 2013

### Note 1: Significant Accounting Policies

#### 1.1 Basis of Accounting

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

#### 1.2 Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles in India requires, the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual and the estimates are recognised in the periods in which the actuals are known/materialise.

#### 1.3 Fixed Assets

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

##### Tangible Assets

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

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

<b>Assets</b>	<b>Useful Lives</b>
Residential and Office Building	40 Years
Factory Building	20 Years
Plant and Machinery	7 Years to 21 Years

Dies and Moulds	3 Years
Furniture and Fixtures	5 Years
Office Equipment	5 Years
Computers	5 Years
Vehicles	5 Years

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 ₹ 5,000 are fully depreciated in the year of acquisition.

##### Intangible Assets

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

##### Impairment

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

#### 1.4 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term 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.

#### 1.5 Inventories

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

## Notes to the Financial Statements for the year ended March 31, 2013

### Note 1 : Significant Accounting Policies (Contd.)

of cost and net realisable value. Cost of work-in-progress and finished goods includes materials, labour and manufacturing overheads and other costs incurred in bringing the inventories to their present location. 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 at plant and warehouses.

#### 1.6 Revenue Recognition

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

Service Income is recognised on cost plus basis for support services rendered.

#### 1.7 Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets' is made.

#### 1.8 Expenditure

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

The Company has Defined Contribution Plan for its employees' retirement benefits such as Provident Fund, Superannuation Fund, etc. and contribution to these plans are charged to the Statement of Profit and Loss. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The interest rates payable by the Trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if

any, between the return from the investment of the Trust and interest as per the notified rate. The Company also provides for retirement/post-retirement benefits in the form of gratuity, pensions and compensated absences. Such benefits are provided for on the basis of an independent actuarial valuation done at the year-end using Projected Unit Credit Method. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

Expenditure on Voluntary Retirement Scheme is charged to the Statement of Profit and Loss in the year in which it is incurred.

#### 1.9 Foreign Currency Transactions

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

#### 1.10 Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

## Notes to the Financial Statements for the year ended March 31, 2013

	<b>As at March 31, 2013 ₹ Lacs</b>	<b>As at March 31, 2012 ₹ Lacs</b>
<b>Note 2 : Share Capital</b>		
<b>Authorised</b>		
1,37,00,00,000 (Previous Year : 1,37,00,00,000) Equity Shares of ₹ 1 each	<u><b>137,00.00</b></u>	<u>137,00.00</u>
<b>Issued, Subscribed and Paid-up</b>		
13,59,92,817 (Previous Year : 13,59,92,817) Equity Shares of ₹ 1 each fully paid-up	<u><b>13,59.93</b></u>	<u>13,59.93</u>

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

- (i) **5,44,76,347** (Previous Year : 5,44,76,347) Equity Shares are held by Colgate-Palmolive Company, U.S.A., the Ultimate Holding Company.
- (ii) **1,48,79,426** (Previous Year : 1,48,79,426) Equity Shares are held by Colgate-Palmolive (Asia) Pte. Ltd., Singapore, Subsidiary of the Ultimate Holding Company.
- (iii) **563** (Previous Year : 563) Equity Shares are held by Norwood International, Incorporated, U.S.A., Subsidiary of the Ultimate Holding Company.

### (B) Reconciliation of Shares outstanding

	<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>	
	<b>Number of Shares</b>	<b>₹ Lacs</b>	<b>Number of Shares</b>	<b>₹ Lacs</b>
Balance at the beginning of the year	<b>13,59,92,817</b>	<b>13,59.93</b>	13,59,92,817	13,59.93
Issued during the year	-	-	-	-
Balance at the end of the year	<u><b>13,59,92,817</b></u>	<u><b>13,59.93</b></u>	<u>13,59,92,817</u>	<u>13,59.93</u>

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

	<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>	
	<b>Number of Shares</b>	<b>% of holding</b>	<b>Number of Shares</b>	<b>% of holding</b>
Colgate-Palmolive Company, U.S.A.	<b>5,44,76,347</b>	<b>40.06</b>	5,44,76,347	40.06
Colgate-Palmolive (Asia) Pte. Ltd., Singapore	<b>1,48,79,426</b>	<b>10.94</b>	1,48,79,426	10.94
Oppenheimer Developing Markets Fund	<b>71,41,172</b>	<b>5.25</b>	73,20,782	5.38

### (D) Rights, Preference and Restriction attached to Shares

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

## Notes to the Financial Statements for the year ended March 31, 2013

	As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
<b>Note 3 : Reserves and Surplus</b>		
<b>Securities Premium Account</b>		
Balance at the beginning of the year	12,79.93	12,79.93
Add : Received during the year	—	—
Balance at the end of the year	<u>12,79.93</u>	<u>12,79.93</u>
<b>General Reserve</b>		
Balance at the beginning of the year	294,30.82	249,66.11
Add : Transfer from Statement of Profit and Loss	49,67.54	44,64.71
Balance at the end of the year	<u>343,98.36</u>	<u>294,30.82</u>
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	114,68.21	107,99.36
Add : Profit for the year	496,75.44	446,47.13
Less : Appropriations		
– First Interim Dividend	176,79.07	108,79.43
– Second Interim Dividend	81,59.57	122,39.35
– Third Interim Dividend	122,39.35	108,79.43
– Dividend Tax	61,77.20	55,15.36
– Transfer to General Reserve	49,67.54	44,64.71
Balance at the end of the year	<u>119,20.92</u>	<u>114,68.21</u>
	<u>475,99.21</u>	<u>421,78.96</u>
<b>Note 4 : Other Long-term Liabilities</b>		
Payable under Voluntary Retirement Scheme	69.42	76.17
Security Deposit	15.00	—
	<u>84.42</u>	<u>76.17</u>
<b>Note 5 : Long-term Provisions</b>		
Provision for Employee Benefits :		
– Gratuity	8,69.60	3,65.15
– Pension	32.80	30.23
– Compensated Absences	13,77.16	11,14.31
– Others	5.65	—
Other Provision :		
Indirect Tax Matters	12,04.85	14,96.38
	<u>34,90.06</u>	<u>30,06.07</u>
<b>(A) Indirect Tax Matters</b>		
Opening Balance (net of advance payments)	14,96.38	15,68.67
Add : Provision made	37.33	51.85
Add/Less : (Payments)/Refunds	14.61	(8.15)
Less : Provision Utilised/Reversed	(3,43.47)	(1,15.99)
Closing Balance (net of advance payments)	<u>14,96.38</u>	<u>14,96.38</u>

Indirect Tax Matters represents estimates made for probable liabilities arising out of pending disputes/litigations with various tax authorities. The timing of the outflow with regard to the said matters depends upon exhaustion of remedies available to the Company under the law and hence, the Company is not able to reasonably ascertain the timing of the outflow.

## Notes to the Financial Statements for the year ended March 31, 2013

	<b>As at March 31, 2013</b>	As at March 31, 2012
	<b>₹ Lacs</b>	₹ Lacs
<b>Note 6 : Trade Payables</b>		
Trade Payables	<b>466,61.98</b>	369,01.33
	<b><u>466,61.98</u></b>	<u>369,01.33</u>

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

### **Note 7 : Other Current Liabilities**

Current maturity of Long-term Debt	–	5.00
Unpaid Dividends* :		
– Third Interim Dividend	<b>122,39.35</b>	108,79.43
– Others	<b>9,70.59</b>	8,18.07
Unpaid Balance for Share Capital Reduction (Year 2007)	<b>63.32</b>	80.58
Others :		
Employee Benefits Payable	<b>44,70.75</b>	38,40.95
Payable under Voluntary Retirement Scheme	<b>50.04</b>	52.68
Payable towards Statutory Liabilities	<b>62,12.22</b>	50,84.59
Advance from Customers	<b>3,93.73</b>	4,23.28
Payable towards purchase of Fixed Assets	<b>6,17.98</b>	5,33.45
	<b><u>250,17.98</u></b>	<u>217,18.03</u>

\*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

### **Note 8 : Short-term Provisions**

Taxation [net of advance tax payments ₹ 723,22.52 Lacs (Previous Year : ₹ 533,67.32 Lacs)]	<b>62,99.72</b>	75,92.47
Compensated Absences	<b>1,64.42</b>	1,26.78
	<b><u>64,64.14</u></b>	<u>77,19.25</u>

## Notes to the Financial Statements for the year ended March 31, 2013

### Note 9 : Fixed Assets

Particulars	Gross Block			Depreciation/Amortisation			Net Book Value			
	As at March 31, 2012	Additions	Disposals/Transfers	As at March 31, 2013	Up to March 31, 2012	For the Year	Disposals/Transfers	Up to March 31, 2013	As at March 31, 2012	As at March 31, 2013
(A) Tangible Assets										
Land - Leasehold (Refer Note (i) below)	3,74.21	10,98.23	-	14,72.44	50.63	8.96	-	59.59	3,23.58	14,12.85
Buildings (Refer Note (ii) below)	144,60.17	66.09	6,15.05	139,11.21	52,73.97	5,19.71	2,08.34	55,85.34	91,86.20	83,25.87
Plant and Machinery	335,79.26	60,57.05	6,81.33	389,54.98	180,74.03	36,57.53	6,60.36	210,71.20	155,05.23	178,83.78
Furniture and Fixtures	12,92.87	10.51	17.20	12,86.18	12,44.69	24.26	16.64	12,52.31	48.18	33.87
Office Equipment	25,43.33	1,94.28	74.86	26,62.75	21,64.23	1,59.43	70.86	22,52.80	3,79.10	4,09.95
<b>Total Tangible Assets</b>	<b>522,49.84</b>	<b>74,26.16</b>	<b>13,88.44</b>	<b>582,87.56</b>	<b>268,07.55</b>	<b>43,69.89</b>	<b>9,56.20</b>	<b>302,21.24</b>	<b>254,42.29</b>	<b>280,66.32</b>
Total Tangible Assets Previous Year	489,16.82	38,99.62	5,66.60	522,49.84	234,12.33	39,31.12	5,35.90	268,07.55		
(B) Intangible Assets										
Goodwill	27,07.61	-	-	27,07.61	27,07.61	-	-	27,07.61	-	-
Trademarks	22.20	-	-	22.20	22.20	-	-	22.20	-	-
Copyrights	13,52.90	-	-	13,52.90	13,52.90	-	-	13,52.90	-	-
Technical Know-how	49,83.70	-	-	49,83.70	49,83.70	-	-	49,83.70	-	-
<b>Total Intangible Assets</b>	<b>90,66.41</b>	<b>-</b>	<b>-</b>	<b>90,66.41</b>	<b>90,66.41</b>	<b>-</b>	<b>-</b>	<b>90,66.41</b>	<b>-</b>	<b>-</b>
Total Intangible Assets Previous Year	90,66.41	-	-	90,66.41	90,66.41	-	-	90,66.41	-	-
<b>Total</b>	<b>613,16.25</b>	<b>74,26.16</b>	<b>13,88.44</b>	<b>673,53.97</b>	<b>358,73.96</b>	<b>43,69.89</b>	<b>9,56.20</b>	<b>392,87.65</b>	<b>254,42.29</b>	<b>280,66.32</b>
Total Previous Year	579,83.23	38,99.62	5,66.60	613,16.25	324,78.74	39,31.12	5,35.90	358,73.96		
(C) Capital Work-in-Progress [Refer Note (iii) below]										
<b>Total</b>										

(i) Land - Leasehold comprises of lease rights in respect of the land in the possession of the Company under Lease/Agreements to Lease with Maharashtra Industrial Development Corporation (MIDC) at Aurangabad, Industrial Area Development Agency at Baddi and Goa, Daman and Diu Industrial Development Corporation at Goa and Sricity Developers at Sricity, Andhra Pradesh.

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

(iii) Capital Work-in-Progress includes ₹ 42,62.55 Lacs (Previous Year: ₹ 42,62.55 Lacs) for Land allotted by Gujarat Industrial Development Corporation for Company's toothpaste factory at Sanand, which is under development.

## Notes to the Financial Statements for the year ended March 31, 2013

	<b>As at March 31, 2013 ₹ Lacs</b>	<b>As at March 31, 2012 ₹ Lacs</b>
<b>Note 10 : Non-Current Investments</b>		
<b>Long-Term and Non-Trade (Listed but not Quoted)</b>		
Investment in Bonds :		
6.70% (Tax-Free) Indian Railway Finance Corporation Bonds (Series- 68B) of face value of ₹ 12,00.00 Lacs	<b>12,16.73</b>	12,16.73
6.05% (Tax-Free) Indian Railway Finance Corporation Bonds (Series- 73) of face value of ₹ 7,00.00 Lacs	<b>7,00.00</b>	7,00.00
6.70% (Taxable) Unsecured, Redeemable, Non-Convertible, Non-Priority Sector Bonds of HUDCO-Bonds (Series- 13) of the face value of ₹ 10,00.00 Lacs	—	9,98.17
7.51% (Tax-Free) Secured, Redeemable, Non-Convertible Bonds of Power Finance Corporation Limited (Series- 79A) of face value of ₹ 8,00.00 Lacs	<b>8,00.00</b>	8,00.00
8.20% (Tax-Free) Secured, Redeemable, Non-Convertible Bonds of Power Finance Corporation Limited (Series- I) of face value of ₹ 9,96.75 Lacs	<b>9,96.75</b>	9,96.75
	<b><u>37,13.48</u></b>	<b><u>47,11.65</u></b>
<b>(A) Aggregate book value of Investments in Note 10 :</b>		
Listed but not Quoted	<b>37,13.48</b>	47,11.65
	<b><u>37,13.48</u></b>	<b><u>47,11.65</u></b>
<b>Note 11: Deferred Tax Asset [Net]</b>		
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	<b>1,69.63</b>	2,50.20
Accrual for expenses allowable only on payment and disallowance u/s 40(a)(ia)	<b>38,87.01</b>	26,73.28
Less : Deferred Tax Liability on Timing Difference between book and tax depreciation	<b>18,12.17</b>	17,13.51
	<b><u>22,44.47</u></b>	<b><u>12,09.97</u></b>
<b>Note 12 : Long-term Loans and Advances</b>		
<i>Secured and Considered Good</i>		
Loans to Employees	<b>4,26.81</b>	4,08.67
<i>Unsecured and Considered Good</i>		
Capital Advances	<b>54,83.62</b>	6,10.87
Deposits	<b>11,19.07</b>	12,33.47
	<b><u>70,29.50</u></b>	<b><u>22,53.01</u></b>
<b>Note 13 : Other Non-Current Assets</b>		
Deposits with banks (with maturity more than 12 months) (Refer Note (A))	<b>1,24.61</b>	36.48
	<b><u>1,24.61</u></b>	<b><u>36.48</u></b>
<b>(A) Held as lien by Bank against Bank Guarantee ₹ 98 Lacs (Previous Year : ₹ 36.48 Lacs).</b>		

## Notes to the Financial Statements for the year ended March 31, 2013

	<b>As at March 31, 2013 ₹ Lacs</b>	<b>As at March 31, 2012 ₹ Lacs</b>
<b>Note 14 : Current Investments</b>		
Investment in Bonds :		
Non-Trade (Listed but not Quoted)		
6.70% (Taxable) Unsecured, Redeemable, Non-Convertible, Non-Priority Sector Bonds of HUDCO-Bonds (Series - 13) of the face value of ₹ 10,00.00 Lacs		
	<b>9,98.17</b>	—
	<u><b>9,98.17</b></u>	<u>—</u>
This investment is considered as Long-term in accordance with Accounting Standard-13 (Accounting for Investments).		
<b>(A) Aggregate book value of Investments in Note 14 :</b>		
Listed but not Quoted	<b>9,98.17</b>	—
	<u><b>9,98.17</b></u>	<u>—</u>
<b>(B) Aggregate book value of Investments in Note 10 and Note 14 :</b>		
Listed but not Quoted	<b>47,11.65</b>	47,11.65
	<u><b>47,11.65</b></u>	<u>47,11.65</u>
<b>Note 15 : Inventories</b>		
Raw and Packing Materials	<b>34,08.96</b>	49,28.10
Work-in-Progress	<b>7,35.30</b>	8,33.73
Finished Goods	<b>91,71.61</b>	103,49.57
Stock-in-Trade [includes in transit ₹ <b>4,54.83 Lacs</b> (Previous Year: ₹ 5,59.27 Lacs)]	<b>42,45.37</b>	47,87.99
Stores and Spares	<b>9,68.59</b>	8,68.60
	<u><b>185,29.83</b></u>	<u>217,67.99</u>
<b>(A) Details of Inventory</b>		
<b>(i) Work-in-Progress :</b>		
Soaps, Cosmetics and Toilet Preparations	<b>7,35.30</b>	8,33.73
	<u><b>7,35.30</b></u>	<u>8,33.73</u>
<b>(ii) Manufactured Finished Goods :</b>		
Soaps, Cosmetics and Toilet Preparations	<b>91,71.61</b>	103,49.57
	<u><b>91,71.61</b></u>	<u>103,49.57</u>
<b>(iii) Stock-in-Trade :</b>		
Soaps, Cosmetics and Toilet Preparations	<b>10,83.84</b>	12,95.54
Tooth Brushes and Shave Brushes	<b>31,20.80</b>	34,92.32
Others	<b>40.73</b>	0.13
	<u><b>42,45.37</b></u>	<u>47,87.99</u>

## Notes to the Financial Statements for the year ended March 31, 2013

	<b>As at March 31, 2013 ₹ Lacs</b>	<b>As at March 31, 2012 ₹ Lacs</b>
<b>Note 16 : Trade Receivables</b>		
<i>Unsecured and Considered Good</i>		
Outstanding for a period exceeding six months from the date they are due for payment	<b>13,49.38</b>	8,53.73
Others	<b>67,71.76</b>	78,72.84
	<b><u>81,21.14</u></b>	<b><u>87,26.57</u></b>
<b>Note 17 : Cash and Bank Balances*</b>		
Cash and Cash Equivalents :		
Bank Balances in :		
– Current Accounts	<b>23,87.59</b>	1,70.17
– Deposit Accounts (with less than 3 months maturity)	<b>271,82.55</b>	153,95.15
	<b><u>295,70.14</u></b>	<b><u>155,65.32</u></b>
Other Bank Balances :		
Deposit Accounts (with maturity more than 3 months but less than 12 months)	<b>36.23</b>	36,37.14
Earmarked balances with Banks in :		
– Unpaid Dividend Account - Third Interim Dividend	<b>122,39.35</b>	108,79.43
– Unpaid Dividend Account	<b>9,70.59</b>	8,18.07
– Unpaid Share Capital Reduction Account (Year 2007)	<b>63.32</b>	80.58
	<b><u>133,09.49</u></b>	<b><u>154,15.22</u></b>
	<b><u>428,79.63</u></b>	<b><u>309,80.54</u></b>
* Deposits with banks having maturity more than 12 months of ₹ <b>1,24.61 Lacs</b> (Previous Year : ₹ 36.48 Lacs) is classified as Other Non-Current Assets (Refer Note 13)		
<b>Note 18 : Short-term Loans and Advances</b>		
<i>Secured and Considered Good</i>		
Loans to Employees	<b>85.40</b>	78.61
<i>Unsecured and Considered Good</i>		
Loans and Advances to Related Parties [Refer Note (A) below]	<b>5,07.66</b>	58.01
Inter-Corporate Deposits	<b>45,08.70</b>	70,73.00
Balances with Government Authorities	<b>11,41.44</b>	13,00.78
Advances to Suppliers	<b>9,80.07</b>	8,55.89
Prepaid Expenses	<b>4,27.57</b>	3,80.68
Employee Advances	<b>2,15.55</b>	2,07.83
Deposits	<b>3,99.03</b>	70.96
Fringe Benefit Advance Tax	<b>1,81.65</b>	1,81.65
	<b><u>84,47.07</u></b>	<b><u>102,07.41</u></b>

## Notes to the Financial Statements for the year ended March 31, 2013

	<b>As at March 31, 2013 ₹ Lacs</b>	<b>As at March 31, 2012 ₹ Lacs</b>
<b>Note 18 : Short-term Loans and Advances (Contd.)</b>		
<b>(A) Loans and Advances to Related Parties includes receivable from :</b>		
Colgate-Palmolive Company, U.S.A.	4,33.49	21.29
Colgate-Palmolive Management Services (H.K.) Limited	41.57	21.69
Colgate-Palmolive (China) Co. Ltd., China	13.46	–
Colgate Sanxiao (Consumer Products) Company Limited	1.36	9.11
Colgate-Palmolive Italia S.r.l., Italy	6.33	5.92
Colgate Philippines Inc.	3.20	–
Colgate-Palmolive (Thailand) Ltd.	3.33	–
Colgate-Palmolive Son Hai Ltd., Vietnam	2.10	–
Colgate-Palmolive (Malaysia) Mktg. SDN BHD, Malaysia	2.82	–
	<u>5,07.66</u>	<u>58.01</u>
<b>Note 19 : Other Current Assets</b>		
<i>Unsecured and Considered Good</i>		
Interest Accrued on Investments/Deposits	3,09.70	6,42.80
Insurance Claims Receivable	18.17	42.78
	<u>3,27.87</u>	<u>6,85.58</u>
<b>Note 20 : Contingent Liabilities and Commitments</b>		
(To the extent not provided for)		
<b>(A) Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts :		
– Excise and Related Matters	38,53.52	39,40.70
– Service Tax Matters	5,81.62	4,78.15
– Income Tax Matters	2,67.07	3,10.93
– Provident Fund Matters	7.37	7.37
– Commercial Matters	1,64.91	1,69.13
Future cash flow in respect of the above, if any, is determinable only on receipt of judgements/decisions pending with the relevant authorities.		
<b>(B) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances of ₹ 54,83.62 Lacs (Previous Year : ₹ 6,10.87 Lacs)]	118,02.15	19,38.52

## Notes to the Financial Statements for the year ended March 31, 2013

	2012-13 ₹ Lacs	2011-12 ₹ Lacs
<b>Note 21 : Revenue from Operations</b>		
Sale of Products :		
– Finished Goods	2,769,08.89	2,335,82.29
– Stock-in-Trade	475,41.62	400,34.54
Other Operating Revenue :		
– Service Income	78,29.06	67,95.19
– Scrap Sales	1,41.34	1,42.46
Revenue from Operations (Gross)	<u>3,324,20.91</u>	<u>2,805,54.48</u>
Less : Excise duty [Refer Note (A) below]	160,40.35	112,31.81
Revenue from Operations (Net)	<u>3,163,80.56</u>	<u>2,693,22.67</u>

**(A)** The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as 'Increase/(Decrease) in Excise Duty on Finished Goods' in Note 25.

### **(B) Details of Sale of Products**

(i) Sale of Finished Goods		
Soaps, Cosmetics and Toilet Preparations	2,769,08.89	2,335,82.29
	<u>2,769,08.89</u>	<u>2,335,82.29</u>
(ii) Sale of Stock-in-Trade		
Soaps, Cosmetics and Toilet Preparations	82,95.50	77,99.70
Tooth Brushes and Shave Brushes	390,73.85	319,80.12
Others	1,72.27	2,54.72
	<u>475,41.62</u>	<u>400,34.54</u>

### **Note 22 : Other Income**

Interest :		
– On Bank Deposits	28,86.64	28,57.86
– On Long-term Investments	3,31.40	3,32.12
– Others	7,38.21	9,59.77
Dividend from Mutual Funds (Current)	34.38	48.04
Cash Discount	1,53.84	2,12.03
Exchange Gain (Net)	10.26	–
Provisions no Longer Required Written Back	3,06.14	64.14
Bad Debts Recovered	13.02	2.10
Profit on Sale of Fixed Assets (Net)	–	29.15
Miscellaneous Income	5,18.43	5,63.30
	<u>49,92.32</u>	<u>50,68.51</u>

## Notes to the Financial Statements for the year ended March 31, 2013

	2012-13 ₹ Lacs	2011-12 ₹ Lacs
<b>Note 23 : Cost of Materials Consumed</b>		
Raw and Packing Materials Consumed :		
Opening Stock	49,28.10	35,47.71
Add : Purchases	976,35.60	907,67.37
Less : Closing Stock	34,08.96	49,28.10
	<u>991,54.74</u>	<u>893,86.98</u>

### (A) Details of Raw and Packing Materials Consumed

Chemicals	417,98.54	379,35.03
Tubes and Containers	239,87.28	231,73.93
Oils	167,61.02	133,21.28
Cartons	125,07.26	122,89.81
Others	41,00.64	26,66.93
	<u>991,54.74</u>	<u>893,86.98</u>

### (B) Value of imported and indigenous Raw and Packing Materials consumed

	2012-13		2011-12	
	Value ₹ Lacs	% to Total Consumption	Value ₹ Lacs	% to Total Consumption
Raw and Packing Materials :				
Imported at landed cost	150,12.50	15	103,76.31	12
Indigenously obtained	841,42.24	85	790,10.67	88
	<u>991,54.74</u>	<u>100</u>	<u>893,86.98</u>	<u>100</u>

	2012-13 ₹ Lacs	2011-12 ₹ Lacs
<b>Note 24 : Purchase of Stock-in-Trade</b>		
Soaps, Cosmetics and Toilet Preparations	37,32.45	32,58.92
Tooth Brushes and Shave Brushes	197,55.10	166,11.47
Others	1,56.85	99.20
	<u>236,44.40</u>	<u>199,69.59</u>

## Notes to the Financial Statements for the year ended March 31, 2013

	2012-13	2011-12
	₹ Lacs	₹ Lacs
<b>Note 25 : Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
Opening Stock		
Work-in-Progress	8,33.73	10,36.30
Finished Goods	103,49.57	77,73.62
Stock-in-Trade	<u>47,87.99</u>	<u>23,05.20</u>
	<b>159,71.29</b>	<b>111,15.12</b>
<i>Less : Closing Stock</i>		
Work-in-Progress	7,35.30	8,33.73
Finished Goods	91,71.61	103,49.57
Stock-in-Trade	<u>42,45.37</u>	<u>47,87.99</u>
	<b>141,52.28</b>	<b>159,71.29</b>
Increase/(Decrease) in Excise Duty on Finished Goods [Refer Note 21(A)]	<u>4,00.69</u>	<u>5,21.77</u>
	<b><u>22,19.70</u></b>	<b><u>(43,34.40)</u></b>
<b>Note 26 : Employee Benefits</b>		
Salaries, Wages and Bonus [Refer Note (A) below]	218,03.39	190,43.67
Contribution to Provident, Gratuity and Other Funds	21,75.09	18,46.97
Staff Welfare Expenses	<u>9,65.32</u>	<u>6,70.13</u>
	<b><u>249,43.80</u></b>	<b><u>215,60.77</u></b>

**(A)** During the previous year, Voluntary Retirement Scheme was offered to the employees at the toothpowder factory in Hyderabad. All the employees have availed the benefit of the said Scheme (Cost ₹ 8,22 Lacs) and the manufacturing operations have discontinued.

**(B)** As required by Accounting Standard- 15 "Employee Benefits" (AS-15), the disclosures are as under :

	2012-13	2011-12
	₹ Lacs	₹ Lacs
<b>I. Defined Contribution Plans</b>		
Charge to Statement of Profit and Loss for Defined Contribution Plan :		
– Employers' Contribution to Provident Fund	7,93.68	6,88.60
– Employers' Contribution to Superannuation Fund	2,24.11	2,17.28
– Employers' Contribution to Employees' State Insurance	28.84	37.25
– Employers' Contribution to Employees' Pension Scheme, 1995 (Included in Employee Benefits - Contribution to Provident, Gratuity and Other Funds)	<u>1,51.37</u>	<u>1,52.25</u>

## Notes to the Financial Statements for the year ended March 31, 2013

### Note 26 : Employee Benefits (Contd.)

#### II. Defined Benefit Plans

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

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

	2012-13	2011-12
Discount Rate (per annum)	8.05%	8.55%
Rate of increase in Compensation levels	7.00%	10% for first year & 7% thereafter
Rate of Return on Plan Assets (for Funded Scheme)	7.50%	7.50%
Expected Average remaining working lives of employees (years) for Funded Scheme	13.52	15.02
	₹ Lacs	₹ Lacs

#### A) (i) Changes in the Present Value of Obligation (Funded Scheme)

Present Value of Obligation at the beginning of the year	35,35.33	28,93.77
Interest Cost	3,25.94	2,58.45
Current Service Cost	3,47.10	2,94.64
Benefits Paid	(3,72.93)	(3,73.02)
Actuarial (Gain)/Loss on Obligations	5,04.85	4,61.49
<b>Present Value of Obligation as at the end of the year</b>	<b>43,40.29</b>	<b>35,35.33</b>

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

Present Value of Obligation at the beginning of the year	30.23	23.82
Interest Cost	2.94	2.31
Current Service Cost	4.13	3.81
Actuarial (Gain)/Loss on Obligations	(4.50)	0.29
<b>Present Value of Obligation as at the end of the year</b>	<b>32.80</b>	<b>30.23</b>

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

Present Value of Plan Assets at the beginning of the year	31,70.18	30,45.52
Expected Return on Plan Assets	2,38.12	2,27.05
Actuarial Gain/(Loss)	(34.75)	42.35
Contributions	4,70.07	2,28.28
Benefits Paid	(3,72.93)	(3,73.02)
<b>Fair Value of Plan Assets as at the end of the year</b>	<b>34,70.69</b>	<b>31,70.18</b>

#### B) (ii) Percentage of each category of Plan Assets to total Fair Value of Plan Assets

Category of Assets (% Allocation)	%	%
Government of India Securities	4%	6%
Corporate Bonds	5%	6%
Insurer Managed Funds	90%	87%
Others	1%	1%

## Notes to the Financial Statements for the year ended March 31, 2013

### Note 26 : Employee Benefits (Contd.)

	2012-13 ₹ Lacs	2011-12 ₹ Lacs
<b>C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>		
Present Value of Funded Obligation as at the end of the year	43,40.29	35,35.33
Fair Value of Plan Assets as at the end of the year	34,70.69	31,70.18
Funded Status	8,69.60	3,65.15
Present Value of Unfunded Obligation as at the end of the year	32.80	30.23
<b>Unfunded Liability/(Asset) recognised in Balance Sheet</b>	<b>9,02.40</b>	<b>3,95.38</b>
<b>D) (i) Amount recognised in the Balance Sheet (Funded Scheme)</b>		
Present Value of Obligation as at the end of the year	43,40.29	35,35.33
Fair Value of Plan Assets as at the end of the year	34,70.69	31,70.18
<b>Liability/(Asset) recognised in the Balance Sheet</b>	<b>8,69.60</b>	<b>3,65.15</b>
[Included in Long-term Provisions (Refer Note 5)]		
<b>D) (ii) Amount recognised in the Balance Sheet (Non-Funded Scheme)</b>		
Present Value of Obligation as at the end of the year	32.80	30.23
<b>Liability/(Asset) recognised in the Balance Sheet</b>	<b>32.80</b>	<b>30.23</b>
[Included in Long-term Provisions (Refer Note 5)]		
<b>E) (i) Expenses recognised in the Statement of Profit and Loss (Funded Scheme)</b>		
Current Service Cost	3,47.10	2,94.64
Interest Cost	3,25.94	2,58.45
Expected Return on Plan Assets	(2,38.12)	(2,27.05)
Net actuarial (Gain)/Loss recognised in the year	5,39.60	4,19.14
<b>Total Expenses recognised in the Statement of Profit and Loss</b>	<b>9,74.52</b>	<b>7,45.18</b>
(Included in Employee Benefits - Contribution to Provident, Gratuity and Other Funds)		
<b>E) (ii) Expenses recognised in the Statement of Profit and Loss (Non-Funded Scheme)</b>		
Current Service Cost	4.13	3.81
Interest Cost	2.94	2.31
Net actuarial (Gain)/Loss recognised in the year	(4.50)	0.29
<b>Total Expenses recognised in the Statement of Profit and Loss</b>	<b>2.57</b>	<b>6.41</b>
(Included in Employee Benefits - Contribution to Provident, Gratuity and Other Funds)		
<b>F) Expected Contribution to be paid for next year</b>		
Expected Contribution to be paid for next year		
– Funded	5,00.00	1,50.00
– Unfunded	–	–

## Notes to the Financial Statements for the year ended March 31, 2013

### Note 26 : Employee Benefits (Contd.)

G) Details of Present Value of Obligation, Plan Assets and Experience Adjustments	2012-13	2011-12	2010-11	2009-10	2008-09
	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs
Present Value of Obligation					
– Funded	<b>43,40.29</b>	35,35.33	28,93.77	24,56.27	22,33.38
– Unfunded	<b>32.80</b>	30.23	23.82	1,22.91	1,07.54
Fair Value of Plan Assets	<b>34,70.69</b>	31,70.18	30,45.52	25,17.31	18,11.38
(Surplus)/Deficit	<b>9,02.40</b>	3,95.38	(1,27.93)	61.87	5,29.54
Experience Adjustments :					
(Gain)/Loss on Funded Plan Liabilities	<b>2,33.39</b>	5,49.63	1,10.16	(1,38.54)	74.47
Gain/(Loss) on Funded Plan Assets	<b>(34.75)</b>	42.35	(43.94)	99.54	(1,02.75)
(Gain)/Loss on Unfunded Plan Liabilities	<b>(5.87)</b>	0.80	(13.10)	3.24	14.94

- III. The actuarial valuation of the Provident Fund Scheme has been carried out by an independent actuary as at March 31, 2013. The Actuarial Report states the Provident Fund Scheme is a defined contribution scheme with a defined benefit underpin. The 12% contribution by the employer and employee annually represents Defined Contribution Scheme which is short-term in nature and does not require actuarial valuation. The individual member balances held by the Provident Fund Trust are supported by the underlying assets as under :

	₹ Lacs
Member Balance at the end of year	<b>112,01.44</b>
Fair value of assets at the end of the year	<b>112,76.31</b>

In view of aforesaid, the actuarial valuation has been carried out only in respect of the defined benefit underpin (being shortfall in interest earnings) in accordance with the Guidance Note issued by the Institute of Actuaries Society of India and liability determined in respect of the shortfall of interest earnings of the Fund is ₹ 5.65 Lacs. The following are the additional disclosures as given in the actuary's report :

	2012-13	2011-12
	₹ Lacs	₹ Lacs
Defined Benefit Obligation at the end of the year (Change during the year is due to actuarial loss)	<b>5.65</b>	–
Net Liability Recognised in Balance Sheet (Non-Current Liability)	<b>5.65</b>	–
Employer Expense recognised during the year (Actuarial loss)	<b>5.65</b>	–
Experience Adjustments (Loss) on plan liabilities	<b>5.65</b>	–
<b>Assumptions:</b>		
Discount Rate	<b>8.05%</b>	8.55%
Expected EPFO return	<b>8.50%</b>	8.25%

#### IV. Other Employee Benefit Plan

The liability for Compensated Absences as at the year end is ₹ **15,41.58 Lacs** (Previous Year : ₹ 12,41.09 Lacs).

	As at March 31, 2013	As at March 31, 2012
Included in :		
Long-term Provisions (Refer Note 5)	<b>13,77.16</b>	11,14.31
Short-term Provisions (Refer Note 8)	<b>1,64.42</b>	1,26.78
	<b>15,41.58</b>	12,41.09

## Notes to the Financial Statements for the year ended March 31, 2013

	2012-13	2011-12
₹ Lacs	₹ Lacs	₹ Lacs
<b>Note 27 : Other Expenses</b>		
Consumption of Stores and Spares [Refer Note (A) below]	11,22.73	10,57.85
Processing Charges	3,79.41	3,75.39
Power and Fuel	19,58.18	17,06.73
Freight and Forwarding Charges	106,22.31	88,37.27
Rent	10,12.34	9,70.04
Rates and Taxes	20,30.29	14,61.46
Insurance	2,78.75	2,20.69
Repairs and Maintenance		
– Plant and Machinery	11,14.67	10,31.98
– Buildings	1,52.56	56.03
– Others	11.48	49.42
	<u>12,78.71</u>	<u>11,37.43</u>
Advertising	354,59.23	262,95.65
Sales Promotion	135,47.77	149,14.78
Directors' Fees and Commission	37.45	12.65
Auditors' Remuneration [Refer Note (B) below]	1,02.70	92.80
Sales Taxes absorbed	73.83	3.98
Royalty	167,85.41	140,95.15
Loss on Sale of Fixed Assets (Net)	1,74.82	–
Exchange Loss (Net)	–	2,98.62
Travel and Conference Expenses	29,67.72	25,33.45
Outside Services	35,59.12	31,80.46
Miscellaneous	93,46.19	76,92.35
	<u>1,007,36.96</u>	<u>848,86.75</u>

### (A) Value of imported and indigenous Stores and Spare Parts consumed :

	2012-13		2011-12	
	Value	% to Total	Value	% to Total
	₹ Lacs	Consumption	₹ Lacs	Consumption
Stores and Spare Parts :				
Imported at landed cost	2,96.19	26	3,57.68	34
Indigenously obtained	8,26.54	74	7,00.17	66
	<u>11,22.73</u>	<u>100</u>	<u>10,57.85</u>	<u>100</u>

### (B) Auditors' Remuneration :

As Auditor :		
– Statutory Audit	45.50	40.00
– Limited Review	21.00	19.50
– Certification	0.30	0.25
For other Audit services in respect of :		
– Tax Audit	11.75	11.00
– Audit of Group Reporting Package	21.25	20.00
Reimbursement of Expenses :	2.90	2.05
	<u>1,02.70</u>	<u>92.80</u>

## Notes to the Financial Statements for the year ended March 31, 2013

	<b>2012-13</b>	2011-12
	<b>₹ Lacs</b>	₹ Lacs
<b>Note 28 : Lease Accounting</b>		
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	<b>5,49.11</b>	3,48.67
Greater than 1 year but less than 5 years	<b>5,52.05</b>	3,73.89
Greater than 5 years	—	—
Lease payments recognised in Statement of Profit and Loss are included in "Miscellaneous" under Other Expenses in Note 27.	<b>6,03.99</b>	5,33.11

### Note 29 : Earnings Per Share

Profit After Taxation (₹ Lacs)	<b>496,75.44</b>	446,47.13
Weighted average number of shares (Nos.)	<b>13,59,92,817</b>	13,59,92,817
Nominal Values of shares outstanding (₹)	<b>1</b>	1
Basic and Diluted Earnings Per Share (₹)	<b>36.53</b>	32.83

### Note 30 : Segment Information

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

#### Primary Reportable Segment

<b>Particulars</b>	<b>2012-13</b>	2011-12
	<b>₹ Lacs</b>	₹ Lacs
1. Segment Revenue from Operations	<b>3,085,51.50</b>	2,625,27.48
Unallocated Income	<b>78,29.06</b>	67,95.19
Other Income	<b>49,92.32</b>	50,68.51
	<b><u>3,213,72.88</u></b>	<u>2,743,91.18</u>
2. Segment Results	<b>608,65.94</b>	535,43.70
Add : Unallocated results	<b>4,45.13</b>	3,78.16
Add : Other Income	<b>49,92.32</b>	50,68.51
Less : Interest and Financial charges	—	1,51.28
Total Profit before Tax	<b><u>663,03.39</u></b>	<u>588,39.09</u>

## Notes to the Financial Statements for the year ended March 31, 2013

### Note 30 : Segment Information (Contd.)

Particulars	2012-13	2011-12
	₹ Lacs	₹ Lacs
<b>3. Capital Employed</b>		
Segment Assets	<b>1,015,12.11</b>	837,75.50
Add : Unallocated Corporate Assets	<b>291,65.61</b>	291,84.24
Total Assets	<b>1,306,77.72</b>	1,129,59.74
Segment Liability	<b>611,97.60</b>	491,05.97
Add : Unallocated Corporate Liability	<b>205,20.98</b>	203,14.88
Total Liability	<b>817,18.58</b>	694,20.85
Segment Capital Employed	<b>403,14.51</b>	346,69.53
Add : Unallocated Capital Employed	<b>86,44.63</b>	88,69.36
Total Capital Employed	<b>489,59.14</b>	435,38.89
<b>4. Capital Expenditure</b>		
Segment Capital Expenditure	<b>153,86.67</b>	99,86.21
Add : Unallocated Capital Expenditure	<b>1,69.62</b>	2,36.09
Total Capital Expenditure	<b>155,56.29</b>	102,22.30
<b>5. Depreciation/Amortisation</b>		
Segment Depreciation	<b>41,72.51</b>	37,40.56
Add : Unallocated Depreciation	<b>1,97.38</b>	1,90.56
Total Depreciation	<b>43,69.89</b>	39,31.12
<b>6. Significant Non Cash Expenditure (excluding depreciation)</b>	–	–

### Secondary Reportable Segment

The Company has identified Geographical Segment as its secondary segment.

	India		Outside India		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
	₹ Lacs					
<b>Revenue from Operations</b>						
External	<b>3,050,33.61</b>	2,593,83.58	<b>35,17.89</b>	31,43.90	<b>3,085,51.50</b>	2,625,27.48
Internal Segment	–	–	–	–	–	–
Total	<b>3,050,33.61</b>	2,593,83.58	<b>35,17.89</b>	31,43.90	<b>3,085,51.50</b>	2,625,27.48
Carrying amount of segment assets	<b>1,015,12.11</b>	837,75.50	–	–	<b>1,015,12.11</b>	837,75.50
Capital Expenditure	<b>153,86.67</b>	99,86.21	–	–	<b>153,86.67</b>	99,86.21

## Notes to the Financial Statements for the year ended March 31, 2013

### Note 31 : Disclosure of Related Parties

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

- |  |   |
|--|---|
| <b>i) Ultimate Holding Company</b>                     | : Colgate-Palmolive Company, U.S.A.   |
| <b>ii) Group Companies where common control exists</b> | <ul style="list-style-type: none"> <li>: Colgate-Palmolive (Malaysia) Mktg. SDN BHD, Malaysia</li> <li>: Colgate-Palmolive East Africa Ltd., Kenya</li> <li>: Colgate-Palmolive Marocco Limited</li> <li>: Colgate-Palmolive Pty. Ltd., South Africa</li> <li>: Colgate-Palmolive (Thailand) Ltd.</li> <li>: Colgate-Palmolive (H.K.) Ltd., Hongkong</li> <li>: Colgate-Palmolive Management Services (H.K.) Limited</li> <li>: Colgate-Palmolive (China) Co. Ltd., China</li> <li>: Colgate-Palmolive Son Hai Ltd., Vietnam</li> <li>: Colgate Sanxiao (Consumer Products) Company Limited</li> <li>: Colgate-Palmolive Temizlik, Urunleri, Turkey</li> <li>: Colgate-Palmolive Cameroun S.A., Cameroun</li> <li>: Colgate-Palmolive Romania srl.</li> <li>: Colgate-Palmolive (Eastern) Pte. Ltd., Singapore</li> <li>: Colgate-Palmolive Industria E Comercio Ltda, Brazil</li> <li>: Colgate-Palmolive (Asia) Pte. Ltd., Singapore</li> <li>: Norwood International Incorporated, U.S.A.</li> <li>: Colgate-Palmolive Tanzania Limited</li> <li>: CP Hawley &amp; Hazel Chemical Co., (ZS) Ltd.</li> <li>: Colgate-Palmolive Zambia Inc.</li> <li>: Colgate-Palmolive Europe SARL</li> <li>: Colgate Palmolive Bt. Ltd., Blantyre, Malawi</li> <li>: Colgate Oral Pharmaceuticals Inc. Carrollton, U.S.A.</li> <li>: Colgate-Palmolive Senegal</li> <li>: Colgate-Palmolive Gabon</li> <li>: Colgate-Palmolive Italia S.r.l., Italy</li> <li>: Colgate Philippines Inc.</li> <li>: Colgate-Palmolive Canada Inc.</li> <li>: Colgate-Palmolive Pty. Ltd., Australia</li> </ul> |
| <b>iii) Key Management Personnel</b>                   | <ul style="list-style-type: none"> <li>: M.V. Deoras (Upto January 31, 2012)</li> <li>: P. Parameswaran (Ms.) (effective February 1, 2012)</li> <li>: P.E. Alton (Upto December 31, 2012)</li> <li>: K. V. Vaidyanathan (Upto November 30, 2011)</li> <li>: N. Ghate (effective October 1, 2011)</li> <li>: G. Nthunzi (effective January 1, 2013)</li> </ul>   |

## Notes to the Financial Statements for the year ended March 31, 2013

### Note 31 : Disclosure of Related Parties (Contd.)

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

Nature of Transaction	₹ Lacs					
	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Purchase of Goods/Materials</b>						
Colgate Sanxiac (Consumer Products) Company Limited	-	-	9,97.63	18,51.30	-	18,51.30
Colgate-Palmolive (Thailand) Ltd.	-	-	8,55.16	6,75.21	-	6,75.21
Colgate-Palmolive Company, U.S.A.	1,51.71	1,40.53	-	-	-	1,40.53
Others	-	-	1,60.73	2,07.89	-	2,07.89
<b>Sub-Total</b>	<b>1,51.71</b>	<b>1,40.53</b>	<b>20,13.52</b>	<b>27,34.40</b>	<b>-</b>	<b>28,74.93</b>
<b>Sale of Goods/Materials</b>						
Colgate-Palmolive East Africa Ltd., Kenya	-	-	12,14.51	11,95.24	-	11,95.24
Colgate-Palmolive Pty. Ltd., South Africa	-	-	3,78.01	-	-	3,78.01
Colgate-Palmolive Tanzania Limited	-	-	-	1,95.12	-	1,95.12
Others	-	-	5,77.74	5,67.46	-	5,67.46
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>21,70.26</b>	<b>19,57.82</b>	<b>-</b>	<b>19,57.82</b>
<b>Purchase of Assets/Spares</b>						
Colgate-Palmolive Canada Inc.	-	-	2.27	-	-	-
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>2.27</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Services Rendered</b>						
Colgate-Palmolive Company, U.S.A.	78,43.85	67,08.62	-	-	-	67,08.62
Others	-	-	41.53	26.88	-	26.88
<b>Sub-Total</b>	<b>78,43.85</b>	<b>67,08.62</b>	<b>41.53</b>	<b>26.88</b>	<b>-</b>	<b>67,35.50</b>
<b>Services Received</b>						
Colgate-Palmolive Company, U.S.A.	42,68.08	35,30.42	-	-	-	35,30.42
<b>Sub-Total</b>	<b>42,68.08</b>	<b>35,30.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,30.42</b>
<b>Reimbursement of Expenses Charged by us/(on us)</b>						
Colgate-Palmolive Company, U.S.A.	(29,57.46)	(22,19.53)	-	-	-	(22,19.53)
(Includes ₹ 8,74.80 Lacs (Previous Year : ₹ 5,19.51 Lacs) for stock options/grants to employees of the Company)						
Others	-	-	(21.35)	6.72	-	6.72
<b>Sub-Total</b>	<b>(29,57.46)</b>	<b>(22,19.53)</b>	<b>(21.35)</b>	<b>6.72</b>	<b>-</b>	<b>(22,12.81)</b>

## Notes to the Financial Statements for the year ended March 31, 2013

### Note 31 : Disclosure of Related Parties (Contd.)

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
	₹ Lacs							
<b>Dividend Paid/Proposed</b>								
Colgate-Palmolive Company, U.S.A.	152,53.38	136,19.09	-	-	-	-	152,53.38	136,19.09
Colgate-Palmolive (Asia) Pte. Ltd., Singapore	-	-	41,66.24	37,19.86	-	-	41,66.24	37,19.86
Norwood International Incorporated, U.S.A.	-	-	0.16	0.14	-	-	0.16	0.14
<b>Sub-Total</b>	<b>152,53.38</b>	<b>136,19.09</b>	<b>41,66.40</b>	<b>37,20.00</b>	<b>-</b>	<b>-</b>	<b>194,19.78</b>	<b>173,39.09</b>
<b>Royalty</b>								
Colgate-Palmolive Company, U.S.A.	143,50.21	120,50.38	-	-	-	-	143,50.21	120,50.38
<b>Sub-Total</b>	<b>143,50.21</b>	<b>120,50.38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,50.21</b>	<b>120,50.38</b>
<b>Remuneration</b>								
P. Parameswaran (Ms.)	-	-	-	-	5,46.25	61.29	5,46.25	61.29
M.V. Deoras	-	-	-	-	-	5,00.26	-	5,00.26
G. Nihunzi	-	-	-	-	1,19.22	-	1,19.22	-
K.V. Vaidyanathan	-	-	-	-	-	3,02.16	-	3,02.16
P.E. Alton	-	-	-	-	5,18.32	6,09.05	5,18.32	6,09.05
N. Ghate	-	-	-	-	1,72.60	58.73	1,72.60	58.73
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,56.39</b>	<b>15,31.49</b>	<b>13,56.39</b>	<b>15,31.49</b>
<b>Dividend</b>								
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.03</b>	<b>-</b>	<b>0.03</b>
<b>Repayment of Loan</b>								
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21.16</b>	<b>-</b>	<b>21.16</b>
<b>Interest on Loan received</b>								
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.24</b>	<b>-</b>	<b>0.24</b>
<b>Outstanding Receivable net of Payable</b>								
Colgate-Palmolive East Africa Ltd., Kenya	-	-	1,35.30	3,20.96	-	-	1,35.30	3,20.96
Colgate-Palmolive Bt Ltd., Blantyre, Malawi	-	-	1,21.74	75.60	-	-	1,21.74	75.60
Colgate-Palmolive Tanzania Limited	-	-	-	77.37	-	-	-	77.37
Others	-	-	99.86	2,08.57	-	-	99.86	2,08.57
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>3,56.90</b>	<b>6,82.50</b>	<b>-</b>	<b>-</b>	<b>3,56.90</b>	<b>6,82.50</b>
<b>Outstanding Payable net of Receivable</b>								
Colgate-Palmolive Company, U.S.A.	48,76.20	23,85.56	-	-	-	-	48,76.20	23,85.56
Colgate-Palmolive (Thailand) Ltd.	-	-	3,21.46	2,56.81	-	-	3,21.46	2,56.81
Colgate Sanxiac (Consumer Products) Company Limited	-	-	1,67.65	3,11.86	-	-	1,67.65	3,11.86
Colgate-Palmolive Temizlik, Ununleri, Turkey	-	-	28.89	116.17	-	-	28.89	116.17
Colgate-Palmolive Management Services (H.K.) Limited	-	-	1,30.44	51.51	-	-	1,30.44	51.51
Others	-	-	77.64	32.57	-	-	77.64	32.57
<b>Sub-Total</b>	<b>48,76.20</b>	<b>23,85.56</b>	<b>7,26.08</b>	<b>7,68.92</b>	<b>-</b>	<b>-</b>	<b>56,02.28</b>	<b>31,54.48</b>

## Notes to the Financial Statements for the year ended March 31, 2013

	<b>2012-13</b>	2011-12
	<b>₹ Lacs</b>	₹ Lacs
<b>Note 32 : Value of imports calculated on C.I.F. basis</b>		
Raw Materials	<b>112,64.75</b>	85,51.25
Stock-in-Trade	<b>25,84.84</b>	24,52.72
Capital Goods	<b>25,12.56</b>	29,40.35
Spares	<b>4,28.25</b>	6,08.99
<b>Note 33 : Expenditure in Foreign Currency</b>		
Travelling	<b>30.69</b>	39.45
Royalty (Net of tax)	<b>143,50.21</b>	120,50.38
Services Received	<b>42,90.84</b>	36,04.52
Others	<b>29,13.51</b>	41,38.89
<b>Note 34 : Earnings in Foreign Exchange</b>		
Exports at F.O.B. Value	<b>35,17.89</b>	31,43.90
Services Rendered	<b>78,29.06</b>	67,95.19

### Note 35 : Net Dividends remitted in foreign currency to non-resident shareholders

<b>For the year</b>	<b>Nature of Dividend</b>	<b>No. of Equity Shares</b>	<b>2012-13</b>	2011-12
			<b>₹ Lacs</b>	₹ Lacs
<b>Colgate-Palmolive Company, U.S.A. :</b>				
2010-2011	Third Interim	5,44,76,347	–	38,13.34
2011-2012	First Interim	5,44,76,347	–	43,58.11
2011-2012	Second Interim	5,44,76,347	–	49,02.87
2011-2012	Third Interim	5,44,76,347	<b>43,58.11</b>	–
2012-2013	First Interim	5,44,76,347	<b>70,81.93</b>	–
2012-2013	Second Interim	5,44,76,347	<b>32,68.58</b>	–
			<b><u>147,08.62</u></b>	<b><u>130,74.32</u></b>
<b>Colgate-Palmolive (Asia) Pte Ltd., Singapore :</b>				
2010-2011	Third Interim	1,48,79,426	–	10,41.56
2011-2012	First Interim	1,48,79,426	–	11,90.35
2011-2012	Second Interim	1,48,79,426	–	13,39.15
2011-2012	Third Interim	1,48,79,426	<b>11,90.35</b>	–
2012-2013	First Interim	1,48,79,426	<b>19,34.33</b>	–
2012-2013	Second Interim	1,48,79,426	<b>8,92.77</b>	–
			<b><u>40,17.45</u></b>	<b><u>35,71.06</u></b>
<b>Norwood International Incorporated, U.S.A. :</b>				
2010-2011	Third Interim	563	–	0.04
2011-2012	First Interim	563	–	0.05
2011-2012	Second Interim	563	–	0.05
2011-2012	Third Interim	563	<b>0.05</b>	–
2012-2013	First Interim	563	<b>0.07</b>	–
2012-2013	Second Interim	563	<b>0.03</b>	–
			<b><u>0.15</u></b>	<b><u>0.14</u></b>

## Notes to the Financial Statements for the year ended March 31, 2013

### Note 36 : Derivative Instruments

Details of foreign currency balances not hedged :

Particulars	2012-13			2011-12	
	Foreign Currency Denomination	Foreign Currency Amount in Lacs	Indian Rupees Equivalent in Lacs	Foreign Currency Amount in Lacs	Indian Rupees Equivalent in Lacs
Current Assets (Trade Receivables)	USD	54.16	29,42.96	49.65	25,29.18
Current Assets (Short-term Loans and Advances)	USD	9.32	5,07.66	1.14	58.07
	EUR	–	–	0.06	4.10
Current Liabilities (Trade Payables)	USD	1,10.53	60,19.62	36.00	18,33.86
	EUR	0.75	51.87	0.02	1.37
	GBP	0.01	1.30	0.08	6.20
	JPY	–	–	7.69	5.14
	SEK	3.86	31.99	53.27	3,86.38
Current Liabilities (Others)	USD	–	–	0.33	16.81

**Note 37 :** Research and Development expenses of the year for the Company aggregates ₹ **8,41.38 Lacs** (Previous Year : ₹ 5,03.40 Lacs).

**Note 38 :** Appointment of G. Nthunzi as the Whole-time Director and Chief Financial Officer of the Company effective January 1, 2013, is pending receipt of approval from the Central Government and approval of the Shareholders of the Company will be sought at the ensuing Annual General Meeting. During the year, an aggregate remuneration of ₹ 1,19.22 Lacs has been paid to him.

**Note 39 :** During the current year, the Board of Directors at their meeting held on March 25, 2013, approved, subject to the consent of the shareholders, to sell and transfer the whole of the Company's "Global Shared Services Organization" (GSSO Division) by way of a slump sale to Colgate Global Business Services Private Limited (CGBSPL), a 100% subsidiary of the Ultimate Holding Company, Colgate-Palmolive Company, U.S.A. with effect from June 1, 2013, on a going concern basis for a total consideration of ₹ 59,89.00 Lacs. The consent of the shareholders has been obtained vide a postal ballot.

Signature to Notes 1 to 39

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

**Uday Shah**  
Partner  
Membership No. 046061

Mumbai, May 28, 2013

**For and on behalf of the Board**

Vice-Chairman **R. A. Shah**  
Managing Director **P. Parameswaran (Ms.)**

Whole-time Director &  
Chief Financial Officer **G. Nthunzi**

Whole-time Director &  
Company Secretary **N. Ghate**

Mumbai, May 28, 2013



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