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Board of Directors

	<i>Chairman</i>	F. T. Garcia
	<i>Vice-Chairman</i>	R. A. Shah
	<i>Deputy Chairman</i>	P. K. Ghosh
	<i>Managing Director</i>	G. D. Dalziel
	<i>Whole-time Director</i>	M. A. Elias
	<i>Whole-time Director</i>	K. V. Vaidyanathan
	<i>Whole-time Director</i>	V. Hegde
		V. S. Mehta
		J. K. Setna
	<i>Company Secretary</i>	K. V. Vaidyanathan
Management Committee	<i>Managing Director</i>	G. D. Dalziel
	<i>Finance</i>	M. A. Elias
	<i>Legal</i>	K. V. Vaidyanathan
	<i>Marketing</i>	V. Hegde
	<i>Sales</i>	S. Bharatwaj
	<i>R&D</i>	S. Manek
	<i>Information Technology</i>	A. Pande
	<i>Manufacturing & Supply Chain</i>	D. Chhibba
	<i>Human Resources</i>	D. Roy
Audit Committee	<i>Chairperson</i>	R. A. Shah
		P. K. Ghosh
		J. K. Setna
		V. S. Mehta
	<i>Secretary</i>	K. V. Vaidyanathan
Shareholders'/Investors' Grievance Committee	<i>Chairperson</i>	P. K. Ghosh
		G. D. Dalziel
		J. K. Setna
		K. V. Vaidyanathan
	<i>Solicitors</i>	Crawford Bayley & Co.
	<i>Auditors</i>	Price Waterhouse Chartered Accountants
	<i>Registered Office</i>	Colgate Research Centre Main Street, Hiranandani Gardens Powai, Mumbai 400 076
	<i>Factories</i>	Sewri Fort Road, Mumbai 400 015 Waluj Industrial Area, MIDC, Aurangabad 431 136 1 Jharmajari, District Solan, Baddi, [H.P.] 174 103
	<i>Registrars & Share Transfer Agents</i>	Sharepro Services (India) Private Limited

Ten-year Highlights

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
	Rs. Lacs									
A. Operating Results :										
Sales	960.60	1,019.73#	998.22#	1,089.58#	1,176.88	1,160.89	1,056.89	1,042.08	1,072.53	1,217.50
Other Income	17.61	12.48#	16.31#	22.89#	29.51	30.95	35.76	29.92	34.23	25.61
Net Profit After Tax	78.92	80.07	45.67	51.79	62.50	69.79	88.66	108.00	113.29	137.60
Cash Profits	98.58	101.24	70.30	75.00	82.72	91.94	108.13	132.26	135.66	169.03
B. Financial Position :										
Fixed Assets (Net)	160.41	194.46	226.17	215.58	196.93#	172.31	158.02	93.95	147.21	169.12
Current Assets (Net)	84.89	83.17	58.47	80.31	31.26#	56.86	29.52	36.77	(62.83)	(49.64)
Others (Net)	16.89	20.51	14.23	11.08	23.97#	27.72	89.62	115.76	169.37	155.95
TOTAL ASSETS	262.19	298.14	298.87	306.97	252.16	256.89	277.16	246.48	253.75	275.43
Share Capital	135.99	135.99	135.99	135.99	135.99	135.99	135.99	135.99	135.99	135.99
Reserves and Surplus	122.18	157.37	157.75	164.26	103.12	111.65	139.03	108.32	113.78	135.08
SHAREHOLDERS' FUNDS	258.17	293.36	293.74	300.25	239.11	247.64	275.02	244.31	249.77	271.07
Loan Funds	4.02	4.78	5.13	6.72	13.05	9.25	2.14	2.17	3.98	4.36
TOTAL CAPITAL EMPLOYED	262.19	298.14	298.87	306.97	252.16	256.89	277.16	246.48	253.75	275.43
C. Equity Share Data :										
Earnings Per Share (Rs.)	5.80	5.89	3.36	3.81	4.60	5.13	6.52	7.94	8.33	10.12
Dividend Per Share (Rs.)	4.50	3.00	3.00	3.00	8.25*	4.25	4.25	6.00**	7.00	7.50
Number of Shares (in Lacs)	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60
Number of Shareholders (in '000s)	2,35	2,38	2,41	2,30	2,22	2,15	2,07	1,85	1,59	1,41

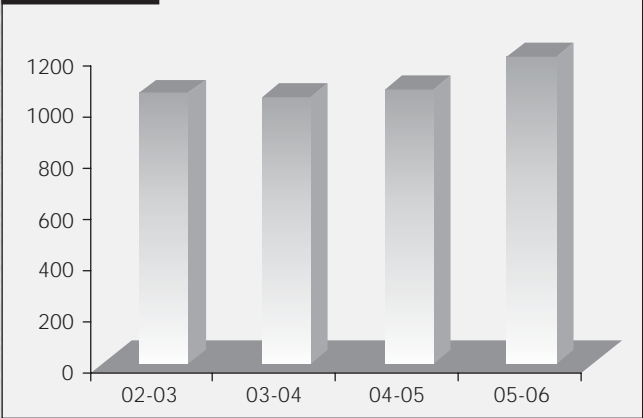
Re-grouped

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

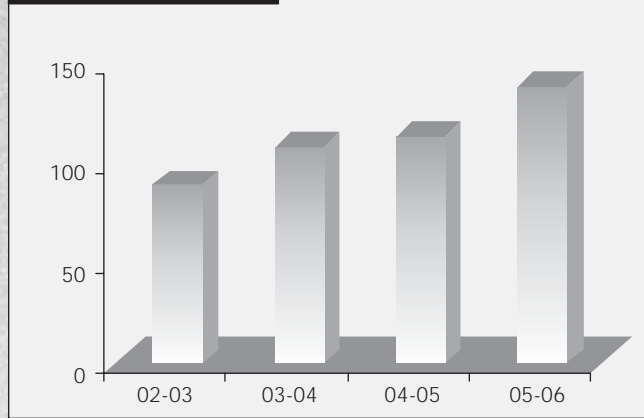
** Including one-time special 25th Anniversary Dividend of Rs. 1.25 per share.

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

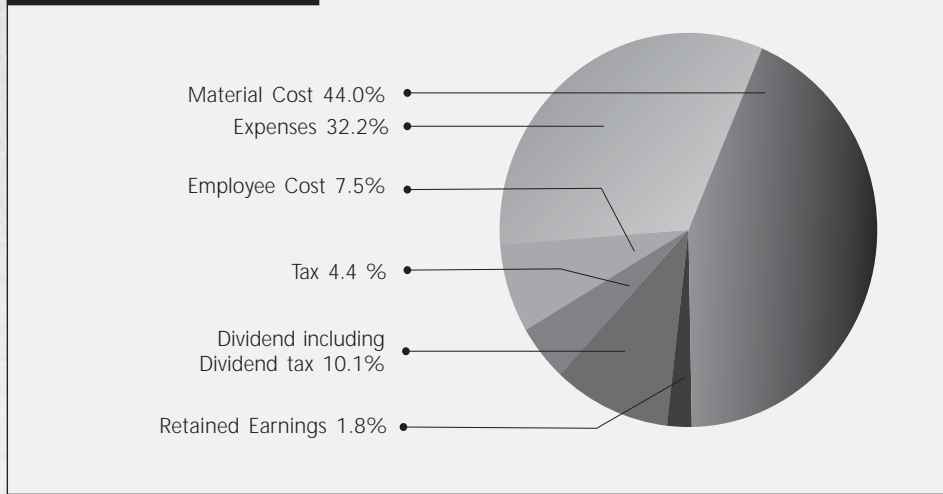
Gross Sales



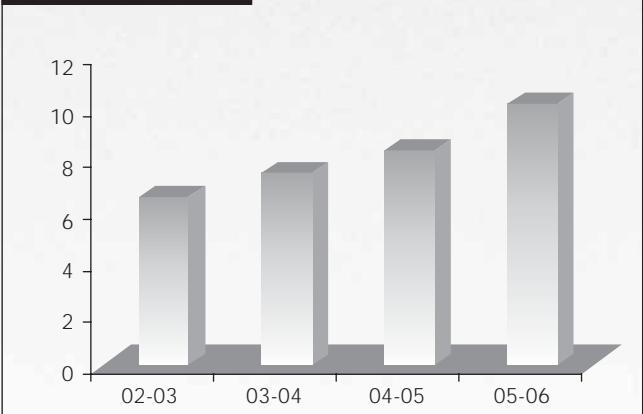
Net Profit After Tax



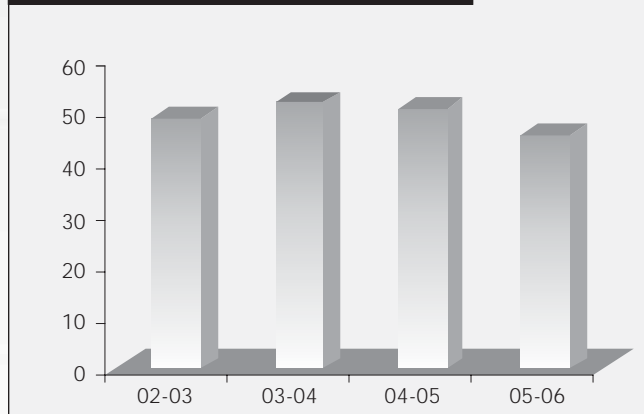
Distribution of Income



Earnings per Share



Percentage of Material Cost to Sales



Notice

NOTICE is hereby given that the Sixty-fifth 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 Tuesday, August 8, 2006 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2006 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. R. A. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K. V. Vaidyanathan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Mr. Vinay Hegde as a Director of the Company whose office shall be liable for retirement by rotation.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the approval of the Company be and is hereby accorded to the appointment of Mr. Vinay Hegde as a Whole-time Director of the Company for a period of five years effective September 1, 2005 on the terms and conditions including remuneration as are set out in the agreement dated September 29, 2005 entered into between the Company and Mr. Hegde, a copy whereof initialed by the Vice-Chairman for the purpose of identification is placed before the meeting, with liberty to the Board of Directors/Managing Director to alter and vary such terms and conditions, including remuneration within, however, the maximum limit prescribed under Schedule XIII read with the provisions of the Act."

6. 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. Roger D. Calmeyer as Managing Director of the Company for a period of five years effective June 1, 2006 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Calmeyer, a copy whereof initialed by the Vice-Chairman for the purpose of identification is placed before the meeting, with 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. Calmeyer, 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, Mr. Calmeyer be paid the aforesaid remuneration as minimum remuneration for that year.

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."

7. To appoint Auditors and to fix their remuneration.

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

Date : May 17, 2006

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

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An explanatory statement under Section 173 of the Companies Act, 1956 in respect of Items 4 to 6 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 Tuesday, August 1, 2006 to Tuesday, August 8, 2006 (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, Sharepro Services (India) Private Limited, 912, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021.
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. To avoid the incidence of fraudulent encashment of the warrants, Members are requested to intimate the Registrars and Share Transfer Agents of the Company under the signature of the Sole/First joint holder the following information so that the Bank Account Number and Name and Address of the Bank can be printed on dividend warrants, if and when issued :
 - a) Name of Sole/First joint holder and Folio Number
 - b) Particulars of Bank Account viz.
 - i) Name of the Bank
 - ii) Name of the Branch
 - iii) Complete address of the Bank with pincode number
 - iv) Account type, whether Savings or Current Account
 - v) Bank Account number allotted by the Bank.
7. The Company, consequent upon the introduction of the Depository System (DS) entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.
8. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates, etc. Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
9. Members holding shares in Demat form may please note that the bank account details given by them to their Depository Participants (DPs) and passed on to the Company by such DPs would be printed on the dividend warrants of the concerned members. However, if any member wants to receive dividend in any other bank account, such Member should change/correct the bank account details with their concerned DPs. The Company would not entertain any request from such shareholders directly for deletion/change in the bank account details printed on the dividend warrants on the basis of information furnished by the DPs to the Company.
10. All unclaimed dividends upto the First Interim Dividend for 1995-96 paid by the Company on September 29, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants upto the said period are requested to claim the amount from The Registrar of Companies, CGO Building, II Floor, A Wing, Belapur, Navi Mumbai.

Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are transferred to the 'Investor Education and Protection Fund', constituted by the Central Government. Accordingly, unclaimed dividends from the Second Interim Dividend for 1995-96 have to be transferred to the said Fund. During the Financial Year 2005-06, unclaimed amount of Final Dividend (Rs.12,42,797/-) for 1997-98 has been transferred to the Investor Education and Protection Fund on November 25, 2005.
11. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
12. At the ensuing Annual General Meeting, Mr. R. A. Shah and Mr. K. V. Vaidyanathan shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. Shah and Mr. Vaidyanathan are given below :

Mr. R. A. Shah :

Mr. R. A. Shah is a leading Solicitor and a Senior Partner of M/s. Crawford Bayley & Company, a firm of Solicitors and Advocates. He specializes in a broad spectrum of corporate laws in general with special focus on foreign investments, joint ventures, technology & licence agreements, mergers and acquisitions, etc.

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

Mr. Shah is a Director and Member of Board's Committee of the following other companies :

Chairman of : Godfrey Phillips India Ltd., Pfizer Ltd. and Roche Scientific Co. (I) Pvt. Ltd.

Director of : Abbott India Ltd., Asian Paints Ltd., The Associated Cement Companies Ltd., The Bombay Dyeing & Mfg. Co. Ltd., BASF India Ltd., Clariant Chemicals (India) Ltd., Deepak Fertilisers & Petrochemicals Corporation Ltd., Gillette India Ltd., Jumbo World Holdings Ltd., Lupin Ltd., Nicholas Piramal India Ltd. and Procter & Gamble Hygiene and Health Care Ltd.

Alternate Director of : Atul Ltd., BASF Polyurethanes India Ltd., Century Enka Ltd., Modicare Ltd., RPG Life Sciences Ltd., Schrader Duncan Ltd., Uhde India Ltd. and Wockhardt Ltd.

Committee Memberships :

Chairman of the Audit Committee of the Boards of : Pfizer Ltd., The Bombay Dyeing & Mfg. Co. Ltd. and Nicholas Piramal India Ltd.

Member of Audit Committee of : BASF India Ltd., Clariant Chemicals (India) Ltd., Abbott India Ltd. and Procter & Gamble Hygiene and Health Care Ltd.

Alternate Member of Audit Committee of : Century Enka Ltd. and Wockhardt Ltd.

Member of the Remuneration Committee of : The Bombay Dyeing & Mfg. Co. Ltd.

Mr. K. V. Vaidyanathan :

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

Mr. Vaidyanathan is a Director of Colgate-Palmolive (Nepal) Private Limited, Multimint Leasing & Finance Ltd., Passion Trading & Investment Co. Ltd. and Jigs Investments Ltd.

Annexure to the Notice

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

Items 4 & 5

Mr. Vinay Hegde is an Engineering Graduate from the Indian Institute of Technology, Mumbai and also has an MBA qualification from the Indian Institute of Management, Ahmedabad. He joined the Company in 1999 as Vice-President – Sales. He was promoted to Executive Vice-President – Marketing in January 2004. Mr. Hegde has been appointed an Additional Director by the Board of Directors of the Company (hereinafter referred to as "the Board") effective September 1, 2005. Pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as "the Act") he holds office only upto the date of the 65th 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. Hegde as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.

In recognition of Mr. Hegde's outstanding contributions, the Board has appointed him as a Whole-time Director for a period of five years effective September 1, 2005, subject to the approval of the Shareholders of the Company.

Mr. Hegde's Sales and Marketing career started with Pond's India Ltd. He then joined T.T.K. & Co. in Bangalore and held the position of Product Manager for their Prestige brands of kitchen durables. From 1987 to 1992, Mr. Hegde was employed at Johnson & Johnson in Mumbai, initially in the capacity of Group Product Manager and was subsequently promoted to Marketing Manager – Personal Products. In 1993, Mr. Hegde joined Brooke Bond, initially as Marketing Manager for their Kissan range of processed food and subsequently as Sales Manager, Branch Manager and General Sales Manager – Beverages.

Under Mr. Hegde's leadership there has been an unprecedented flow of innovative new products, a resurgence in Company market shares and a clear positive growth momentum not seen for some time.

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

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

The remuneration, including perquisites payable to Mr. Hegde, shall be as may be determined by the Board or Managing Director from time to time within the maximum limits specified in Schedule XIII of the Act as under :

1. Salary : Upto Rs. 5 Lacs per month.
2. Commission or Performance Linked Incentive or Bonus :
Not exceeding 1% of the net profit of the Company in any financial year as the Board or Managing Director may determine from time to time but shall not exceed the amount equivalent to the salary for the relevant period; it may be paid pro-rata on a monthly basis at the absolute discretion of the Board or Managing Director.
3. Perquisites : He shall be entitled to furnished/non-furnished accommodation or house rent allowance in lieu thereof, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-tax Rules, 1962 being restricted to Rs. 1.25 Lacs per month.
4. Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, Gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid.

In the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary and perquisites payable to Mr. Hegde shall not exceed the maximum limit prescribed under Schedule XIII of the Act.

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

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

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

None of the Directors, except Mr. Hegde, is concerned or interested in the resolutions at Items 4 & 5.

Item 6

Consequent upon promotion of Mr. Graeme Dalziel as General Manager and Vice-President of Colgate-Palmolive, France, one of the largest subsidiaries in the Colgate world, the Board of Directors of the Company ("the Board") at its meeting held on May 17, 2006 appointed Mr. Roger D. Calmeyer as Managing Director of the Company for a period of five years effective June 1, 2006, subject to the approvals of the Central Government and shareholders of the Company.

Mr. Calmeyer is currently serving as General Manager of Colgate South Eurasia Region encompassing businesses in Turkey, the Caucasus, Central Asia and Belarus. Under his strong leadership, Turkey's sales and profits increased dramatically and significant market growth was achieved.

Mr. Calmeyer is a Colgate veteran with 32 years of service with the Corporation, including more than 20 years of international experience and has considerable expertise in emerging markets. He served as President and Director General of Colgate, Romania from 2000 to 2005. Mr. Calmeyer has also worked in Canada, Belgium and the United States. The early part of his career was spent in South Africa. Mr. Calmeyer has been active in American Business Associations/American Chambers of Commerce in several countries and has served as Vice-President and President of these organizations at various times.

Mr. Calmeyer's strong management skills, his proven marketing ability and his wide experience in FMCG sector make him well qualified to lead the Indian operations.

Mr. Calmeyer does not hold any other directorship in India.

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

The remuneration payable to Mr. Calmeyer shall be determined by the Board from time to time within, however, the maximum limits set forth under the applicable provisions of the Companies Act, 1956 :

- a) Salary : Upto Rs. 17 Lacs per month.
- b) Commission/Performance Linked Incentive or Bonus :
Not exceeding 1% of the net profit of the Company in any financial year as the Board 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.
- c) Perquisites :

He shall be entitled to furnished/non-furnished accommodation or house rent allowance in lieu thereof, gas, electricity, water, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-tax Rules, 1962 being restricted to Rs.10 Lacs per annum.

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) Children's Education :
Reimbursement of actual expenses on education of children for a maximum of two children, studying in or outside India.

ii) Holiday Passage for children :
Entitlement to cost of return airfare for children studying abroad to visit India, twice in a year by economy class.

iii) 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.

iv) 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. Calmeyer is finally leaving the employment of the Company. In case he joins any other affiliated entity of Colgate-Palmolive Co., such affiliated entity would bear such expenses.

d) Annual Leave :

Earned/Privilege leave on full pay and allowances as per rules of the Company but not more than six weeks leave for every twelve months of service. Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

e) Minimum Remuneration :

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

The Board shall have the discretion and authority to modify the foregoing terms of remuneration within, however, the parameters of the applicable provisions of the Companies Act, 1956.

As Managing Director, Mr. Calmeyer will have all the requisite powers and authorities to enable him to manage the Company on a day-to-day basis.

The appointment will be for a period of five years, which may be terminated by either party giving to the other ninety days' notice in writing.

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

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

None of the Directors is concerned or interested in the resolution at Item 6.

By Order of the Board

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

Date: May 17, 2006

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, 2006.

Financial Results

	(Rs. in Crores)	
	2005-06	2004-05
Total Revenue	11,49.80	9,98.45
Sales (Excluding Excise Duty)	11,24.19	9,64.22
Other Income	25.61	34.23
Profit before Taxation	1,87.88	1,78.14
Provision for Taxation	50.28	64.85
Profit after Taxation	1,37.60	1,13.29
Balance brought forward	21.30	27.17
Profit available for Appropriation	1,58.90	1,40.46
Appropriation :		
Dividend	1,02.00	95.19
Dividend Tax	14.30	12.64
General Reserve	13.76	11.33
Balance carried forward	28.84	21.30
	1,58.90	1,40.46

Business Performance

The business performance during the year has been commendable. The net profit of Rs.1,37.60 Crores is the highest ever achieved by your Company. The Company's strong results demonstrate the merits of your Company's growth strategies.

Sales for the year have increased by 17 per cent at Rs.11,24.19 Crores as against Rs. 9,64.22 Crores during 2004-05. After absorbing Rs. 24.04 Crores on account of impairment of assets, accelerated depreciation and diminution in the value of the Company's investment in its wholly-owned subsidiary in Nepal, the profit after tax has registered an impressive growth of 21 per cent at Rs.1,37.60 Crores as against Rs.1,13.29 Crores during 2004-05. Your Company firmly believes that the commitment of its employees to living Colgate's values of Caring, Global Teamwork and Continuous Improvement is tightly linked to the Company's continuous success year after year.

During the year, sales growth was driven by new products. Our strategy of developing and launching innovative new products continues to strengthen your Company's market leadership position. Your Company's recently established Oral Care Category Innovation Centre works closely with the Technology Centres in India and U.S.A. to shape ideas into products that meet today's consumer needs. The Innovation Centre connects intimately with consumers to understand their needs, habits and product usage and this connection helps generate a continuous stream of new product ideas and concepts. Staying close to the marketplace and consumers is the thrust of your Company's new product development process, making research and development spending more effective and efficient. These initiatives helped your Company successfully launch a series of new products during the year which include :

Colgate Advanced Whitening

Your Company launched Colgate Advanced Whitening toothpaste to address the emerging whitening toothpaste segment and target the growing number of consumers who consider shiny white teeth as an important component of looking and feeling good and, therefore, seek cosmetic as well as whitening benefits from their toothpaste. Colgate Advanced Whitening is clinically proven to make teeth noticeably whiter after just 14 days of brushing twice daily. This product has been very well received in the market.

Colgate Active Salt

Developed after extensive consumer research in India, your Company launched Colgate Active Salt, the first and only toothpaste in India that contains salt. Based on feedback from consumers, the Colgate Innovation and Technology Centres combined the tradition of using salt for cleaning teeth with modern oral care science to create a dramatic innovation in the toothpaste category that is contemporary as well as beneficial. Colgate Active Salt has a refreshingly different taste and contains salt in addition to calcium and minerals, to make teeth strong and gums healthy. This product has been well received in the market and has gained almost two per cent market share.

Colgate MaxFresh Gel

Targeting the dynamic youth of India, your Company launched Colgate MaxFresh Gel, India's first and only toothpaste infused with "cooling crystals" in the form of strips that dissolve in the mouth completely upon brushing, releasing an intense rush of breath freshening power. This launch is supported by an extensive 360-degree marketing program which was developed based on insights about how the target consumers spend their day and the different touchpoints. The launch program includes innovative experiential sampling using breath strips. Colgate MaxFresh has been very well received in the market and has registered a market share of two per cent in metros within two months of its launch.

Colgate Super Flexible Toothbrush with Unique Tongue Cleaning Feature

This innovation was based on a strong local consumer insight that cleaning of the tongue is considered as important as brushing teeth so as to reduce bacteria in the mouth and control bad breath. With a view to providing a whole-mouth-clean benefit, your Company launched New Colgate Super Flexible Toothbrush, India's first toothbrush with a unique built-in tongue cleaning feature. The launch of this unique toothbrush is one of your Company's initiatives towards promoting good oral health among consumers and also to provide convenience and ease-of-use. This product has been extremely well received by consumers.

Incremental sales from new products have considerably strengthened your Company's market leadership position. Media and promotional investments increased significantly

during the year as your Company fulfilled its commitment to supporting new as well as existing brands. This kind of sustained commercial investment is essential for continued growth. Your Company is pleased with the excellent unit volume growth that has resulted from the stepped up commercial spending.

Dividend

For the financial year 2005-06, three interim dividends were paid – Rs. 2.75 on August 26, 2005, Rs. 3.00 on December 22, 2005 and Rs. 1.75 on April 4, 2006 – aggregating Rs. 7.50 per share. In view of the above, your Directors do not recommend final dividend for the year.

Responsibility Statement

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

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

Toothpaste manufacturing facility

The phased commissioning of the state-of-the-art toothpaste manufacturing facility established at Baddi, Himachal Pradesh, was successfully completed during the year. Your Company intends to produce different variants of toothpastes in the new plant so as to fully utilize the capacity to maximize the tax benefit.

Oral Health Month

Your Company in partnership with the Indian Dental Association ("IDA") organized a month-long awareness campaign under the banner of Oral Health Month in October, 2005 to establish and promote the importance of good oral hygiene and regular dental check-ups. This was the second year in succession with the Oral Health Month when your Company distributed one million free oral care kits that highlighted the importance of good oral hygiene, providing simple steps that everyone could use to fight the risk of tooth decay and encouraging people to look after the well-being of their teeth.

The school contact program was also significantly enhanced to double the coverage in 2005. As against 5 Lacs school children in 1,000 schools across 20 cities covered last year, Oral Health Month 2005 covered 10 Lacs children across 2,000 schools in 50 cities.

The Oral Health Month is one more step in your Company's long standing endeavour to spread the message of good oral health – as you are aware, the school dental education program – presently called the Bright Smiles, Bright Futures Program – organized in partnership with IDA has been reaching out to school children for the past 29 years.

Colgate – the Most Trusted Brand

Colgate was voted "The Most Trusted Brand" in India for the third year in succession in the 2005 Brand Equity ORG-MARG ACNielsen Survey across all brands and categories. This is the fifth survey done by the Economic Times. "Colgate" has been the only brand to be consistently ranked in the top 3 for all the five years and to hold the leadership for three consecutive years. This is a true measure of the trust and confidence that generations of consumers have placed in Colgate for their oral care needs.

Nepal Subsidiary

On economic considerations, your Company decided not to source toothpaste from its wholly-owned subsidiary, Colgate-Palmolive (Nepal) Private Limited (CP-Nepal) which was exporting over 95 per cent of its toothpaste production to India. Accordingly, CP-Nepal stopped manufacturing toothpaste effective July, 2005 and its work force accepted the voluntary retirement package offered by CP-Nepal applying its usual caring, humane and fair approach.

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

Other Subsidiaries

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

Corporate Governance

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

Employee Relations

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

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

Trade Relations

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

Energy, Technology Absorption and Foreign Exchange

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

Directors

During the year, Mr. Vinay Hegde was appointed as a Whole-time Director of the Company effective September 1, 2005 for a period of five years, subject to the approval of the Shareholders.

Under Article 124 of the Company's Articles of Association, Mr. R. A. Shah and Mr. K. V. Vaidyanathan retire by rotation at the 65th Annual General Meeting and, being eligible, offer themselves for re-appointment.

Auditors

Messrs. Price Waterhouse, Chartered Accountants, Auditors of the Company, retire and being eligible offer themselves for re-appointment as Auditors.

Acknowledgements

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

On behalf of the Board

G. D. Dalziel
Managing Director

R.A. Shah
Vice-Chairman

Mumbai, April 26, 2006

Addendum to Directors' Report

Appointment of new Managing Director

Mr. Graeme Dalziel resigned as Managing Director of your Company effective close of business hours on May 31, 2006 following his appointment as General Manager and Vice-President of Colgate-Palmolive, France, one of the largest subsidiaries in the Colgate world. The Board avails of this opportunity to place on record its appreciation of the valuable contributions made by Mr. Dalziel during his tenure as Managing Director of the Company.

At the Board Meeting held on May 17, 2006, Mr. Roger D. Calmeyer has been appointed as Managing Director of the Company for a period of five years effective June 1, 2006 subject to the approvals of the Central Government and Shareholders of the Company.

On behalf of the Board

G. D. Dalziel
Managing Director

R. A. Shah
Vice-Chairman

May 17, 2006

Persons constituting "Group" for inter se transfer of shares under Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include :

Colgate-Palmolive Company, New York, U.S.A.
Colgate-Palmolive (Asia) Pte. Ltd., Singapore
Colgate-Palmolive (Malaysia) Mktg. SDN BHD, Malaysia
Colgate-Palmolive (Thailand) Ltd., Thailand
Colgate-Palmolive (Guangzhou) Co. Ltd., China
Colgate-Palmolive (H.K.) Ltd., Hong Kong
Colgate-Palmolive (Png) Limited, Png
Colgate-Palmolive Philippines Inc., Philippines
Colgate-Palmolive Son Hai Ltd., Vietnam



Corporate Governance Report

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

1. Company's philosophy on Code of Governance

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

sets forth the Company's policies on important issues, including our relationship with consumers, shareholders and Government.

2. Composition of Board

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

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

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

Name of Director	Category	No. of other Directorships - excluding Private Ltd. Companies and Alternate Directorships	No. of Memberships of other Board Committees [Excluding Alternate Directorships]	No. of other Board Committees of which the Director is a Chairperson
Mr. F. T. Garcia	Non-executive	20 [@]	1 [@]	–
Mr. R. A. Shah	Non-executive	14 [@]	8	3
Mr. P. K. Ghosh	Non-executive	–	–	–
Mr. G. D. Dalziel	Executive	–	–	–
Mr. M. A. Elias	Executive	–	–	–
Mr. K. V. Vaidyanathan	Executive	3	–	–
Mr. J. K. Setna	Non-executive	3	3	–
Mr. V. S. Mehta	Non-executive	1	–	–
Mr. V. Hegde	Executive	–	–	–

@ Includes Foreign bodies corporate

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

During the year 2005-06, 14 Board Meetings were held on April 25, May 17 and 30, July 25, August 5, 18 and 25,

September 29, October 3 and 28, and December 1, 2005, January 24, March 7 and 16, 2006. The last Annual General Meeting of the Company was held on August 18, 2005.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. F. T. Garcia	3	Present
Mr. R. A. Shah	10	Present
Mr. P. K. Ghosh	7	Absent
Mr. G. D. Dalziel	13	Present
Mr. M. A. Elias	13	Present
Mr. K. V. Vaidyanathan	14	Present
Mr. J. K. Setna	13	Present
Mr. V. S. Mehta	9	Absent
Mr. V. Hegde	7	Not applicable

3. Audit Committee

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

The composition of the Audit Committee is as under :

- Mr. R. A. Shah, Chairperson
- Mr. P. K. Ghosh
- Mr. J. K. Setna
- Mr. V. S. Mehta (effective January 24, 2006)

The terms of reference of the Audit Committee include :

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

4. Remuneration of Directors

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

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

Details of remuneration paid to Directors of the Company during the year ended March 31, 2006 are given below :

	Rs. Lacs
a) Salary	5,54.68
b) Benefits	1,62.45
c) Performance linked Incentive/Commission/Bonus	1,53.81
d) Sitting fees [Non-executive Directors]	12.40
Total	<u>8,83.34</u>

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

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.

5. Shareholders'/Investors' Grievance Committee

The Board constituted a Shareholders'/Investors' Grievance Committee in April, 2000. The Committee consists of four Directors, viz. Messrs. P. K. Ghosh, G. D. Dalziel, J. K. Setna and K. V. Vaidyanathan. Mr. P. K. Ghosh, Deputy Chairman and a Non-executive Director heads this Committee. The

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

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

During the year 2005-06, complaints were received from shareholders/investors regarding transfer of shares, non-receipt of declared dividends, etc. Details of complaints are given below :

Nature of complaints	Number of complaints	Number redressed
Non-receipt of dividends	37	36
Non-receipt of shares lodged for transfer	11	9
Others	14	12
Total	62	57

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

Courts. The pending complaints have since been acted upon.

6. General Body Meetings

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

Financial Year	Date	Location of the Meeting	Time
2002-03	August 18, 2003	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
2003-04	August 18, 2004	The Sivaswamy Auditorium, Mumbai	3.30 p.m.
2004-05	August 18, 2005	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.

No Special Resolution was passed during the last three years. No Special Resolution requiring a postal ballot was passed last year or is being proposed at the ensuing Annual General Meeting.

7. Disclosures

a) Disclosures on materially significant related party transactions :

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

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

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

c) The Company has adopted a Code of Conduct for its Directors and employees. This Code of Conduct has been communicated to each of them. The Code of

Conduct has also been put on the Company's website www.colgate.co.in.

The Code of Conduct also provides for hotline which can be reached by telephone, facsimile, e-mail or letter. The caller may provide his/her name or other identifying information or may contact the hotline anonymously. In all circumstances, it is ensured that no one will be retaliated against for reporting an incident, filing a claim or for participating in an investigation.

d) Adoption of non-mandatory requirements under Clause 49 of the listing agreement is being reviewed by the Board from time to time.

8. Means of Communication

The quarterly results are published in Free Press Journal and Navshakti. The Company results and official news releases are displayed on the Company's website www.colgate.co.in.

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

9. Management Discussion and Analysis Report

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

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

The toothpaste market grew by about five per cent during the year. However, the tooth powder market continued to decline. The overall market environment continues to be very competitive. In an increasingly fierce competitive market environment, the Company continues to launch new products to consolidate and strengthen its market leadership.

Almost half of the Indian population does not have access to modern dental care. The per capita consumption of toothpaste is about 92 gms; one of the lowest in the world. The national epidemiological study conducted recently on the status of oral health in the country showed that dental caries [tooth decay] is prevalent in 63% of 15 year olds and as much as 80% amongst adults in the age group of 35-44 years and periodontal diseases [gum diseases] are prevalent in 68% of 15 year olds and as much as 90% amongst adults in the age group of 35-44 years. To address this situation, the Company in partnership with Indian Dental Association launched, once again, an intensive month-long awareness campaign in October, 2005 under the banner 'Oral Health Month'. The aim of this campaign was to create oral health awareness and motivate people to adopt preventive self-care habits to improve their oral health.

This was one more step in the Company's long-standing endeavour to spread the message of good oral health and encourage the use of modern and efficacious dentifrice products.

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

In the recent survey of India's Most Trusted Brand 2005 conducted by premier research agency, ACNeilson ORG-MARG, Colgate took the prestigious # 1 spot for the third year in succession across all brands and categories. Further, Colgate is the only toothpaste brand in India which has received the coveted Seal of Acceptance from the Indian Dental Association, a premier agency of dental professionals in India. All these recognitions are primarily on account of the Company's ability and commitment to consistently deliver superior quality products to consumers. While the predominant business of the Company has been confined to the Oral Care category where it faced intense competition from low-priced brands, the outlook for the industry is positive given the size of the opportunity. Colgate Cibaca continues to be the undisputed leader of the low-priced segment. The

Company is hopeful that through a combination of powerful marketing strategies, innovative new products and market development and expansion activities, the dentifrice market in India would continue to grow strongly over the next few years.

The Company has good internal control systems, the adequacy of which has been reported by its auditors in their report. The discussion on financial performance of the Company is covered in the Directors' Report. There has been no material development on the human resources and industrial relations continue to be cordial. The number of people employed as on March 31, 2006 was 1,368.

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

10. General Shareholder Information

Annual General Meeting

Date and Time	: August 8, 2006 at 3.30 p.m.
Venue	: Shri Bhaidas Maganlal Sabhagriha Swami Bhaktivedanta Marg J.V.P.D. Scheme Vile-Parle (West), Mumbai 400 056

Financial Calendar

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

Dates of Book Closure

August 1, 2006 to August 8, 2006 (both days inclusive).

Dividend Payment Date

Dividend	Payment Date
First Interim 2005-06	August 26, 2005
Second Interim 2005-06	December 22, 2005
Third Interim 2005-06	April 4, 2006

Listing on Stock Exchanges

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

Stock Code

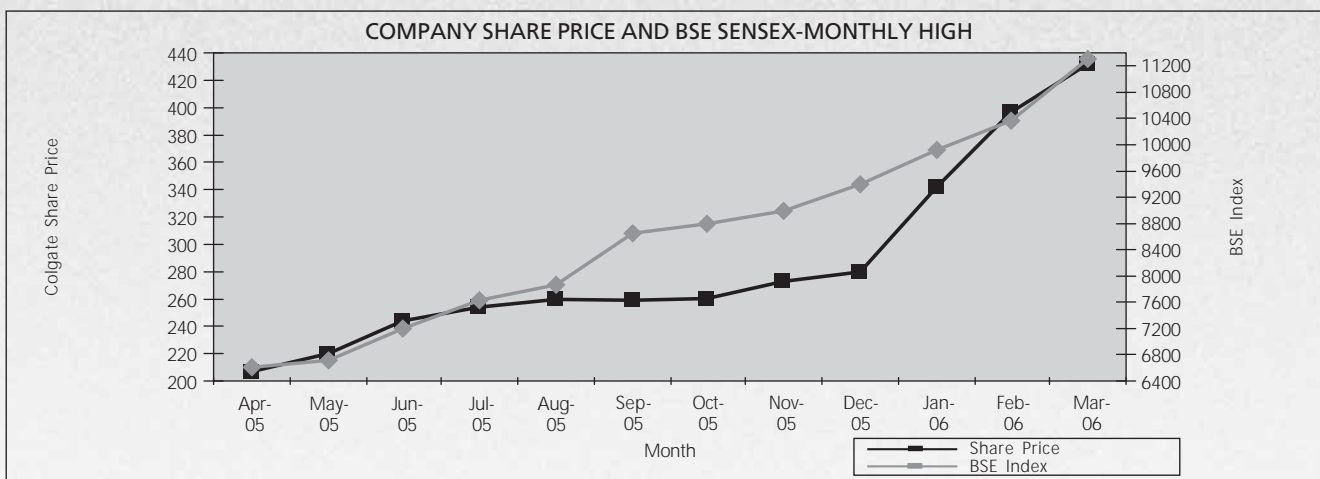
Bombay Stock Exchange Ltd. Mumbai (physical & demat)	- Code : 500 830
National Stock Exchange of India Ltd. Mumbai (physical & demat)	- Code : Colgate

Market Price Data

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

Month	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High	Low	High	Low
April, 2005	207.15	182.15	208.40	178.10
May, 2005	220.05	194.85	225.00	193.60
June, 2005	243.95	225.15	246.15	217.00
July, 2005	254.00	225.70	256.90	222.05
August, 2005	259.50	232.20	267.00	225.70
September, 2005	258.85	240.05	264.00	236.25
October, 2005	260.10	231.90	264.80	225.00
November, 2005	273.00	238.45	277.50	234.00
December, 2005	279.80	262.00	282.50	258.00
January, 2006	341.85	273.50	355.70	269.05
February, 2006	396.70	351.30	404.90	340.55
March, 2006	432.05	398.50	437.80	340.00

Performance in comparison to BSE Sensex



Registrars and Share Transfer Agents

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

Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed

and effected within 15 days from the date of receipt.

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

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

Shareholding Pattern (as at March 31, 2006)

Category	Number of shares	%
Foreign Collaborators	69356336	51.00
Resident Individuals	35877496	26.38
Foreign Institutional Investors	13676141	10.06
NRIs/OCBs	316487	0.23
Domestic Companies	2364646	1.74
Non-domestic Companies	1380	0.00
Banks and Mutual Funds	3437755	2.53
Financial Institutions	10962576	8.06
Total	135992817	100.00

Distribution of Shareholding (as at March 31, 2006)

Description	Holder(s)		Holder(s)	
	Folios	%	Shares	%
1 - 500	124141	87.79	12741729	9.37
501 - 1000	8416	5.95	6065787	4.46
1001 - 2000	5910	4.18	8075650	5.94
2001 - 3000	2138	1.51	5514860	4.05
3001 - 4000	238	0.17	829282	0.61
4001 - 5000	164	0.12	744571	0.55
5001 - 10000	246	0.17	1579674	1.16
10001 & above	155	0.11	100441264	73.86
Total	141408	100.00	135992817	100.00

Dematerialisation of shares and liquidity

As on March 31, 2006, 41.24% of the shares were held in dematerialised form and the rest in physical form. It may be noted that the Promoters, Colgate-Palmolive Group owns 51% of the Company's shares and the same are held in physical form. If these shares were to be excluded from the total number of shares, then dematerialised shares account for 84.16% of the remainder.

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

Outstanding GDRs/ADRs/Warrants or any convertible instruments

There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as at end March, 2006.

Plant Locations
Mumbai

6, Sewri Fort Road,
Mumbai 400 015

Aurangabad

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

Baddi, Himachal Pradesh

Plot No. 78, 1 Jharmajari,
Barotiwala, District Solan, Baddi, [H. P.] 174 103

Address for investor correspondence

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares, please write to :
Sharepro Services (India) Private Limited
912, Raheja Centre, Free Press Journal Marg
Nariman Point, Mumbai 400 021
Tel : 022-2288 1569/2284 4668
Fax : 022-2282 5484
Email : sharepro@vsnl.com

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, 2006.

For Colgate-Palmolive (India) Limited

Graeme Dalziel
Managing Director

Mumbai, April 26, 2006

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

To

The Members of Colgate-Palmolive (India) Limited

1. We have examined the compliance of conditions of Corporate Governance by Colgate-Palmolive (India) Limited (the Company) for the year ended March 31, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Mumbai, April 26, 2006.

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

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

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

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

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

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

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

3. Future plan of action :

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

4. Expenditure on R & D :

	2005-06
	[Rs. Lacs]

a) Capital	92.45
b) Recurring	5,19.49
c) Total	6,11.94
d) Total R & D expenditure as a percentage of total turnover	0.54

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

- * The Company has developed clinically proven and highly efficacious toothpaste formulae.
- * The Company has developed and introduced 3 new innovative toothpastes viz. Colgate Advanced Whitening, Colgate Active Salt and Colgate MaxFresh.
- * The Company has launched a range of toothbrushes including - Colgate Extra Clean, Colgate Super Flexible with tongue cleaner, Colgate Super Flexible Junior and Child with decal designs.

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

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

3. Imported Technology :

The Company continues to receive technological assistance from Colgate-Palmolive Company, U.S.A., for development and manufacture of personal care and oral care products.

C. Foreign Exchange Earnings and Outgo :

During the year, the Company was able to generate export earnings of Rs.14,48.43 Lacs. The particulars of foreign exchange earned/utilised during the year are given in Schedule 24 to the Accounts.

Auditors' Report

To the Members of Colgate-Palmolive (India) Limited

1. We have audited the attached Balance Sheet of Colgate-Palmolive (India) Limited ("the Company") as at March 31, 2006, the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of The Companies Act, 1956, of India (the Act), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act;
 - (e) On the basis of written representations received from the Directors as on March 31, 2006, and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on March 31, 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement, together with the Notes thereon and annexed thereto, give in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, April 26, 2006

Annexure to the Auditors' Report

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2006)

- (i) (a) The Company is maintaining proper records to show 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 items over a period of three financial years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanation given to us, a substantial part of the fixed assets has not been disposed of by the Company during the year.
- (ii) (a) The inventory has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order, are not applicable to the Company for the current year.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of the paragraph 4 of the Order are not applicable to the Company for the current year.
- (iv) In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanation given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the Register maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, for purchase of services made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lacs in respect of each party during the year, no comparison of prices could be made available as these services are of special nature. There were no purchase of goods and materials, and sale of goods, materials and services during the year.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, customs duty, service tax, excise duty, cess and other material statutory dues as applicable with the appropriate authorities in India.
- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of wealth tax, customs duty and cess as at March 31, 2006, which have not been deposited on account of any dispute. The particulars of dues of sales tax, income tax, service tax, and excise duty as at March 31, 2006 which have not been deposited on account of a dispute are as follows:

Annexure to the Auditors' Report (Contd.)

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2006)

Sr. No.	Name of the Statute	Nature of the Dues	Amount under dispute not yet deposited (Rs. Lacs)	Forum where dispute is pending
1	Excise Duty The Central Excise Act, 1944	Excise duty liability for the Financial Year 1999-2000 and 1994-1995	4.62	Customs, Excise and Service Tax Appellate Tribunal
		Excise duty liability for the Financial Years 1993-1994, 2000-2001, 2001-2002, 2002-2003, 2003-2004 and 2004-2005.	3,04.86	First Appellate Authorities
	Sub total		3,09.48	
2	Income Tax The Income Tax Act, 1961	Matters in Appeal by the Income Tax Department for the Financial Years 1985-1986 to 1994-1995.	7,07.17	Mumbai High Court
		Matters in Appeal by the Income Tax Department for the Financial Years 1995-1996 to 1999-2000.	54.50	Income Tax Tribunal
		Matters in Demand by the Income Tax Department for the Financial Year 2003-2004	40.70	First Appellate Authorities
	Sub total		8,02.37	
3	Sales Tax * As per the Statutes applicable in the following states-New Delhi, Rajasthan, Maharashtra, Bihar, Orissa, Kerala, Andhra Pradesh, West Bengal, Uttar Pradesh and Punjab.	Sales tax in dispute for the Financial Years 1990-1991, 1994-1995 to 1997-1998, 2000-2001 to 2003-2004 and 2005-2006.	5,75.85	Assessing Authorities and First Appellate Authorities of various states
		Sales tax in dispute for the Financial Years 1988-1989, 1994-1995, 1997-98, 1999-2000 and 2001-2002.	1,83.96	Sales Tax Appellate Tribunal of various states
	Sub total		7,59.81	
4	Service Tax The Finance Act, 1994	Service tax in dispute for the Financial Years 2001-2002 to 2003-2004.	85.96	First Appellate Authorities
	Sub total		85.96	
	Grand Total		19,57.62	

* Rs. 7,59.81 Lacs have been stayed for recovery by the relevant authority.

Annexure to the Auditors' Report (Contd.)

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Colgate-Palmolive (India) Limited on the financial statements for the year ended March 31, 2006)

- (x) The Company has no accumulated losses as at March 31, 2006 and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- (xii) In our opinion, the Company has maintained adequate documents and records in the cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) The Company has not taken any term loans during the current year.
- (xvii) On an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of major fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, April 26, 2006

Balance Sheet as at March 31, 2006

	Schedule	Rs. Lacs	Rs. Lacs	As at March 31, 2005 Rs. Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	1	135,99.28		135,99.28
Reserves and Surplus	2	<u>135,07.72</u>		<u>113,77.85</u>
			271,07.00	<u>249,77.13</u>
Loan Funds				
Unsecured Loans	3		<u>4,35.52</u>	<u>3,97.88</u>
Total			<u><u>275,42.52</u></u>	<u><u>253,75.01</u></u>
Application of Funds				
Fixed Assets				
Gross Block	4	403,53.52		324,44.95
Less : Depreciation/Amortisation/Impairment		<u>243,50.98</u>		<u>244,70.04</u>
Net Block		160,02.54		79,74.91
Capital Work-in-Progress and Advances for Capital Expenditure		<u>9,09.02</u>		<u>67,45.81</u>
			169,11.56	147,20.72
Pre-Operative Expenses Pending Allocation/ Capitalisation	5		–	3,56.03
Investments	6		148,33.53	160,77.98
Deferred Tax Asset (Net)	7		7,61.46	5,03.00
Current Assets, Loans and Advances				
Inventories	8	74,35.72		74,46.90
Sundry Debtors	9	7,39.94		17,35.02
Cash and Bank Balances	10	87,96.73		56,13.99
Interest Accrued on Investments/Deposits		4,24.04		5,46.98
Loans and Advances	11	<u>127,49.11</u>		<u>95,90.99</u>
		<u>301,45.54</u>		<u>249,33.88</u>
<i>Less:</i>				
Current Liabilities and Provisions				
Liabilities	12	282,35.86		215,05.72
Provisions	13	<u>68,73.71</u>		<u>97,10.88</u>
		<u>351,09.57</u>		<u>312,16.60</u>
Net Current Assets			<u>(49,64.03)</u>	<u>(62,82.72)</u>
Total			<u><u>275,42.52</u></u>	<u><u>253,75.01</u></u>

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

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, April 26, 2006

For and on behalf of the Board
Vice-Chairman **R. A. Shah**
Managing Director **G. D. Dalziel**
Whole-time Director &
Chief Financial Officer **M. A. Elias**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, April 26, 2006

Profit and Loss Account for the Year ended March 31, 2006

	Schedule	Rs. Lacs	Rs. Lacs	2004-2005 Rs. Lacs
Income				
Sales		1,217,50.88		1,072,52.99
Less : Excise Duty		<u>93,31.85</u>		<u>108,31.36</u>
			1,124,19.03	964,21.63
Other Income	14		<u>25,61.11</u>	<u>34,23.08</u>
			<u>1,149,80.14</u>	<u>998,44.71</u>
Expenditure				
Cost of Goods Sold	15	505,36.20		483,28.20
Employee Costs	16	86,44.77		74,73.41
Other Expenses	17	338,68.49		239,92.44
Depreciation/Amortisation/Impairment	4	<u>31,42.75</u>		<u>22,36.64</u>
			<u>961,92.21</u>	<u>820,30.69</u>
Profit before Taxation			<u>187,87.93</u>	<u>178,14.02</u>
Current Tax		46,86.60		70,00.57
Deferred Tax		<u>(2,58.46)</u>		<u>(5,15.95)</u>
Fringe Benefit Tax		<u>6,00.00</u>		<u>-</u>
			<u>50,28.14</u>	<u>64,84.62</u>
Profit after Taxation			<u>137,59.79</u>	<u>113,29.40</u>
Balance Brought Forward			<u>21,30.00</u>	<u>27,16.62</u>
Profit Available for Appropriation			<u>158,89.79</u>	<u>140,46.02</u>
Appropriation :				
First Interim Dividend			37,39.80	20,39.89
Second Interim Dividend			40,79.78	54,39.71
Third Interim Dividend			23,79.87	20,39.89
Dividend Tax			14,30.47	12,63.59
Transfer to General Reserve			13,75.98	11,32.94
Balance Carried Forward			<u>28,83.89</u>	<u>21,30.00</u>
			<u>158,89.79</u>	<u>140,46.02</u>
Earnings Per Equity Share (Rupees)				
(Face Value of Rs. 10 per equity share)				
Basic and Diluted (Refer Note 12 on Schedule 24)			10.12	8.33

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

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, April 26, 2006

For and on behalf of the Board
Vice-Chairman **R. A. Shah**
Managing Director **G. D. Dalziel**
Whole-time Director &
Chief Financial Officer **M. A. Elias**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, April 26, 2006

Cash Flow Statement for the year ended March 31, 2006

	2005-2006 Rs. Lacs	2004-2005 Rs. Lacs
Cash flow from Operating Activities :		
Net Profit before Tax	187,87.93	178,14.02
Adjustment for :		
Unrealised Foreign Exchange Loss (Net)	48.76	77.37
Depreciation/Amortisation/Impairment	31,42.75	22,36.64
Diminution in Value of Investments	7,50.00	-
Interest Expense	58.61	1,15.50
Profit on Sale of Fixed Assets (Net)	(6,88.56)	(91.70)
Interest Income	(14,72.77)	(24,35.71)
Gain on Prepayment of Sales Tax Deferral Liability	-	(13.33)
Dividend from Wholly-Owned Subsidiary	-	(3,45.31)
Operating Profit before Working Capital Changes	206,26.72	173,57.48
Adjustment for (Increase)/Decrease in Working Capital :		
Inventories	11.18	(12,79.06)
Sundry Debtors	9,95.08	15,26.68
Loans and Advances	(8,19.41)	(4,42.66)
Current Liabilities and Provisions	44,94.53	16,46.25
Cash Generated from Operations	253,08.10	188,08.69
Direct Taxes Paid (Net)	(68,48.30)	(72,74.41)
Net Cash from/(used in) Operating Activities (A)	184,59.80	115,34.28
Cash Flow from Investing Activities :		
Purchase of Fixed Assets/Pre-Operative Expenses	(49,85.60)	(80,47.57)
Sale of Fixed Assets	6,96.60	2,21.18
(Purchase)/Sale of Investments	4,94.45	(44,89.31)
Inter-Corporate Deposits (Placed)/Refunded (Net)	(15,46.00)	11,61.00
Interest Received	15,95.71	23,52.69
Dividend Received	-	3,45.31
Net Cash from/(used in) Investing Activities (B)	(37,44.84)	(84,56.70)
Cash Flow from Financing Activities :		
Long Term Loans Availed/(Paid) (Net)	37.64	1,81.00
Sales Tax Deferral (Paid)/Availed (Net)	-	13.33
Interest Paid	(58.61)	(1,15.50)
Dividend Paid	(97,94.69)	(91,42.58)
Dividend Tax Paid	(17,16.56)	(11,95.30)
Net Cash from/(used in) Financing Activities (C)	(115,32.22)	(102,59.05)
Net increase in Cash and Cash Equivalents (A+B+C)	31,82.74	(71,81.47)
Cash and Cash Equivalents at the beginning of the year	56,13.99	127,95.46
Cash and Cash Equivalents at the end of the year	87,96.73	56,13.99

Cash Flow Statement for the year ended March 31, 2006 (Contd.)

	As at March 31, 2006 Rs. Lacs	As at March 31, 2005 Rs. Lacs
Cash and Cash Equivalents comprise :		
Balances with Scheduled Banks in		
– Current Accounts	28,58.54	11,80.22
– Deposit Accounts	30,21.04	39,61.27
– Unpaid Dividend Accounts	29,17.15	4,72.50
Cash and Cash Equivalents as at the end of the year	<u><u>87,96.73</u></u>	<u><u>56,13.99</u></u>

Notes :

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

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, April 26, 2006

For and on behalf of the Board

Vice-Chairman	R. A. Shah
Managing Director	G. D. Dalziel
Whole-time Director & Chief Financial Officer	M. A. Elias
Whole-time Director & Company Secretary	K. V. Vaidyanathan
Mumbai, April 26, 2006	

Schedules forming part of the Balance Sheet as at March 31, 2006

	Rs. Lacs	As at March 31, 2006 Rs. Lacs	As at March 31, 2005 Rs. Lacs
Schedule 1 : Share Capital			
Authorised			
13,70,00,000 Equity Shares of Rs. 10 each		<u>137,00.00</u>	<u>137,00.00</u>
Issued, Subscribed and Paid-up			
13,59,92,817 Equity Shares of Rs. 10 each fully paid		<u>135,99.28</u>	<u>135,99.28</u>
Of the above :			
(i) 5,44,76,910 Shares (Previous Year : 6,93,56,336) are held by Colgate-Palmolive Company, U.S.A., the Ultimate Holding Company.			
(ii) 1,48,79,426 Shares (Previous Year : Nil) are held by Colgate-Palmolive (Asia) Pte Ltd., Subsidiary of the Ultimate Holding Company.			
(iii) 11,18,85,735 Shares of Rs. 10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.			
Schedule 2 : Reserves and Surplus			
Capital Reserve			
Consideration for vacating rented godown	6.50		6.50
Special Capital Incentive from State Government	<u>20.00</u>		<u>20.00</u>
		26.50	26.50
Share Premium Account		<u>12,79.93</u>	<u>12,79.93</u>
General Reserve			
Balance, beginning of the year	79,41.42		68,08.48
Add: Transfer from Profit and Loss Account	<u>13,75.98</u>		<u>11,32.94</u>
		93,17.40	79,41.42
Profit and Loss Account Balance		<u>28,83.89</u>	<u>21,30.00</u>
		<u>135,07.72</u>	<u>113,77.85</u>
Schedule 3 : Unsecured Loans			
Loans [Repayable within one year Rs. 23.02 Lacs (Previous Year : Rs. 377.88 Lacs)]		<u>4,35.52</u>	<u>3,97.88</u>
		<u>4,35.52</u>	<u>3,97.88</u>

Schedules forming part of the Balance Sheet as at March 31, 2006

Schedule 4 : Fixed Assets

(Refer Note 2 on Schedule 18 and Note 11 on Schedule 24)

Rs. Lacs

Particulars	Gross Block		Depreciation/Amortisation/Impairment		Net Book Value			
	As at March 31, 2005	Additions/ Transfers	Disposals/ Transfers	As at March 31, 2006	Upto March 31, 2006	Disposals/ Transfers/ Adjustment	As at March 31, 2006	As at March 31, 2005
Intangible Assets								
Goodwill and Trademarks	27,29.81	-	-	27,29.81	-	-	-	-
Copyrights and Design	13,52.90	-	-	13,52.90	-	-	-	-
Technical Know-how	49,83.70	-	-	49,83.70	-	-	-	-
Tangible Assets								
Land - Leasehold (Refer Note (i) below)	4,19.54	9.91	-	4,29.45	13.44	4.70	4,11.31	4,06.10
Buildings (Refer Note (ii) below)	73,57.21	28,43.25	-	102,00.46	26,69.46	3,12.94	72,02.97	46,87.75
Plant and Machinery	123,59.08	78,86.82	32,12.85	170,33.05	98,38.08	15,06.97	77,87.18	25,21.00
Furniture and Equipment	31,75.64	4,38.44	25,78	35,88.30	28,31.69	1,36.46	5,90.59	3,43.95
Vehicles	67.07	-	31.22	35.85	50.96	5.62	10.49	16.11
Total	324,44.95	111,78.42	32,69.85	403,53.52	244,70.04	19,66.69	160,02.54	79,74.91
Total Previous Year	321,23.35	13,62.06	10,40.46	324,44.95	231,44.38	22,36.64	9,09.02	67,45.81
Add : Capital Work-in-Progress including advances on Capital Account								
Total							169,11.56	147,20.72

Notes : (i) Land - Leasehold comprises of lease rights in respect of the land in the possession of the Company under Lease/Agreements to Lease with Maharashtra Industrial Development Corporation (MIDC) at Waluj and Dombivali, City and Industrial Development Corporation of Maharashtra Limited at Aurangabad and Industrial Area Development Agency at Baddi.

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

(iii) Depreciation for the year includes Rs. Nil (Previous Year: Rs. 6,19,13 Lacs) towards write-down of certain idle assets to the estimated net realisable value.

(iv) The Assets of the Company have been assessed for impairment in accordance with Accounting Standard - 28 - Impairment of Assets, issued by the Institute of Chartered Accountants of India. Consequently, impairment of Rs. 11,76,06 Lacs has been provided in the accounts during the year.

Schedule 5 : Pre-Operative Expenses pending Allocation/Capitalisation

(Refer Note 2 on Schedule 18)

	2005-2006 Rs. Lacs	2004-2005 Rs. Lacs
Opening Balance	3,56.03	-
Additions during the year :		
Employee Costs	14.81	1,31.76
Consumption of Stores and Spares	7.76	22.77
Power and Fuel	8.08	10.08
Rent	1.23	9.49
Repairs and Maintenance - Others	1.78	7.52
Travel Expenses	10.88	1,23.40
Miscellaneous Expenses	6.44	51.01
Less : Capitalised during the year	4,07.01	-
	0.00	3,56.03

Schedules forming part of the Balance Sheet as at March 31, 2006

	As at March 31, 2006 Rs. Lacs	As at March 31, 2005 Rs. Lacs
Schedule 6 : Investments		
(Refer Note 3 on Schedule 18)		
(At Cost - Long Term, Unquoted, unless otherwise stated)		
A. In Wholly-owned Subsidiary Companies		
3,500 (Previous Year : 3,500) Equity Shares of Rs. 10 each fully paid in Multimint Leasing & Finance Limited.	0.35	0.35
3,020 (Previous Year : 3,020) Equity Shares of Rs. 10 each fully paid in Jigs Investments Limited.	0.30	0.30
302 (Previous Year : 302) Equity Shares of Rs. 100 each fully paid in Passion Trading & Investment Company Limited.	0.30	0.30
17,00,000 (Previous Year : 17,00,000) Equity Shares of Nepalese Rs. 100 each fully paid in Colgate-Palmolive (Nepal) Private Limited	<u>10,62.50</u>	<u>10,62.50</u>
	10,63.45	10,63.45
Less : Provision for Diminution in the value of Investments (Refer Notes 1 and 2 below)	<u>7,50.95</u>	<u>0.95</u>
	3,12.50	10,62.50
B. Other Investments (Listed but not quoted) (Non-Trade)		
6.15% (Taxable) National Textile Corporation Bonds of the face value of Rs. 10,00 Lacs.	10,00.00	10,00.00
5.20% (Tax Free) Secured, Redeemable, Non-Convertible Railway Bonds of Indian Railway Finance Corporation Limited (Series 44th 'A') of the face value of Rs. 20,00 Lacs.	20,00.00	20,00.00
7.80% (Tax Free) Secured, Redeemable, Non-Convertible Railway Bonds of Indian Railways Finance Corporation Limited (Series 36) of the face value of Rs. 15,00 Lacs.	15,00.00	15,00.00
5.25% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4D) of the face value of Rs. 10,00 Lacs.	10,00.00	10,00.00
8.75% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Limited (Series 5A) of the face value of Rs. 5,00 Lacs.	—	5,00.00
6.35% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Limited (Series 7A) of the face value of Rs. 20,00 Lacs.	20,00.00	20,00.00
5.10% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4A) of the face value of Rs. 15,00 Lacs.	15,00.00	15,00.00
5.75% (Taxable) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 2) of the face value of Rs. 20,00 Lacs.	19,44.02	19,60.25
6.70% (Taxable) Unsecured, Redeemable, Non-Convertible, Non-priority Sector Bonds of Hudco-Bonds (Series - 13) of the face value of Rs. 10,00 Lacs.	9,98.17	9,98.17
9.25% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Hudco-Gujarat Punarnirman (Series - 1C) of the face value of Rs. 9,50 Lacs.	<u>9,59.00</u>	<u>9,59.00</u>
	129,01.19	134,17.42

Schedules forming part of the Balance Sheet as at March 31, 2006

	As at March 31, 2006 Rs. Lacs	As at March 31, 2005 Rs. Lacs
C. Other Investments (Listed and quoted) (Non-Trade)		
6.75% Tax Free Bonds of Unit Trust of India of the face value of Rs. 10,71.48 Lacs (Previous Year : Rs. 10,50.20 Lacs) [Market Value Rs. 10,82.19 Lacs (Previous Year : Rs. 10,99.25 Lacs)]	10,88.33	10,66.55
6.60% Tax Free Bonds of Unit Trust of India of the face value of Rs. 5,00 Lacs [Market Value Rs. 5,03.75 Lacs (Previous Year : Rs. 5,16.75 Lacs)]	5,31.51	5,31.51
	<u>16,19.84</u>	<u>15,98.06</u>
	<u>148,33.53</u>	<u>160,77.98</u>
Aggregate book value of Investments :		
Unquoted	3,12.50	10,62.50
Listed but not quoted	129,01.19	134,17.42
Listed and quoted - Market Value Rs. 15,85.94 Lacs (Previous Year : Rs. 16,16.00 Lacs)	16,19.84	15,98.06
	<u>148,33.53</u>	<u>160,77.98</u>

Note:

Provision for diminution includes :

- Rs. 0.95 Lacs towards Multimint Leasing and Finance Limited, Jigs Investments Limited and Passion Trading and Investment Company Limited which are defunct companies. An application has been made to the Registrar of Companies dated 26th December 2003, to strike off the names of the aforesaid subsidiaries from the Register of Companies.
- Rs. 7,50.00 Lacs towards diminution in the value of Company's Investment in its wholly owned subsidiary in Nepal, consequent to the discontinuation of Toothpaste production.

Schedule 7 : Deferred Tax Assets/(Liability)

(Refer Note 9 on Schedule 18)

Timing Difference between book and tax depreciation	(10,35.79)	(7,91.31)
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	1,70.01	2,76.16
Accrual for expenses allowable only on payment	16,27.24	10,18.15
	<u>7,61.46</u>	<u>5,03.00</u>

Schedule 8 : Inventories

(Refer Note 4 on Schedule 18)

Stores and Spares	2,22.59	1,86.41
Raw and Packing Materials	14,50.65	7,43.84
Work-in-Process	2,84.33	2,95.80
Finished Goods	54,78.15	62,20.85
	<u>74,35.72</u>	<u>74,46.90</u>

Schedules forming part of the Balance Sheet as at March 31, 2006

	As at March 31, 2006 Rs. Lacs	As at March 31, 2005 Rs. Lacs
Schedule 9 : Sundry Debtors		
Unsecured : Considered Good		
Over Six Months	-	-
Others	7,39.94	17,35.02
	<u>7,39.94</u>	<u>17,35.02</u>
Schedule 10 : Cash and Bank Balances		
Balances with Scheduled Banks in :		
- Current Accounts	28,58.54	11,80.22
- Deposit Accounts	30,21.04	39,61.27
- Unclaimed Dividend Accounts	29,17.15	4,72.50
	<u>87,96.73</u>	<u>56,13.99</u>
Schedule 11 : Loans and Advances		
(Refer Note 10 on Schedule 24)		
Secured :		
Loans to Employees	3,38.32	3,22.69
[include amounts due from an officer of the Company Rs. 27.16 Lacs (Previous Year : Rs. 28.57 Lacs) - maximum amounts due during the year : Rs. 28.57 Lacs (Previous Year : Rs. 29.77 Lacs)]		
Unsecured : Considered Good		
Inter-Corporate Deposits	69,29.00	53,83.00
Advance Tax (net of Provision for Taxation)	7,92.71	-
Advances Recoverable in Cash or in Kind or for Value to be Received	25,34.06	18,47.97
[include amount due from a Wholly-owned Subsidiary : Rs. Nil (Previous Year : Rs. 2,23.77 Lacs)]		
Balances with Excise Authorities	1,02.29	6,54.61
Deposits - Others	20,52.73	13,82.72
	<u>127,49.11</u>	<u>95,90.99</u>
Schedule 12 : Liabilities		
Acceptances	29,12.64	39,00.16
Sundry Creditors (Refer Note 8 on Schedule 24)	213,32.58	163,43.35
[include amount due to Wholly-owned Subsidiary : Rs. 3,49.48 Lacs (Previous Year : Rs. Nil)]		
Unclaimed Dividends*	29,17.15	4,72.50
Other Liabilities	10,73.49	7,89.71
	<u>282,35.86</u>	<u>215,05.72</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
Schedule 13 : Provisions		
Taxation (net of advance tax payments)	-	2,91.29
Fringe Benefit Taxation (net of advance tax payments)	2,10.00	-
Third Interim Dividend	-	20,39.89
Dividend Tax	-	2,86.09
Retirement Benefits (Refer Note 7 on Schedule 18)	8,08.65	5,11.16
Others/Contingencies (Refer Note 6 on Schedule 18 and Schedule 20)	58,55.06	65,82.45
	<u>68,73.71</u>	<u>97,10.88</u>
	<u>351,09.57</u>	<u>312,16.60</u>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2006

	2005-2006	2004-2005
	Rs. Lacs	Rs. Lacs
Schedule 17 : Other Expenses		
Consumption of Stores and Spares	3,91.22	3,02.69
Processing Charges	41.41	57.67
Power and Fuel	6,68.05	3,75.06
Freight and Forwarding Charges	24,84.07	16,53.38
Rent	3,84.34	4,20.88
Rates and Taxes	77.46	3,38.65
Insurance	1,41.16	1,40.11
Repairs		
– Plant and Machinery	6,62.72	3,70.24
– Buildings	47.24	25.00
– Others	59.82	76.74
	<u>7,69.78</u>	<u>4,71.98</u>
Advertising and Sales Promotion	197,80.52	136,83.86
Directors' Fees	12.40	11.40
Auditors' Remuneration :		
– As Auditors	60.50	42.50
– In other capacity in respect of		
• Other Matters	11.20	15.17
– Out-of-Pocket Expenses	2.36	1.19
	<u>74.06</u>	<u>58.86</u>
Sales Taxes absorbed	27.34	3,81.34
Royalty	24,37.25	10,31.65
Bad Debts Written Off	33.14	1,27.50
Diminution in Value of Investments	7,50.00	–
Exchange Loss (Net)	52.98	53.00
Interest [Includes Rs. 34.59 Lacs (Previous Year : Rs. 24.72 Lacs) on Fixed Loans]	58.61	1,15.50
Miscellaneous	56,84.70	47,68.91
	<u>338,68.49</u>	<u>239,92.44</u>

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

Schedule 18 : Significant Accounting Policies

1. Basis of Accounting

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

2. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. The Company capitalises all direct costs relating to the

acquisition and installation of fixed assets. Interest on borrowed funds, if any, used to finance the acquisition of fixed assets, is capitalised up to the date the assets are ready for commercial use. Under utilised/idle assets are recorded at estimated realisable value.

Intangible Assets

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

Tangible Assets

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

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

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

Assets	Useful Lives
Residential and Office Building *	40 Years
Factory Building *	20 Years
Plant and Machinery	7 Years to 21 Years
Dies and Moulds	3 Years
Furniture and Fixtures	5 Years
Office Equipment	5 Years
Computers	5 Years
Vehicles	5 Years

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

The useful lives of the assets are based on technical estimates approved by the Management, and are lower than the implied useful lives arrived on the basis of the rates prescribed under Schedule XIV to the Companies Act, 1956 of India. Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition (Refer Note 11 on Schedule 24).

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).

Pre-Operative Expenses

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

3. Investments

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

4. Inventories

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

5. Revenue Recognition

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

6. Provisions and Contingent Liabilities

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

7. Expenditure

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

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

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

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

8. Foreign Currency Transactions

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

9. Taxation

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

Schedule 19 : Contingencies and Commitments

	2005-2006 Rs. Lacs	2004-2005 Rs. Lacs
1. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances of Rs. 7,00.95 Lacs (Previous Year : Rs. 8,58.11 Lacs)]	7,00.06	21,29.99
2. Contingent liabilities not provided for in respect of : (Refer Note 6 on Schedule 18)		
(i) Guarantees given by the Company	14,20.00	5,20.90
(ii) Counter Guarantees given to the Banks	2,24.79	68.81
(iii) Cheques Discounted with Banks	18,33.13	39,00.16
(iv) Claims against the Company not acknowledged as debts	36.01	1,41.00
(v) Excise Matters	3,00.20	2,13.52

Note :

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

Schedule 20 : Others/Contingencies

(Refer Note 6 on Schedule 18)

	Commercial/Vendors (Refer Note 1 below)	Direct/Indirect Taxes (Refer Note 2 below)	Rs. Lacs Total
Opening Balance	18,88.67	46,93.78	65,82.45
Add : Additional provision made	-	12,31.02	12,31.02
Provision Reversed	(4,27.79)	(15,30.62)	(19,58.41)
Closing Balance	14,60.88	43,94.18	58,55.06

Notes :

1. Commercial/Vendors

Represents estimates made for probable liabilities/claims arising out of commercial transaction with vendors. Further information usually required by Accounting Standard 29 - Provisions, Contingent Liabilities and Assets is not disclosed since the same can be prejudicial to the interests of the Company.

2. Direct/Indirect Taxes

Represents estimates made for probable liabilities arising out of pending disputes/litigations with various tax authorities. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the outflow.

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

Schedule 21 : Disclosure of Related Parties

1. Related Party Disclosures, as required by Accounting Standard 18, "Related Party Disclosures", issued by the Institute of Chartered Accountants of India are given below :
 - i) **Ultimate Holding Company** : Colgate-Palmolive Company, U.S.A.
 - ii) **Wholly-owned Subsidiaries** : Colgate-Palmolive (Nepal) Private Limited
: Passion Trading & Investment Company Limited
: Multimint Leasing & Finance Limited
: Jigs Investments Limited
 - iii) **Group Companies where common control exists** : Colgate-Palmolive (Malaysia) Mktg. SDN BHD
: Colgate-Palmolive, Poland Sp.z.o.o
: Colgate-Palmolive, Philippines, Inc.
: Colgate-Palmolive, East Africa Ltd., Kenya
: Colgate-Palmolive, Marocco Limited
: Colgate-Palmolive Pty Ltd., South Africa
: Colgate-Palmolive Pty Ltd., Australia
: Colgate-Palmolive (Thailand) Ltd.
: Colgate-Palmolive (H.K.) Ltd., Hong Kong
: Colgate-Palmolive Management Services (H.K.) Limited
: Colgate-Palmolive (Guangzhou) Co. Ltd., China
: Colgate-Palmolive Son Hai Ltd., Vietnam
: Colgate Sanxiao (Consumer Products) Company Limited
: Colgate-Palmolive (Png) Limited
: Hawley & Hazel Chemical Company (H.K.) Limited
: Colgate Oral Pharmaceuticals, Inc.
: Colgate-Palmolive, Temizlik, Urunleri, Turkey
: Colgate-Palmolive Cameroun S.A.
: Colgate-Palmolive Romania srl.
: Colgate-Palmolive (Mexico) S.A. de C.V.
: CP Global Export - France
: Colgate-Palmolive (Fiji) Limited
: Colgate-Palmolive Company Puerto Rico
: Colgate-Palmolive Senegal - N.S.O.A.
: Colgate-Palmolive (E) Pte Ltd.
: Colgate-Palmolive (Gulf States) Ltd.
: Colgate-Palmolive (Egypt) S.A.E.
: Colgate-Palmolive Industria E Comercio Ltda, Brazil
: Colgate-Palmolive Arabia Ltd.
: Colgate-Palmolive Compania, Colombia
: Colgate-Palmolive (Asia) Pte Ltd. Singapore
: Colgate-Palmolive Compania Anonima, Caracas
: Colgate-Palmolive (Pakistan) Ltd.
: Colgate-Palmolive (Burlington) Limited
: Colgate-Palmolive (Middle East Exports) Ltd.
: Colgate-Palmolive Mozambique, LDA
 - iv) **Key Management Personnel** : Graeme Dalziel
: Moses Elias
: K. V. Vaidyanathan
: Vinay Hegde (effective from September 1, 2005)
 - v) **Relatives of Key Management Personnel** : Mrs. Pratima Elias

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

Schedule 21 : Disclosure of Related Parties

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

Nature of Transaction	Rs. Lacs											
	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Parties referred to in (v) above		Total	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Purchase of Goods/Materials												
Colgate-Palmolive Company, U.S.A.	0.27	2.53	-	-	-	-	-	-	-	-	-	2.53
Colgate-Palmolive (Nepal) Private Limited	-	-	31,74.47	43,65.16	-	-	-	-	-	-	31,74.47	43,65.16
Others	-	-	-	-	5,70.93	6,70.23	-	-	-	-	5,70.93	6,70.23
Sub-Total	0.27	2.53	31,74.47	43,65.16	5,70.93	6,70.23	-	-	-	-	37,45.67	50,37.92
Sale of Goods												
Colgate-Palmolive (Nepal) Private Limited	-	-	-	1,87.63	-	-	-	-	-	-	-	1,87.63
Colgate-Palmolive Cameroun S.A.	-	-	-	-	9.14	67.40	-	-	-	-	9.14	67.40
C P Global Export – France	-	-	-	-	32.94	53.54	-	-	-	-	32.94	53.54
Colgate-Palmolive, Marocco Limited	-	-	-	-	34.11	33.57	-	-	-	-	34.11	33.57
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	-	-	14.33	58.23	-	-	-	-	14.33	58.23
Colgate-Palmolive, Romania sri.	-	-	-	-	50.86	36.49	-	-	-	-	50.86	36.49
Others	-	-	-	-	86.47	80.45	-	-	-	-	86.47	80.45
Sub-Total	-	-	-	1,87.63	2,27.85	3,29.68	-	-	-	-	2,27.85	5,17.31
Purchase of Assets/Spares												
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	-	-	7,45.48	-	-	-	-	-	7,45.48	-
Others	-	-	-	-	45.30	-	-	-	-	-	45.30	-
Sub-Total	-	-	-	-	7,90.78	-	-	-	-	-	7,90.78	-
Sale of Assets												
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	-	-	-	23.98	-	-	-	-	-	23.98
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	-	-	58.75	61.11	-	-	-	-	58.75	61.11
Others	-	-	-	-	-	7.28	-	-	-	-	-	7.28
Sub-Total	-	-	-	-	58.75	92.37	-	-	-	-	58.75	92.37
Services Rendered												
Colgate-Palmolive Company, U.S.A.	20,59.28	6,17.44	-	-	-	-	-	-	-	-	20,59.28	6,17.44
Sub-Total	20,59.28	6,17.44	-	-	-	-	-	-	-	-	20,59.28	6,17.44
Services Received												
Colgate-Palmolive Company, U.S.A.	11,68.58	15,77.23	-	-	-	-	-	-	-	-	11,68.58	15,77.23
Colgate-Palmolive Management Services (H.K.) Limited	-	-	-	-	5,59.90	-	-	-	-	-	5,59.90	-
Sub-Total	11,68.58	15,77.23	-	-	5,59.90	-	-	-	-	-	17,28.48	15,77.23
Reimbursement of Expenses Receivable/(Payable)												
Colgate-Palmolive Company, U.S.A.	(5,48.98)	(60.37)	-	-	-	-	-	-	-	-	(5,48.98)	(60.37)
Others	-	-	-	-	32.32	(12.31)	-	-	-	-	32.32	(12.31)
Sub-Total	(5,48.98)	(60.37)	-	-	32.32	(12.31)	-	-	-	-	(5,16.66)	(72.68)

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

Schedule 21 : 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		Parties referred to in (iv) above		Parties referred to in (v) above		Total		
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	
	Rs.	Lacs	Rs.	Lacs	Rs.	Lacs	Rs.	Lacs	Rs.	Lacs	Rs.	Lacs	
Others-Payable													
Colgate-Palmolive Company, U.S.A.	38.55	35.01	-	-	-	-	-	-	-	-	-	38.55	35.01
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	-	0.35	10.61	0.35	-	-	-	-	-	10.61	0.35
Others	-	-	-	5.56	13.48	5.56	-	-	-	-	-	13.48	5.56
Sub-Total	38.55	35.01	-	5.91	24.09	5.91	-	-	-	-	-	62.64	40.92
Dividend Paid/Proposed													
Colgate-Palmolive Company, U.S.A.	44,94.95	48,54.94	-	-	-	-	-	-	-	-	-	44,94.95	48,54.94
Colgate-Palmolive (Asia) Pte Ltd., Singapore	-	-	-	-	7,06.77	-	-	-	-	-	-	7,06.77	-
Sub-Total	44,94.95	48,54.94	-	-	7,06.77	-	-	-	-	-	-	52,01.72	48,54.94
Dividend Received													
Colgate-Palmolive (Nepal) Private Limited	-	-	-	-	-	-	3,45.31	-	-	-	-	-	3,45.31
Sub-Total	-	-	-	-	-	-	3,45.31	-	-	-	-	-	3,45.31
Royalty and Technical Fees													
Colgate-Palmolive Company, U.S.A.	22,30.30	10,40.70	-	-	-	-	-	-	-	-	-	22,30.30	10,40.70
Sub-Total	22,30.30	10,40.70	-	-	-	-	-	-	-	-	-	22,30.30	10,40.70
Advances given during the year (Net)													
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	-	5,04.62	-	-	-	-	-	-	-	-	5,04.62
Colgate-Palmolive (H.K.) Ltd., Hong Kong	-	-	-	2,55.22	-	-	-	-	-	-	-	-	2,55.22
Colgate-Palmolive (Nepal) Private Limited	-	-	-	-	2,23.77	-	-	-	-	-	-	-	2,23.77
Sub-Total	-	-	-	7,59.84	-	-	2,23.77	-	-	-	-	-	9,83.61
Remuneration													
Sub-Total	-	-	8,70.94	4,92.35	-	-	8,70.94	4,92.35	-	-	-	8,70.94	4,92.35
Dividend													
Sub-Total	-	-	0.09	0.09	-	-	0.09	0.09	0.25	0.23	-	0.34	0.32
Repayment of Loan													
Sub-Total	-	-	1.41	1.20	-	-	1.41	1.20	-	-	-	1.41	1.20
Interest on Loan received													
Sub-Total	-	-	1.41	1.20	-	-	1.41	1.20	-	-	-	1.41	1.20
Outstanding Receivable net of Payable													
Sub-Total	-	-	68.38	1,49.87	-	-	27.16	28.57	-	-	-	95.54	4,02.21
Outstanding Payable net of Receivable													
Sub-Total	8,11.77	14,62.98	3,49.48	7,38.44	11,18.04	-	-	-	-	-	-	22,79.29	22,01.42

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

	2005-2006 Rs. Lacs	2004-2005 Rs. Lacs
Schedule 22 : Lease Accounting		
1. The Company has leased vehicles and computer equipments under "Operating Leases". The lease payments to be made in future in respect of the leases are as follows :-		
Upto 1 year	3,92.54	3,36.10
Greater than 1 year but less than 5 years	4,75.75	4,28.13
Greater than 5 years	-	-
2. Lease payments (net of recoveries) recognised in Profit and Loss Account are included in "Miscellaneous" under Other Expenses in Schedule 17	3,65.83	3,38.57

Schedule 23 : Segment Information

- In accordance with the requirements of Accounting Standard-17, Segment Reporting issued by the Institute of Chartered Accountants of India, the Company's Business Segment is "Personal Care (including Oral Care)" and hence it has no other primary reportable segments.
Thus the Segment revenue, Segment result, total carrying amount of Segment assets and Segment liability, total cost incurred to acquire Segment assets, total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2006.
- Information about Secondary Business Segments

	Rs. Lacs					
	India		Outside India		Total	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Revenue by geographical segment						
External	1,117,92.91	946,80.62	6,26.12	17,41.01	1,124,19.03	964,21.63
Internal Segment	-	-	-	-	-	-
Total	1,117,92.91	946,80.62	6,26.12	17,41.01	1,124,19.03	964,21.63
Carrying amount of segment assets	626,52.09	565,91.61	-	-	626,52.09	565,91.61
Capital Expenditure	49,34.62	76,91.54	-	-	49,34.62	76,91.54

Schedule 24 : Supplementary Information

- Details of Raw and Packing Materials consumed :

	Unit	2005-2006		2004-2005	
		Quantity	Value	Quantity	Value
			Rs. Lacs		Rs. Lacs
Chemicals	M.T.	27,687	95,35.04	18,327	51,21.51
Tubes and Containers	Gross	25,35,859	63,19.95	14,33,229	39,27.74
Oils	M.T.	424	19,54.17	729	16,10.90
Cartons	Gross	21,05,023	28,63.21	9,51,182	15,16.72
Others			12,00.56		11,10.83
Less : Transfer of Materials			11,73.95		14,69.05
Total			206,98.98		118,18.65

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

Schedule 24 : Supplementary Information - (Contd.)

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

	2005-2006		2004-2005	
	Value	% to Total Consumption	Value	% to Total Consumption
	Rs. Lacs		Rs. Lacs	
Raw and Packing Materials :				
Imported at landed cost	25,38.10	12	16,46.70	14
Indigenously obtained	181,60.88	88	101,71.95	86
Total	206,98.98	100	118,18.65	100
Stores and Spare Parts :				
Imported at landed cost	1,02.21	26	28.63	9
Indigenously obtained	2,89.01	74	2,74.06	91
Total	3,91.22	100	3,02.69	100

	2005-2006	2004-2005
	Rs. Lacs	Rs. Lacs
3. Value of imports calculated on C.I.F. basis (on payment basis) :		
Raw Materials	22,45.27	14,70.79
Finished Goods	5,48.48	6,29.04
Capital Goods	19,10.10	14,06.37
Spares	4,42.74	38.56
4. Expenditure in foreign currency (on payment basis) :		
Travelling	59.62	63.70
Royalty (Net of tax)	19,29.48	4,27.66
Services Received	9,06.75	10,17.63
Others	5,80.29	4,15.42
5. Earnings in foreign currency :		
Exports at F.O.B. Value	6,26.12	16,95.56
Services Rendered	8,22.31	3,18.47

6. Net Dividends remitted in foreign currency to one non-resident shareholder - Colgate-Palmolive Company, U.S.A.:				
For the year	Nature of Dividend	No. of Equity Shares	2005-2006	2004-2005
			Rs. Lacs	Rs. Lacs
2003-04	Third Interim	6,93,56,336	-	8,66.95
2004-05	First Interim	6,93,56,336	-	10,40.35
2004-05	Second Interim	6,93,56,336	-	27,74.25
2004-05	Third Interim	6,93,56,336	10,40.35	-
2005-06	First Interim	6,93,56,336	19,07.30	-
2005-06	Second Interim	5,44,76,910	16,34.31	-
			45,81.96	46,81.55

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

2005-06	Second Interim	1,48,79,426	4,46.38	-
			4,46.38	-

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

Schedule 24 : Supplementary Information - (Contd.)

7. Information for each class of goods manufactured :

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

		Unit	Annual capacity on three-shift basis		Actual Production
			Licensed	Installed	
Cosmetics and Toilet Preparations	2005-2006	M.T.	See Note (i) below	23,265	14,613
	2004-2005	M.T.	"	23,265	17,407
Toothpaste	2005-2006	M.T.	See Note (ii) below	40,000	16,491
	2004-2005	M.T.	-	-	-
Distilled Fatty Acid	2005-2006	M.T.	See Note (iii) below	-	-
	2004-2005	M.T.	24,000	24,000	65
Toilet Soaps	2005-2006	M.T.	See Note (iii) below	-	-
	2004-2005	M.T.	"	20,000	1,847
Glycerine	2005-2006	M.T.	See Note (iii) below	-	-
	2004-2005	M.T.	"	3,000	55
Toothbrushes and Shave Brushes	2005-2006	Doz.	Not Applicable	-	112,922
	2004-2005	Doz.	See Note (iv) below	-	109,744

Notes :

- (i) The industrial undertaking was established prior to the enactment of the Industries (Development & Regulation) Act, 1951 ("The Industries Act"). The Company, therefore, did not require any industrial license at the time of establishment of its undertaking, but required registration under the Industries Act which was obtained in 1954. In 1957, the Company was granted a license for substantial expansion for manufacture of toothpaste, face cream and snow, talcum and face powders, oils and shampoos and other requirements. In 1966, Government recognised Company's toothpaste mixing capacity as 1,550 tonnes per annum based on actual production at that time and advised the Company that its industrial undertaking was exempt from the provisions of the Industries Act. The Company applied for endorsement of its productive capacity on its Registration Certificate in pursuance of Government Notification dated July 5, 1975. In February 1979, Government endorsed annual productive capacity of 771 tonnes in respect of tooth powder and advised the Company that the productive capacities of other items shall be as specified in the industrial license granted in 1957. The installed capacity was last assessed by the Company in 1980 at 4,500 tonnes for tooth powder and 11,000 tonnes for toothpaste. The Company has filed a writ petition in the High Court for a declaration that it has not effected any unauthorised "substantial expansion" as contemplated in Section 13 (1)(d) of the Industries Act. The petition has been admitted by the High Court which has passed an order restraining the Government (pending the hearing and final disposal of the petition) from adopting any proceeding against the Company for alleged contravention of the provisions of the Industries Act. Toothpaste has now been delicensed in terms of Government notification issued in May 2002.
- (ii) In terms of the Industrial Entrepreneurs Memorandum filed with the Government of India, Ministry of Commerce and Industry, New Delhi, the registered toothpaste annual capacity is 40,000 tonnes.
- (iii) Since the manufacture of toilet soap and glycerine are delicensed, the Company has obtained registrations from the Government of India for an annual capacity of 30,000 tonnes in respect of toilet soap and 3,000 tonnes in respect of glycerine. Distilled fatty acid and glycerine are used for captive consumption except to the extent sold. The production activities of distilled fatty acid, toilet soaps and glycerine have been discontinued and hence the actual production during 2005-06 is Nil.
- (iv) The bristling operations for toothbrushes and shave brushes are carried out under manufacturing arrangements with third parties.
- (v) The installed capacity as shown above has been certified by the Executive Vice-President (Manufacturing) and Product Supply Chain and not verified by the Auditors, being a technical matter.
- (vi) Soap noodles manufactured and sold during the year - Nil (Previous Year : 45.9 Tons)

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

Schedule 24 : Supplementary Information - (Contd.)

(b) Opening and Closing Stocks of Finished Goods :

	2005-2006				2004-2005			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Doz.	Rs. Lacs	Doz.	Rs. Lacs	Doz.	Rs. Lacs	Doz.	Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	73,96,030	54,53.54	59,36,468	48,43.87	47,39,991	45,35.08	73,96,030	54,53.54
Toothbrushes and Shave Brushes	17,91,127	7,40.47	12,71,989	6,22.60	12,82,608	5,30.27	17,91,127	7,40.47
Others		26.84		11.68		10.48		26.84
Total		<u>62,20.85</u>		<u>54,78.15</u>		<u>50,75.83</u>		<u>62,20.85</u>

(c) Sale by Class of Goods :

	Unit	2005-2006		2004-2005	
		Quantity	Value	Quantity	Value
			Rs. Lacs		Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	Doz.	5,79,61,255	1,009,45.19	6,89,42,307	870,56.10
Toothbrushes and Shave Brushes	Doz.	1,02,69,998	112,63.17	1,23,91,087	91,93.66
Others			2,10.67		1,71.87
Total			<u>1,124,19.03</u>		<u>964,21.63</u>

(d) Purchase of Finished Goods :

	Unit	2005-2006		2004-2005	
		Quantity	Value	Quantity	Value
			Rs. Lacs		Rs. Lacs
Soaps, Cosmetics and Toilet Preparations	Doz.	3,81,13,129	252,19.41	4,63,87,871	326,66.58
Toothbrushes and Shave Brushes	Doz.	1,01,45,340	40,92.77	1,27,90,864	47,03.09
Others			1,06.62		1,79.57
Total			<u>294,18.80</u>		<u>375,49.24</u>

8. To the best of our knowledge and as per the information available with the Management,
- (a) Sundry Creditors include an amount of **Rs. 58.18 Lacs** (Previous Year : Rs. 8,02.55 Lacs) due to small scale industrial undertakings.
- (b) There are no dues to small scale industrial undertakings outstanding for more than 30 days.

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

Schedule 24 : Supplementary Information - (Contd.)

	2005-2006 Rs. Lacs	2004-2005 Rs. Lacs
9. (a) Remuneration to the Directors		
Salaries	5,54.68	2,23.10
Commission/Bonus	1,53.81	1,65.92
Contribution to Provident and other Funds	12.94	6.38
Other Perquisites	1,49.51	96.95
Total	8,70.94	4,92.35
(b) Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956, and Commission payable to the Directors :		
	<u>2005-2006</u>	<u>2004-2005</u>
	Rs. Lacs	Rs. Lacs
Profit before Taxation	187,87.93	178,14.02
<i>Add :</i> (i) Remuneration paid to the Directors	8,70.94	4,92.35
(ii) Directors' Fees	12.40	11.40
(iii) Depreciation/Amortisation/Impairment	31,42.75	22,36.64
(iv) Diminution in value of Investments	7,50.00	-
(v) Profit on sale of Fixed Assets as per Section 350	6,56.79	-
<i>Less :</i> (i) Depreciation/Amortisation as per Section 350	17,58.21	19,04.49
(ii) Profit on sale of Fixed Assets (net)	6,88.56	91.70
(iii) Loss on sale of Fixed Assets as per Section 350	-	31.74
	<u>29,86.11</u>	<u>7,12.46</u>
Net Profit for the purpose of Directors' Commission	217,74.04	185,26.48
Commission @ 1% of Net Profit	2,17.74	1,85.26
Restricted to	1,53.81	1,65.92

10. As at the year-end the Company -

- has no loans and advances in the nature of loans to subsidiary and associates,
- has no loans and advances in the nature of loans to subsidiary and associates, wherein there is no repayment schedule or repayment is beyond seven years, and
- has no loans and advances to firms/companies in which directors are interested.

11. During the year, the Company has revised the estimated useful lives of Research and Analytical equipments to 7 years from 9 years to 21 years. Consequently, the depreciation charged to Profit and Loss Account is higher by Rs. 4,77.54 Lacs with the corresponding reduction in Profit before Taxation for the year.

Notes forming part of the Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended March 31, 2006

Schedule 24 : Supplementary Information - (Contd.)

	2005-2006	2004-2005
12. Earnings per share		
Profit After Taxation (Rs. Lacs)	137,59.79	113,29.40
Weighted average number of shares (Nos.)	13,59,92,817	13,59,92,817
Nominal Values of shares outstanding (Rs.)	10	10
Basic and Diluted Earnings Per Share (Rs.)	10.12	8.33

13. Refer Annexure for additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

14. Previous year's figures have been re-grouped and re-arranged wherever necessary.

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, April 26, 2006

For and on behalf of the Board
Vice-Chairman **R. A. Shah**
Managing Director **G. D. Dalziel**
Whole-time Director &
Chief Financial Officer **M. A. Elias**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, April 26, 2006

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

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details :		Application of Funds :	
Registration No.	2700	Net Fixed Assets	1691156
State code	11	Investments	1483353
Balance Sheet Date	31-03-2006	Deferred Tax Asset (Net)	76146
		Net Current Assets	(496403)
		Misc. Expenditure	—
		Accumulated Losses	—
II. Capital raised during the year (Amount in Rs. Thousands) :		IV. Performance of Company (Amount in Rs. Thousands) :	
Public Issue	—	Turnover (Including Other Income)	11498014
Rights Issue	—	Total Expenditure	9619221
Bonus Issue	—	Profit Before Tax	1878793
Private Placement	—	Profit After Tax	1375979
		Earnings per Share in Rs.*	10.12
		Dividend %	75%
		* Based on weighted average number of equity shares - 13,59,92,817	
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands) :		V. Generic Names of Three Principal Products/Services of the Company (as per Monetary Terms) :	
Total Liabilities (Including Shareholders' Funds)	6265209	Item Code No. (ITC Code)	330610.02
Total Assets	6265209	Product Description	Toothpaste
Sources of Funds :		Item Code No. (ITC Code)	330610.01
Paid-up Capital	1359928	Product Description	Tooth Powder
Reserves and Surplus	1350772	Item Code No. (ITC Code)	960321.00
Secured Loans	—	Product Description	Toothbrush
Unsecured Loans	43552		

For and on behalf of the Board

Vice-Chairman	R. A. Shah
Managing Director	G. D. Dalziel
Whole-time Director & Chief Financial Officer	M. A. Elias
Whole-time Director & Company Secretary	K. V. Vaidyanathan

Mumbai, April 26, 2006

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

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

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

Colgate-Palmolive (Nepal) Private Limited made a loss of

Nepalese Rs. 14,60.54 Lacs for the year ended July 15, 2005 (Cumulative loss of Nepalese Rs. 14,35.90 Lacs as on July 15, 2005) out of which Nepalese Rs. 2,60.54 Lacs has not been dealt with in the books of accounts.

Changes in Company's interest in Colgate-Palmolive (Nepal) Private Limited between July 16, 2005 and March 31, 2006 : **Nil**

Material changes for Colgate-Palmolive (Nepal) Private Limited between July 16, 2005 and March 31, 2006 in respect of :

Fixed Assets : Net reduction of Nepalese Rs. 2,61.81 Lacs

Investments : **Nil**

Money lent : **Nil**

Monies borrowed (other than meeting current liability) : **Nil**

For and on behalf of the Board

Vice-Chairman

R. A. Shah

Managing Director

G. D. Dalziel

Whole-time Director &

Chief Financial Officer

M. A. Elias

Whole-time Director &

Company Secretary

K. V. Vaidyanathan

Mumbai, April 26, 2006

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Report of the Directors

To
The Members
Colgate-Palmolive (Nepal) Private Limited

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended Ashad 31, 2062 (July 15, 2005).

Financial Results

	Nepalese Rs. in Lacs	
	2061-62	2060-61
Sales & Other Income	<u>78,54.09</u>	<u>79,96.64</u>
Profit/(Loss) for the year	(19,30.53)	(39.13)
Prior year's adjustments-- reversal of provisions	5,25.54	1,97.51
Profit Before Taxation	<u>(14,04.99)</u>	1,58.38
Provision for Taxation	55.54	89.67
Profit After Taxation	<u>(14,60.53)</u>	68.71
Balance brought forward	24.63	7,68.50
Profit available for appropriation	<u>(14,35.90)</u>	8,37.21
Appropriation :		
Dividend	–	5,52.50
Provision for prior year taxes	–	2,60.08
Balance carried forward	<u>(14,35.90)</u>	24.63

Business Operations

The fiscal year 2061-62 continued to be a difficult year for industries in Nepal, with the security situation continuing to be the source of anxiety. During the year, the sales turnover has gone down by 6% as compared to the previous year although the Company's domestic business recorded a growth of 16%.

Your Company's operations are entirely dependent upon its export business. With the emergence of tax exemption zones in India and levy of countervailing duty on Maximum Retail Price of toothpaste imported from Nepal, your Company could not compete in the export market. In the absence of export orders for toothpaste, your Company did not have an option but to discontinue toothpaste production effective July, 2005. Your Company, however, continues to manufacture and export tooth powder.

The discontinuation of toothpaste production rendered certain assets and manpower pertaining to such operations idle and surplus. Hence, your Company drew a comprehensive restructuring plan under which a provision of NPR 13,56.85 Lacs was made to cover possible losses on disposal of toothpaste assets and a further provision of NPR 2,10.73 Lacs made towards a Voluntary Retirement Scheme for surplus workforce at Nepal. This resulted in a net loss of NPR 14,60.54 Lacs for the fiscal year 2061-62.

Safety, Environmental and Quality Standards

The Company has been striving for continuous improvement in occupational environment, health and safety standards in accordance with global standards.

Future Outlook

While the future continues to remain challenging and difficult, your Company continues to manufacture and export tooth powder at optimum efficiency.

External Environment

The fiscal year 2061-62 showed major developments in the political environment in Nepal, including the declaration of a state of emergency. The security issues continue to be a cause of great concern. The Company has made its own security arrangements which are being upgraded from time to time. The Company continues to spend substantial amount on security every year to maintain highest vigilance for security of its people and property.

Customs Duty Exemption and VAT Refunds

During the year, your Company made significant progress in the recovery of customs duty and VAT refunds from HMGM. The levels of overall dues from HMGM on account of customs duty and VAT showed a significant decline.

Personnel

The Board wishes to place on record its appreciation of the contribution made by the employees at all levels within the Company. Consequent upon discontinuation of toothpaste production, your Company offered the surplus workforce engaged in the toothpaste operations a Voluntary Retirement Package well over the statutory norms, applying its usual caring, humane and fair approach. This was availed by the entire surplus workforce.

Community Development

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

Auditors

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

Acknowledgements

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

On behalf of the Board
Directors { M. A. Elias
K. V. Vaidyanathan
Date : 12th January, 2006

Independent Auditors' Report

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

We have audited the accompanying Balance Sheet of Colgate–Palmolive (Nepal) Private Limited, as of 15 July, 2005 (Corresponding to 31 Ashad, 2062), the related Profit and Loss Account and the Cash Flow Statement for the year then ended. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

In our opinion, the financial statements are presented fairly in all material respects, the financial position of the Company as of 15 July, 2005 (Corresponding to 31 Ashad, 2062), and of the results of operations and its cash flows for the year then ended in accordance with Nepal Accounting standards and comply with the provisions of the Companies Act, 2053.

T. R. Upadhyay, Partner

For and on behalf of

Kathmandu
Date : 12th January, 2006

T. R. Upadhyay & Co.
Chartered Accountants

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Balance Sheet as at July 15, 2005 (Ashad 31, 2062)

	Schedule	As at July 15, 2005 (NPR)	As at July 15, 2005 (INR)	As at July 15, 2004 (NPR)	As at July 15, 2004 (INR)
Capital & Liabilities					
Capital & Reserve Fund					
Share Capital	1	170,000,000.00	106,250,000.00	170,000,000.00	106,250,000.00
Reserves and Retained Profit	2	(143,590,011.06)	(89,743,756.91)	2,463,585.15	1,539,740.72
Medium and Long Term Loans					
Secured Loans	3	–	–	135,000,000.00	84,375,000.00
Unsecured Loans		–	–	–	–
Total		<u>26,409,988.94</u>	<u>16,506,243.09</u>	<u>307,463,585.15</u>	<u>192,164,740.72</u>
Assets					
Fixed Assets					
Gross Block	4	530,598,934.52	331,624,334.08	521,879,890.61	326,174,931.63
Less : Depreciation/Amortisation		318,072,695.29	198,795,434.56	286,218,008.40	178,886,255.25
Net Block		212,526,239.23	132,828,899.52	235,661,882.21	147,288,676.38
Capital Work-in-Progress		611,932.02	382,457.51	7,405,842.11	4,628,651.32
		213,138,171.25	133,211,357.03	243,067,724.32	151,917,327.70
Investments					
	5	–	–	–	–
Current Assets					
Inventories	6	18,785,364.92	11,740,853.08	59,625,835.61	37,266,147.26
Trade and other receivables	7	7,380,824.71	4,613,015.44	27,981,312.93	17,488,320.58
Cash and Bank Balance	8	17,004,830.78	10,628,019.24	15,220,428.94	9,512,768.09
Prepaid Expenses, Loans, Advances	9	140,078,955.99	87,549,347.49	139,786,503.37	87,366,564.61
		183,249,976.40	114,531,235.25	242,614,080.85	151,633,800.53
<i>Less :</i>					
Current liabilities and Provisions					
Trade and other payables	10	167,160,282.71	104,475,176.69	137,860,455.44	86,162,784.65
Provisions	11	202,817,876.00	126,761,172.50	40,357,764.58	25,223,602.86
		369,978,158.71	231,236,349.19	178,218,220.02	111,386,387.51
Net Current Assets		<u>(186,728,182.31)</u>	<u>(116,705,113.94)</u>	<u>64,395,860.83</u>	<u>40,247,413.02</u>
Total		<u>26,409,988.94</u>	<u>16,506,243.09</u>	<u>307,463,585.15</u>	<u>192,164,740.72</u>
Contingent Liabilities					
	16				
Significant Accounting Policies & Notes to Accounts					
	17				

Per our attached report

For T. R. Upadhyaya & Co.
Chartered Accountants

T. R. Upadhyaya
Partner

Kathmandu

Date : 12th January, 2006

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

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Profit and Loss Account
for the year ended July 15, 2005 (Ashad 31, 2062)

	Schedule	2004-2005 (NPR)	2004-2005 (INR)	2003-2004 (NPR)	2003-2004 (INR)
Income					
Sales Income	12	777,626,786.14	486,016,741.34	830,369,133.26	518,980,708.29
Less : Material Cost	13	626,941,985.38	391,838,740.86	591,107,272.47	369,442,045.29
Gross Profit		<u>150,684,800.76</u>	<u>94,178,000.47</u>	<u>239,261,860.79</u>	<u>149,538,662.99</u>
Other Income	14	7,781,662.49	4,863,539.06	(30,705,140.88)	(19,190,713.05)
Business Expenditure					
Distribution Expenses		14,287,695.31	8,929,809.57	9,492,671.02	5,932,919.39
Administrative Expenses	15	142,483,146.15	89,051,966.34	138,848,347.59	86,780,217.24
Operating Profit		<u>1,695,621.79</u>	<u>1,059,763.62</u>	<u>60,215,701.30</u>	<u>37,634,813.31</u>
Interest Expenses		6,089,397.26	3,805,873.29	17,717,260.27	11,073,287.67
Depreciation/Amortisation		31,901,524.92	19,938,453.08	43,725,161.22	27,328,225.76
Provision for Idle Assets held for disposal		135,684,890.00	84,803,056.25	-	-
Provision for Voluntary Retirement Scheme		21,073,130.00	13,170,706.25	-	-
Allocation for Employee Housing		-	-	926,211.58	578,882.24
Provision for Bonus		-	-	1,759,802.00	1,099,876.25
Profit/(loss) for the year		<u>(193,053,320.39)</u>	<u>(120,658,325.24)</u>	<u>(3,912,733.77)</u>	<u>(2,445,458.61)</u>
Prior year adjustments - Reversal of Provisions		52,554,527.18	32,846,579.49	19,750,951.82	12,344,344.89
Profit before Taxation		<u>(140,498,793.21)</u>	<u>(87,811,745.76)</u>	<u>15,838,218.05</u>	<u>9,898,886.28</u>
Provision for Tax (Current Year)		5,554,803.00	3,471,751.88	8,967,206.00	5,604,503.75
Profit after Taxation		<u>(146,053,596.21)</u>	<u>(91,283,497.63)</u>	<u>6,871,012.05</u>	<u>4,294,382.53</u>
Balance brought forward		2,463,585.15	1,539,740.72	76,850,420.10	48,031,512.56
Profit available for Appropriation		<u>(143,590,011.06)</u>	<u>(89,743,756.91)</u>	<u>83,721,432.15</u>	<u>52,325,895.09</u>
Dividend		-	-	55,250,000.00	34,531,250.00
Provision for prior year Taxes		-	-	26,007,847.00	16,254,904.38
Profit transferred to Balance Sheet		<u>(143,590,011.06)</u>	<u>(89,743,756.91)</u>	<u>2,463,585.15</u>	<u>1,539,740.72</u>

Significant Accounting Policies &

Notes to Accounts 17

Per our attached report

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

Kathmandu
Date : 12th January, 2006

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

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

**Cash Flow Statement
for the year ended July 15, 2005 (Ashad 31, 2062)**

	2004-2005		2003-2004	
	(NPR)	(INR)	(NPR)	(INR)
A. Cash Flow from Operating Activities :				
Net Profit Before Tax and Extraordinary Items	(140,498,793.21)	(87,811,745.76)	15,838,218.05	9,898,886.28
Add Adjustment for :				
Depreciation and Amortisation	31,901,524.92	19,938,453.08	43,725,161.22	27,328,225.76
Interest Expenses (net)	6,089,397.26	3,805,873.29	17,717,260.27	11,073,287.67
Provisions	156,905,308.42	98,065,817.76	2,627,664.58	1,642,290.36
Less Adjustment for :				
Cash flow due to changes in Working Capital				
a. Decrease/(Increase) in Current Assets	61,303,506.29	38,314,691.43	49,066,958.48	30,666,849.05
b. Increase/(Decrease) in Current Liabilities	29,299,827.27	18,312,392.04	(88,143,038.26)	(55,089,398.91)
c. Interest payment	(6,089,397.26)	(3,805,873.29)	(17,717,260.27)	(11,073,287.67)
d. Advance Income Tax paid	(155,000.00)	(96,875.00)	-	-
e. Loss on sale of Investment	1,970,978.90	1,231,861.81	5,328,456.22	3,330,285.14
f. Loss/(Profit) on sale of Fixed Assets	10,142.92	6,339.33	37,219,455.00	23,262,159.38
Net Cash from Operating Activities	140,737,495.51	87,960,934.69	65,662,875.29	41,039,297.06
B. Cash Flows from Investing Activities :				
Sale/(Purchase) of Fixed Assets	(1,982,114.77)	(1,238,821.73)	(11,104,563.94)	(6,940,352.46)
Sale/(Purchase) of Investments	(1,970,978.90)	(1,231,861.81)	(495,572.89)	(309,733.06)
Net Cash Flow from Investing Activities	(3,953,093.67)	(2,470,683.54)	(11,600,136.83)	(7,250,085.52)
C. Cash Flows from Financing Activities				
Payment of Long Term Loans	(135,000,000.00)	(84,375,000.00)	(90,000,000.00)	(56,250,000.00)
Dividend paid	-	-	-	-
Net Cash from Financing Activities	(135,000,000.00)	(84,375,000.00)	(90,000,000.00)	(56,250,000.00)
Increase/(Decrease) in Cash A+B+C	1,784,401.84	1,115,251.15	(35,937,261.54)	(22,460,788.46)
Cash & Bank Balances at the beginning of the year	15,220,428.94	9,512,768.09	51,157,690.48	31,973,556.55
Cash & Bank Balances at the end of the year	17,004,830.78	10,628,019.24	15,220,428.94	9,512,768.09

Significant Accounting Policies and
Notes to Accounts (Schedule 17)

Per our attached report

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

Kathmandu
Date : 12th January, 2006

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

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Schedules to the Accounts

	As at July 15, 2005 (NPR)	As at July 15, 2005 (INR)	As at July 15, 2004 (NPR)	As at July 15, 2004 (INR)
Schedule 1 : Share Capital				
Authorised Capital	<u>600,000,000.00</u>	<u>375,000,000.00</u>	<u>600,000,000.00</u>	<u>375,000,000.00</u>
(6,000,000 Equity Shares of Rs. 100 each)				
Issued, Subscribed & Paid-up				
(1,700,000 Ordinary Shares of Rs. 100 each entirely held by Colgate-Palmolive (India) Limited)	<u>170,000,000.00</u>	<u>106,250,000.00</u>	<u>170,000,000.00</u>	<u>106,250,000.00</u>
Total	<u>170,000,000.00</u>	<u>106,250,000.00</u>	<u>170,000,000.00</u>	<u>106,250,000.00</u>
Schedule 2 : Reserves and Retained Profit				
Profit & Loss Account	<u>(143,590,011.06)</u>	<u>(89,743,756.91)</u>	<u>2,463,585.15</u>	<u>1,539,740.72</u>
Total	<u>(143,590,011.06)</u>	<u>(89,743,756.91)</u>	<u>2,463,585.15</u>	<u>1,539,740.72</u>
Schedule 3 : Medium and Long Term Loans				
Secured Loans				
from Standard Chartered Bank Nepal Limited	-	-	135,000,000.00	84,375,000.00
(Current year Nil. Last year secured against a first charge of fixed & current assets, inventories, receivables and mortgage over all properties of the Company at HID, Hetauda.)				
Unsecured Loans				
Loan from Colgate-Palmolive (India) Ltd.	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>135,000,000.00</u>	<u>84,375,000.00</u>

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

Schedule 4 : Fixed Assets

	As at 16/7/2004 (NPR)		Additions/Transfers (NPR)		Deductions/Transfers (NPR)		As at 15/7/2005 (NPR)		Depreciation/Amortisation		Net Block		
									For the Year (NPR)	Deductions/Transfers (NPR)	As at 15/7/2005 (NPR)	As at 15/7/2005 (NPR)	As at 15/7/2004 (NPR)
Land - Leasehold	4,800,000	-	-	4,800,000	-	-	4,800,000	1,930,000	240,000	-	1,930,000	2,870,000	3,110,000
	(3,000,000)	(-)	(-)	(3,000,000)	(-)	(-)	(3,000,000)	(1,206,250)	(150,000)	(-)	(1,206,250)	(1,793,750)	(1,943,750)
Buildings	182,605,927	240,166	-	182,846,093	-	-	182,846,093	63,861,509	8,488,773	-	63,861,509	118,984,584	127,233,191
	(114,128,704)	(150,104)	(-)	(114,278,808)	(-)	(-)	(114,278,808)	(39,913,443)	(5,305,483)	(-)	(39,913,443)	(74,365,365)	(79,520,744)
Plant & Machinery	310,620,350	7,893,232	-	318,513,582	-	-	318,513,582	232,446,229	20,858,955	-	232,446,229	86,067,353	99,033,076
	(194,137,719)	(4,933,270)	(-)	(199,070,989)	(-)	(-)	(199,070,989)	(145,278,893)	(13,036,847)	(-)	(145,278,893)	(53,792,096)	(61,895,673)
Computers	12,009,853	360,049	-	12,369,902	-	-	12,369,902	10,165,361	1,005,367	-	10,165,361	2,204,541	2,849,860
	(7,506,158)	(225,031)	(-)	(7,731,189)	(-)	(-)	(7,731,189)	(6,353,350)	(628,355)	(-)	(6,353,350)	(1,377,838)	(1,781,162)
Furniture & Fixtures	11,843,760	306,578	80,981	12,069,357	80,981	80,981	12,069,357	9,669,597	1,308,430	46,838	9,669,597	2,399,760	3,435,755
	(7,402,350)	(191,611)	(50,613)	(7,543,348)	(50,613)	(50,613)	(7,543,348)	(6,043,498)	(817,769)	(29,274)	(6,043,498)	(1,499,850)	(2,147,347)
Total	521,879,890	8,800,025	80,981	530,598,934	(50,613)	80,981	530,598,934	318,072,695	31,901,525	46,838	318,072,695	212,526,239	
	(326,174,931)	(5,500,016)	(50,613)	(331,624,334)	(50,613)	(50,613)	(331,624,334)	(198,795,435)	(19,938,453)	(29,274)	(198,795,435)	(132,828,899)	
Total Previous Year	585,300,478	11,787,647	75,208,234	521,879,890	521,879,890	521,879,890	521,879,890	286,218,008	43,725,160	39,205,345	286,218,008		235,661,882
	(365,812,799)	(7,367,279)	(47,005,146)	(326,174,931)	(326,174,931)	(326,174,931)	(326,174,931)	(178,886,255)	(27,328,225)	(24,503,340)	(178,886,255)		(147,288,676)
Capital Work-in-Progress and Advances												611,932	7,405,842
												(382,458)	(4,628,651)
Total												213,138,171	243,067,724
												(133,211,357)	(151,917,327)

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

ii) Figures in brackets represent Indian Rupees.

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	As at July 15, 2005 (NPR)	As at July 15, 2005 (INR)	As at July 15, 2004 (NPR)	As at July 15, 2004 (INR)
Schedule 5 : Investments				
Bonds and Securities - Government Bonds	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Schedule 6 : Inventories				
Stores, Spare Parts & Loose Tools	4,993,944.54	3,121,215.34	5,561,101.10	3,475,688.19
Inventory Stock :				
Raw and Packing Materials	10,826,941.50	6,766,838.44	48,034,049.33	30,021,280.83
Work-in-Process	280,467.61	175,292.26	559,520.02	349,700.01
Finished Goods	2,684,011.27	1,677,507.04	5,471,165.16	3,419,478.23
Goods in Transit	-	-	-	-
Total	<u>18,785,364.92</u>	<u>11,740,853.08</u>	<u>59,625,835.61</u>	<u>37,266,147.26</u>
Schedule 7 : Trade and Other Receivables				
Secured Debtors	7,380,824.71	4,613,015.44	27,981,312.93	17,488,320.58
Schedule 8 : Cash & Bank Balance				
Cash on Hand	59,415.00	37,134.38	19,158.00	11,973.75
Cash at Bank	16,945,415.78	10,590,884.86	15,201,270.94	9,500,794.34
Total	<u>17,004,830.78</u>	<u>10,628,019.24</u>	<u>15,220,428.94</u>	<u>9,512,768.09</u>
Schedule 9 : Prepaid Expenses, Loans, Advances				
Loans and Advances :				
Employees	1,426,704.00	891,690.00	444,024.36	277,515.23
Others	1,644,135.00	1,027,584.38	2,494,981.91	1,559,363.69
Deposits	586,969.50	366,855.94	586,969.50	366,855.94
Advance VAT & Customs Duty	141,363,897.32	88,352,435.83	153,784,110.06	96,115,068.79
Margin Money with Bank	227,028.00	141,892.50	1,432,528.00	895,330.00
Prepaid Expenses	4,458,797.17	2,786,748.23	4,702,981.72	2,939,363.58
Advance Tax	35,301,910.00	22,063,693.75	35,146,910.00	21,966,818.75
Insurance Claims	-	-	-	-
Less : Provision for Doubtful Claims & Receivables	<u>(44,930,485.00)</u>	<u>(28,081,553.13)</u>	<u>(58,806,002.18)</u>	<u>(36,753,751.36)</u>
Total	<u>140,078,955.99</u>	<u>87,549,347.49</u>	<u>139,786,503.37</u>	<u>87,366,564.61</u>
Schedule 10 : Trade and Other Payables				
Short Term Loans				
Secured - From Standard Chartered Bank Nepal Limited	-	-	-	-
Retention Money	-	-	-	-
Sundry Creditors	139,647,748.12	87,279,842.58	82,568,555.44	51,605,347.15
Advance Received (Net Advance from CPIL)	27,512,534.59	17,195,334.12	-	-
Interest Payable	-	-	-	-
Dividend Payable	-	-	55,250,000.00	34,531,250.00
Others	-	-	41,900.00	26,187.50
Total	<u>167,160,282.71</u>	<u>104,475,176.69</u>	<u>137,860,455.44</u>	<u>86,162,784.65</u>
Schedule 11 : Provisions				
Provision for Housing	-	-	926,211.58	578,882.24
Provision for Bonus - Ex-gratia	1,500,000.00	937,500.00	1,759,802.00	1,099,876.25
Gratuity and Others	4,030,000.00	2,518,750.00	2,696,698.00	1,685,436.25
Provision for Idle Assets held for disposal	135,684,890.00	84,803,056.25	-	-
Provision for Voluntary Retirement Scheme	21,073,130.00	13,170,706.25	-	-
Provision for Income Tax (including for prior years)	40,529,856.00	25,331,160.00	34,975,053.00	21,859,408.13
Total	<u>202,817,876.00</u>	<u>126,761,172.50</u>	<u>40,357,764.58</u>	<u>25,223,602.86</u>

COLGATE-PALMOLIVE (NEPAL) PRIVATE LIMITED

	2004-2005 (NPR)	2004-2005 (INR)	2003-2004 (NPR)	2003-2004 (INR)
Schedule 12 : Sales Income				
Sales - Export	720,382,921.60	450,239,326.00	781,123,339.04	488,202,086.90
Sales - Local	57,243,864.54	35,777,415.34	49,245,794.22	30,778,621.39
Total	777,626,786.14	486,016,741.34	830,369,133.26	518,980,708.29
Schedule 13 : Material Cost				
Opening Stock				
Work-in-Process	559,520.02	349,700.01	485,689.94	303,556.21
Finished Goods	5,471,165.16	3,419,478.23	8,626,836.84	5,391,773.03
	6,030,685.18	3,769,178.24	9,112,526.78	5,695,329.24
Raw and Packing Materials Consumed				
Opening Stock	48,034,049.33	30,021,280.83	52,035,568.57	32,522,230.36
Add : Purchases	586,668,671.25	366,667,919.53	584,023,911.63	365,014,944.77
	634,702,720.58	396,689,200.36	636,059,480.20	397,537,175.13
Less : Closing Stock	10,826,941.50	6,766,838.44	48,034,049.33	30,021,280.83
	623,875,779.08	389,922,361.93	588,025,430.87	367,515,894.29
Purchase of Finished Goods				
Less : Closing Stock	-	-	-	-
Work-in-Process	280,467.61	175,292.26	559,520.02	349,700.01
Finished Goods	2,684,011.27	1,677,507.04	5,471,165.16	3,419,478.23
	2,964,478.88	1,852,799.30	6,030,685.18	3,769,178.24
Total	626,941,985.38	391,838,740.86	591,107,272.47	369,442,045.29
Schedule 14 : Other Income				
Sale of Scrap	7,446,752.18	4,654,220.11	6,485,966.01	4,053,728.76
Interest Accrued	345,053.23	215,658.27	28,348.11	17,717.57
Profit/(Loss) on Sale of Assets	(10,142.92)	(6,339.33)	(37,219,455.00)	(23,262,159.38)
Total	7,781,662.49	4,863,539.06	(30,705,140.88)	(19,190,713.05)
Schedule 15 : Administrative Expenses				
Salaries, Wages	29,602,191.53	18,501,369.70	25,691,425.98	16,057,141.24
Contribution to Provident, Gratuity and Other Funds	1,676,258.31	1,047,661.45	1,727,174.78	1,079,484.24
Staff Welfare Expenses	1,700,189.65	1,062,618.53	1,769,151.02	1,105,719.39
Consumption of Stores and Spares	2,101,617.96	1,313,511.23	4,163,298.13	2,602,061.33
Power and Fuel	8,876,090.84	5,547,556.78	9,220,401.25	5,762,750.78
Rent	627,673.73	392,296.08	736,128.03	460,080.02
Insurance	4,377,322.55	2,735,826.59	6,895,335.70	4,309,584.81
Royalty & Technical Service Fees	55,206,332.21	34,503,957.63	58,958,724.76	36,849,202.98
Bank Charges	139,676.43	87,297.77	536,436.65	335,272.91
Plant & Machinery Repairs & Upkeep	11,149,718.76	6,968,574.23	6,615,507.28	4,134,692.05
Audit, Tax Audit Fees & Expenses	450,000.00	281,250.00	370,000.00	231,250.00
Legal & Retainer Fees	1,334,075.00	833,796.88	1,101,850.00	688,656.25
Telephone, Fax, Postage & Courier Charges	5,057,958.13	3,161,223.83	6,299,670.12	3,937,293.83
Travelling Expenses	4,405,721.33	2,753,575.83	4,705,601.83	2,941,001.14
Advertisement Expenses	10,246,321.60	6,403,951.00	6,069,705.67	3,793,566.04
Security Services	2,484,490.21	1,552,806.38	2,650,032.50	1,656,270.31
Miscellaneous Expenses	3,047,507.91	1,904,692.44	1,337,903.89	836,189.93
Total	142,483,146.15	89,051,966.34	138,848,347.59	86,780,217.24

Schedule 16 : Contingent Liabilities

There are contingent liabilities in respect of :

	As at July 15, 2005	(NPR Lacs) As at July 15, 2004
1. Unexpired Letters of Credit	19.90	4,85.28
2. Unexpired Bank Guarantees	Nil	Nil
Total	<u>19.90</u>	<u>4,85.28</u>

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

NPR = Nepalese Rupees

INR = Indian Rupees

INR 1 = NPR 1.60

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

Schedule 17 : Significant Accounting Policies & Notes to Accounts

1) Significant Accounting Policies

a) Basis of accounting

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

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

b) Fixed Assets

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

c) Depreciation & Amortisation

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

Leasehold land is amortized over the period of lease.

d) Investments

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

e) Inventories

Inventories are valued at lower of cost or net realizable value. Cost is determined using standard cost method that approximates actual costs.

f) Retirement Benefits

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

g) Revenue Recognition

Sales are recognized on dispatch to customers and are recorded net of Value Added Tax.

h) Staff Housing and Bonus

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

i) Foreign Currency Transactions

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

j) Basis of Provision for Debtors, Loans and Advances

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

2) Notes to Accounts

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

b) Total Exports sales of NPR 72,03.83 Lacs are those made to Colgate-Palmolive (India) Ltd.

c) Custom duty & Value Added Tax paid on import of raw & packing materials is recoverable against export pursuant to statutory enactment and accordingly the Company has made necessary applications to the appropriate authorities for its refund as per the rules and waiting for final refund order. However, suitable provisions have been made in the accounts.

d) Provision for idle assets held for disposal and compensation for parting employees.

The Company discontinued its toothpaste operations at Hetauda effective 1st July 2005 rendering certain assets and manpower pertaining to such operations idle and surplus respectively. Consequently the Company has drawn up a comprehensive Restructuring Plan and a provision of NPR 13,56.84 Lacs is made to cover possible loss on disposal of Fixed Assets and NPR 2,10.73 Lacs for compensation payable to parting employees under a 'Voluntary Retirement Scheme'.

Per our attached report

For T. R. Upadhyay & Co.
Chartered Accountants

T. R. Upadhyay
Partner

Kathmandu
Date : 12th January, 2006

Directors

{ M. A. Elias
K. V. Vaidyanathan

Auditors' Report

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

1. We have audited the attached Consolidated Balance Sheet of Colgate-Palmolive (India) Limited and its subsidiaries as at March 31, 2006, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Management of Colgate-Palmolive (India) Limited. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 21,02.85 Lacs as at March 31, 2006 and total revenues of Rs. 35,12.49 Lacs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Colgate-Palmolive (India) Limited and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Colgate-Palmolive (India) Limited and its aforesaid subsidiaries, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Colgate-Palmolive (India) Limited and its subsidiaries as at March 31, 2006;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated result of operations of Colgate-Palmolive (India) Limited and its subsidiaries for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Colgate-Palmolive (India) Limited and its subsidiaries for the year ended on that date.

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, April 26, 2006

Consolidated Balance Sheet as at March 31, 2006

	Schedule	Rs. Lacs	Rs. Lacs	As at March 31, 2005 Rs. Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	1	135,99.28		135,99.28
Reserves and Surplus	2	<u>144,71.97</u>		<u>120,98.15</u>
			280,71.25	<u>256,97.43</u>
Loan Funds				
Secured Loans	3	—		5,21.88
Unsecured Loans		<u>4,35.52</u>		<u>3,97.88</u>
			<u>4,35.52</u>	<u>9,19.76</u>
Total			<u><u>285,06.77</u></u>	<u><u>266,17.19</u></u>
Application of Funds				
Fixed Assets				
Gross Block	4	433,21.56		357,59.08
Less : Depreciation/Amortisation/Impairment		<u>269,00.85</u>		<u>261,07.77</u>
Net Block		164,20.71		96,51.31
Capital Work-in-Progress and Advances for Capital Expenditure		<u>9,26.50</u>		<u>67,49.38</u>
			173,47.21	164,00.69
Pre-Operative Expenses Pending Allocation/ Capitalisation	5		—	3,56.03
Investments	6		145,21.03	150,15.48
Deferred Tax Asset (Net)	7		7,60.40	4,92.62
Current Assets, Loans and Advances				
Inventories	8	75,84.49		78,41.77
Sundry Debtors	9	7,51.14		17,73.93
Cash and Bank Balances	10	89,20.81		57,41.84
Interest Accrued on Investments/Deposits		4,24.04		5,46.98
Loans and Advances	11	<u>135,09.14</u>		<u>103,20.20</u>
		<u>311,89.62</u>		<u>262,24.72</u>
<i>Less:</i>				
Current Liabilities and Provisions				
Liabilities	12	284,19.00		221,01.90
Provisions	13	<u>68,92.49</u>		<u>97,70.45</u>
		<u>353,11.49</u>		<u>318,72.35</u>
Net Current Assets			<u>(41,21.87)</u>	<u>(56,47.63)</u>
Total			<u><u>285,06.77</u></u>	<u><u>266,17.19</u></u>

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

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, April 26, 2006

For and on behalf of the Board
Vice-Chairman **R. A. Shah**
Managing Director **G. D. Dalziel**
Whole-time Director &
Chief Financial Officer **M. A. Elias**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, April 26, 2006

Consolidated Profit and Loss Account for the Year ended March 31, 2006

	Schedule	Rs. Lacs	Rs. Lacs	2004 - 2005 Rs. Lacs
Income				
Sales		1,219,25.68		1,075,76.48
Less: Excise Duty		<u>93,31.85</u>		<u>108,31.36</u>
			1,125,93.83	967,45.12
Other Income	14		<u>27,24.32</u>	<u>31,93.94</u>
			<u>1,153,18.15</u>	<u>999,39.06</u>
Expenditure				
Cost of Goods Sold	15	494,30.61		471,17.17
Employee Costs	16	89,61.30		77,06.17
Other Expenses	17	335,24.52		248,52.03
Depreciation/Amortisation/Impairment	4	<u>43,29.56</u>		<u>25,27.08</u>
			<u>962,45.99</u>	<u>822,02.45</u>
Profit before Taxation			<u>190,72.16</u>	<u>177,36.61</u>
Current Tax		47,36.20		69,41.53
Deferred Tax		(2,67.78)		(4,47.68)
Fringe Benefit Tax		<u>6,00.00</u>		<u>-</u>
			<u>50,68.42</u>	<u>64,93.85</u>
Profit after Taxation			<u>140,03.74</u>	<u>112,42.76</u>
Balance Brought Forward			<u>28,50.30</u>	<u>35,23.56</u>
Profit Available for Appropriation			<u>168,54.04</u>	<u>147,66.32</u>
Appropriation :				
First Interim Dividend			3,739.80	20,39.89
Second Interim Dividend			40,79.78	54,39.71
Third Interim Dividend			23,79.87	20,39.89
Dividend Tax			14,30.47	12,63.59
Transfer to General Reserve			13,75.98	11,32.94
Balance Carried Forward			<u>38,48.14</u>	<u>28,50.30</u>
			<u>168,54.04</u>	<u>147,66.32</u>
Earnings per Equity Share (Rupees) (Face value of Rs. 10 per equity share)				
Basic and Diluted (Refer Note 4 on Schedule 24)			10.30	8.27

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

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, April 26, 2006

For and on behalf of the Board

Vice-Chairman	R. A. Shah
Managing Director	G. D. Dalziel
Whole-time Director & Chief Financial Officer	M. A. Elias
Whole-time Director & Company Secretary	K. V. Vaidyanathan

Mumbai, April 26, 2006

Consolidated Cash Flow Statement for the year ended March 31, 2006

	2005-2006 Rs. Lacs	2004-2005 Rs. Lacs
Cash flow from Operating Activities :		
Net Profit before Tax	190,72.16	177,36.61
Adjustment for :		
Unrealised Foreign Exchange Loss (Net)	48.76	77.37
Depreciation/Amortisation/Impairment	43,29.56	25,27.08
Interest Expense	66.02	1,72.06
(Profit)/Loss on Sale of Fixed Assets (Net)	(8,42.33)	(1,58.12)
Interest Income	(14,76.24)	(24,37.56)
Gain on Prepayment of Sales Tax Deferral Liability	-	(13.33)
Loss/(Profit) on Sale of Investments	7.33	23.01
Operating Profit before Working Capital Changes	212,05.26	179,27.12
Adjustment for (Increase)/Decrease in Working Capital :		
Inventories	2,57.28	(12,50.47)
Sundry Debtors	10,22.79	15,43.05
Loans and Advances	(8,83.54)	(4,99.89)
Current Liabilities and Provisions	40,38.66	16,71.54
Cash Generated from Operations	256,40.45	193,91.35
Direct Taxes Paid (Net)	(68,62.55)	(72,75.40)
Net Cash from /(used in) Operating Activities	187,77.90	121,15.95
Cash Flow from Investing Activities :		
Purchase of Fixed Assets/Pre-Operative Expenses	(50,15.11)	(80,91.47)
Sale of Fixed Assets	9,37.39	5,89.68
(Purchase)/Sale of Investments	4,87.12	(45,12.33)
Inter-Corporate Deposits (Placed)/Refunded (Net)	(15,46.00)	11,61.00
Interest Received	15,99.18	23,54.53
Net Cash from /(used in) Investing Activities	(35,37.42)	(84,98.59)
Cash Flow from Financing Activities :		
Long Term Loans Availed/(Paid) (Net)	(4,84.24)	(4,22.13)
Sales Tax Deferral (Paid)/Availed (Net)	-	13.33
Interest Paid	(66.02)	(1,72.06)
Dividend Paid	(97,94.69)	(91,42.58)
Dividend Tax Paid	(17,16.56)	(11,95.30)
Net Cash from /(used in) Financing Activities	(120,61.51)	(109,18.74)
Net Increase in Cash and Cash Equivalents	31,78.97	(73,01.38)
Cash and Cash Equivalents at the beginning of the year	57,41.84	130,43.22
Cash and Cash Equivalents at the end of the year	89,20.81	57,41.84
	As at March 31, 2006 Rs. Lacs	As at March 31, 2005 Rs. Lacs
Cash and Cash Equivalents comprise :		
Cash and Cheques on Hand	0.28	0.42
Balances with Scheduled Banks in		
– Current Accounts	29,82.34	13,07.65
– Deposit Accounts	30,21.04	39,61.27
– Unpaid Dividend Accounts	29,17.15	4,72.50
Cash and Cash Equivalents as at the end of the year	89,20.81	57,41.84

Notes :

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

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, April 26, 2006

For and on behalf of the Board

Vice-Chairman	R. A. Shah
Managing Director	G. D. Dalziel
Whole-time Director & Chief Financial Officer	M. A. Elias
Whole-time Director & Company Secretary	K. V. Vaidyanathan

Mumbai, April 26, 2006

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2006

	Rs. Lacs	As at March 31, 2006 Rs. Lacs	As at March 31, 2005 Rs. Lacs
Schedule 1 : Share Capital			
Authorised			
13,70,00,000 Equity Shares of Rs. 10 each		137,00.00	137,00.00
Issued, Subscribed and Paid-up			
13,59,92,817 Equity Shares of Rs. 10 each fully paid		<u>135,99.28</u>	<u>135,99.28</u>
Of the above :			
(i) 5,44,76,910 Shares (Previous Year : 6,93,56,336) are held by Colgate-Palmolive Company, U.S.A., the Ultimate Holding Company.			
(ii) 1,48,79,426 Shares (Previous Year : Nil) are held by Colgate-Palmolive (Asia) Pte Ltd., Subsidiary of the Ultimate Holding Company.			
(iii) 11,18,85,735 Shares of Rs. 10 each were allotted as fully paid Bonus Shares by capitalisation of General Reserves and Share Premium.			
Schedule 2 : Reserves and Surplus			
Capital Reserve			
Consideration for vacating rented godown	6.50		6.50
Special Capital Incentive from State Government	<u>20.00</u>		<u>20.00</u>
		26.50	26.50
Share Premium Account		12,79.93	12,79.93
General Reserve			
Balance, beginning of the year	79,41.42		68,08.48
Add : Transfer from Profit and Loss Account	<u>13,75.98</u>		<u>11,32.94</u>
		93,17.40	79,41.42
Profit and Loss Account Balance		<u>38,48.14</u>	<u>28,50.30</u>
		<u>144,71.97</u>	<u>120,98.15</u>
Schedule 3 : Loan Funds			
Secured Loans			
Bank Loan		-	5,21.88
(Secured against a first charge of fixed and current assets, inventories, receivables and mortgage over all properties of Colgate-Palmolive (Nepal) Private Limited at Hetauda Industrial District.)			
Unsecured Loans			
Loans		4,35.52	3,97.88
		<u>4,35.52</u>	<u>9,19.76</u>

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2006

	As at March 31, 2006 Rs. Lacs	As at March 31, 2005 Rs. Lacs
Schedule 6 : Investments		
(Refer Note 5 on Schedule 18)		
(At Cost - Long Term, Unquoted, unless otherwise stated)		
A. Other Investments (Listed but not quoted) (Non-Trade)		
5.20% (Tax Free) Secured, Redeemable, Non-Convertible Railway Bonds of Indian Railway Finance Corporation Limited (Series 44th 'A') of the face value of Rs. 20,00 Lacs.	20,00.00	20,00.00
6.15% (Taxable) National Textile Corporation Bonds of the face value of Rs. 10,00 Lacs.	10,00.00	10,00.00
5.25% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4D) of the face value of Rs. 10,00 Lacs.	10,00.00	10,00.00
8.75% (Tax-Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Ltd. (Series 5A) of the face value of Rs. 5,00 Lacs.	-	5,00.00
5.10% (Tax Free) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 4A) of the face value of Rs. 15,00 Lacs.	15,00.00	15,00.00
6.35% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Konkan Railway Corporation Limited (Series 7A) of the face value of Rs. 20,00 Lacs.	20,00.00	20,00.00
7.80% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Indian Railways Finance Corporation Limited (Series 36) of the face value of Rs. 15,00 Lacs.	15,00.00	15,00.00
5.75% (Taxable) Unsecured, Redeemable, Non-Convertible Bonds of National Bank for Agriculture and Rural Development (Series 2) of the face value of Rs. 20,00 Lacs.	19,44.02	19,60.25
6.70% (Taxable) Unsecured, Redeemable, Non-Convertible, Non-priority Sector Bonds of Hudco-Bonds (Series - 13) of the face value of Rs. 10,00 Lacs.	9,98.17	9,98.17
9.25% (Tax Free) Secured, Redeemable, Non-Convertible Bonds of Hudco-Gujarat Punarnirman (Series -1C) of face value Rs. 9,50 Lacs.	9,59.00	9,59.00
	<u>129,01.19</u>	<u>134,17.42</u>
B. Other Investments (Listed and quoted) (Non-Trade)		
6.75% Tax Free Bonds of Unit Trust of India of the face value of Rs. 10,71.48 Lacs (Previous Year : Rs. 10,50.20 Lacs) [Market Value Rs. 10,82.19 Lacs (Previous Year : Rs. 10,99.25 Lacs)]	10,88.33	10,66.55
6.60% Tax Free Bonds of Unit Trust of India of the face value of Rs. 5,00 Lacs [Market Value Rs. 5,03.75 Lacs (Previous Year : Rs. 5,16.75 Lacs)]	5,31.51	5,31.51
	<u>16,19.84</u>	<u>15,98.06</u>
	<u>145,21.03</u>	<u>150,15.48</u>
Aggregate book value of Investments :		
Unquoted	129,01.19	134,17.42
Listed and quoted - Market Value Rs. 15,85.94 Lacs (Previous Year : Rs. 16,16.00 Lacs)	16,19.84	15,98.06
	<u>145,21.03</u>	<u>150,15.48</u>

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2006

	As at March 31, 2006 Rs. Lacs	As at March 31, 2005 Rs. Lacs
Schedule 7 : Deferred Tax Assets/(Liability) (Refer Note 10 on Schedule 18)		
Timing Difference between book and tax depreciation	(10,65.79)	(8,49.58)
Voluntary Retirement Scheme allowable over a period of five years in Income Tax	1,70.01	2,76.16
Accrual for expenses allowable only on payment	<u>16,56.18</u>	<u>10,66.04</u>
	<u>7,60.40</u>	<u>4,92.62</u>
Schedule 8 : Inventories (Refer Note 6 on Schedule 18)		
Stores and Spares	2,43.29	2,19.80
Raw and Packing Materials	15,54.84	10,74.87
Work-in-Process	2,86.28	3,00.80
Finished Goods	<u>55,00.08</u>	<u>62,46.30</u>
	<u>75,84.49</u>	<u>78,41.77</u>
Schedule 9 : Sundry Debtors		
Unsecured : Considered Good		
Over Six Months	-	-
Others	<u>7,51.14</u>	<u>17,73.93</u>
	<u>7,51.14</u>	<u>17,73.93</u>
Schedule 10 : Cash and Bank Balances		
Cash on hand	0.28	0.42
Balances with Scheduled Banks :		
- Current Accounts	29,82.34	13,07.65
- Deposit Accounts	30,21.04	39,61.27
- Unclaimed Dividend Accounts	<u>29,17.15</u>	<u>4,72.50</u>
	<u>89,20.81</u>	<u>57,41.84</u>
Schedule 11 : Loans and Advances		
Secured :		
Loans to Employees	3,42.05	3,26.22
Unsecured : Considered Good		
Inter-Corporate Deposits	69,29.00	53,83.00
Advances Recoverable in Cash or in Kind or for Value to be Received	26,66.19	16,83.07
Advance Tax (net of Provision for Taxation)	7,59.40	-
Balances with Excise Authorities	7,56.20	15,41.52
Deposits - Others	<u>20,56.30</u>	<u>13,86.39</u>
	<u>135,09.14</u>	<u>103,20.20</u>
Schedule 12 : Liabilities		
Acceptances	29,12.64	39,00.16
Sundry Creditors	215,15.72	169,39.53
Unclaimed Dividends	29,17.15	4,72.50
Other Liabilities	<u>10,73.49</u>	<u>7,89.71</u>
	<u>284,19.00</u>	<u>221,01.90</u>
Schedule 13 : Provisions		
Taxation (net of advance tax payments)	-	2,89.25
Fringe Benefit Taxation (net of advance tax payments)	2,10.00	-
Third Interim Dividend	-	20,39.89
Dividend Tax	-	2,86.09
Retirement/Employee Benefits (Refer Note 8 on Schedule 18)	8,27.43	5,72.77
Others/Contingencies (Refer Note 7 on Schedule 18 and Schedule 20)	<u>58,55.06</u>	<u>65,82.45</u>
	<u>68,92.49</u>	<u>97,70.45</u>
	<u>353,11.49</u>	<u>318,72.35</u>

Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2006

	Rs. Lacs	2005-2006 Rs. Lacs	2004-2005 Rs. Lacs
Schedule 14 : Other Income			
Interest			
– On Bank Deposits		1,45.33	4,50.26
– On Long Term Investments		9,29.82	8,34.64
– Others		4,01.09	11,52.66
Cash Discount		1,18.08	1,02.17
Gain on pre-payment of Sales-Tax Deferral Liability		–	13.33
Provision no longer required written back		–	2,50.00
Rental Income		71.46	64.73
Bad Debts Recovered		49.14	25.30
Profit on Sale of Assets (Net)		8,42.33	1,58.12
Miscellaneous		1,67.07	1,42.73
		<u>27,24.32</u>	<u>31,93.94</u>
Schedule 15 : Cost of Goods Sold			
Opening Stock			
Work-in-Process	3,00.80		1,32.14
Finished Goods	<u>62,46.30</u>		<u>51,08.41</u>
		65,47.10	52,40.55
Raw and Packing Materials Consumed			
Opening Stock	10,74.87		11,48.06
Add: Purchases			
[Net of transfer of Rs. 11,73.95 Lacs (Previous Year : Rs. 12,81.42 Lacs)]	<u>232,40.75</u>		<u>148,92.76</u>
	243,15.62		160,40.82
Less: Closing Stock	<u>15,54.84</u>		<u>10,74.87</u>
		<u>227,60.78</u>	<u>149,65.95</u>
		293,07.88	202,06.50
Purchased Finished Goods		262,44.84	331,84.08
Less: Closing Stock			
Work-in-Process	2,86.28		3,00.80
Finished Goods	<u>55,00.08</u>		<u>62,46.30</u>
		57,86.36	65,47.10
Increase/(Decrease) in Excise Duty on Finished Goods		<u>(3,35.75)</u>	<u>2,73.69</u>
		<u>494,30.61</u>	<u>471,17.17</u>
Schedule 16 : Employee Costs*			
Salaries, Wages and Bonus [includes Rs. 1,48.46 Lacs (Previous Year Rs. 6,38.65 Lacs) incurred towards Voluntary Retirement Scheme]		76,53.23	67,93.77
Contribution to Provident, Gratuity and Other Funds		9,29.08	5,45.87
Staff Welfare Expenses		3,78.99	3,66.53
		<u>89,61.30</u>	<u>77,06.17</u>
* net of recoveries			

Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2006

	2005-2006	2004-2005
	Rs. Lacs	Rs. Lacs
Schedule 17 : Other Expenses		
Consumption of Stores and Spares	3,98.35	3,16.59
Processing Charges	41.41	57.67
Power and Fuel	7,12.09	4,37.50
Freight and Forwarding Charges	24,84.07	16,53.38
Rent	3,88.52	4,25.02
Rates and Taxes	77.46	3,38.65
Insurance	1,61.85	1,76.98
Repairs		
– Plant and Machinery	7,04.15	4,19.27
– Buildings	47.29	50.43
– Others	59.82	76.74
	<u>8,11.26</u>	<u>5,46.44</u>
Advertising and Sales Promotion	198,17.93	138,02.05
Directors' Fees	12.40	11.40
Sales Taxes absorbed	27.34	3,81.34
Royalty	25,25.14	13,01.24
Exchange Loss (Net)	52.98	53.00
Bad Debts Written Off	33.14	1,27.50
Loss on Sale of Long Term Investment	7.33	23.01
Interest	66.02	1,72.06
Miscellaneous Expenses	59,07.23	50,28.20
	<u>335,24.52</u>	<u>248,52.03</u>

Notes forming part of the Consolidated Balance Sheet as at March 31, 2006 and Consolidated Profit and Loss Account for the year ended March 31, 2006

Schedule 18 : Significant Accounting Policies

1. Basis of Accounting

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

2. Principles of Consolidation

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

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

Notes forming part of the Consolidated Balance Sheet as at March 31, 2006 and Consolidated Profit and Loss Account for the year ended March 31, 2006

- The subsidiaries considered in the consolidated financial statements are:

	Country of Incorporation	% voting power held as at March 31, 2006	% voting power held as at March 31, 2005
Colgate-Palmolive (Nepal) Private Limited	Nepal	100	100
Passion Trading & Investments Company Limited*	India	100	100
Multimint Leasing & Finance Limited*	India	100	100
Jigs Investments Limited*	India	100	100

*Refer Note 1 on Schedule 24

3. Fixed Assets

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

Intangible Assets

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

Tangible Assets

Leasehold land is being amortised over the period of lease.

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

Assets	Useful Lives
Residential and Office Building *	40 Years
Factory Building *	20 Years
Plant and Machinery	7 Years to 21 Years
Dies and Moulds	3 Years
Furniture and Fixtures	5 Years
Office Equipment	5 Years
Computers	5 Years
Vehicles	5 Years

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

The useful lives of the assets are based on technical estimates approved by the Management, and are lower than the implied useful lives arrived on the basis of the rates prescribed under Schedule XIV to the Companies Act, 1956 of India. Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition (Refer Note 3 on Schedule 24).

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).

Pre-Operative Expenses

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

Notes forming part of the Consolidated Balance Sheet as at March 31, 2006 and Consolidated Profit and Loss Account for the year ended March 31, 2006

4. Revenue Recognition

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

5. Investments

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

6. Inventories

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

7. Provisions and Contingent Liabilities

Provisions are recognised when the Group has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the Group has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

8. Expenditure

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

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

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

9. Foreign Currency Transactions

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

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

10. Taxation

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

Notes forming part of the Consolidated Balance Sheet as at March 31, 2006 and Consolidated Profit and Loss Account for the year ended March 31, 2006

Schedule 19 : Contingencies and Commitments

	2005-2006 Rs. Lacs	2004-2005 Rs. Lacs
1. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances]	7,00.06	21,38.25
2. Contingent liabilities not provided for in respect of : (Refer Note 7 on Schedule 18)		
(i) Guarantees given by the Group	14,20.00	5,20.90
(ii) Counter Guarantees given to the Banks	2,24.79	68.81
(iii) Cheques Discounted with Banks	18,33.13	39,00.16
(iv) Unexpired Letters of Credit	4.26	1,33.61
(v) Claims against the Group not acknowledged as debts	36.01	1,41.00
(vi) Others		
– Excise Matters	3,00.20	2,13.52
– Income Tax Matters	48.60	35.03

Note :

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

Schedule 20 : Others/Contingencies

	Commercial/ Vendors (Refer Note 1 below)	Direct/ Indirect Taxes (Refer Note 2 below)	Rs. Lacs Total
Opening Balance	18,88.67	46,93.78	65,82.45
Add : Additional provision made	–	12,31.02	12,31.02
Provision Reversed	(4,27.79)	(15,30.62)	(19,58.41)
Closing Balance	14,60.88	43,94.18	58,55.06

Notes :

1. Commercial/Vendors

Represents estimates made for probable liabilities/claims arising out of commercial transaction with vendors. Further information usually required by Accounting Standard 29 - Provisions, Contingent Liabilities and Assets is not disclosed since the same can be prejudicial to the interests of the Group.

2. Direct/Indirect Taxes

Represents estimates made for probable liabilities arising out of pending disputes/litigations with various tax authorities. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the Group under the law and hence the Group is not able to reasonably ascertain the timing of the outflow.

Notes forming part of the Consolidated Balance Sheet as at March 31, 2006 and Consolidated Profit and Loss Account for the year ended March 31, 2006

Schedule 21 : Disclosure of Related Parties

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

- | | | |
|--|---|--|
| i) Ultimate Holding Company | : | Colgate-Palmolive Company, U.S.A. |
| ii) Group Companies where common control exists | : | Colgate-Palmolive (Malaysia) Mktg. SDN BHD |
| | : | Colgate-Palmolive, Poland Sp.z.o.o |
| | : | Colgate-Palmolive, Philippines, Inc. |
| | : | Colgate-Palmolive, East Africa Ltd., Kenya |
| | : | Colgate-Palmolive, Marocco Limited |
| | : | Colgate-Palmolive Pty Ltd., South Africa |
| | : | Colgate-Palmolive Pty Ltd., Australia |
| | : | Colgate-Palmolive (Thailand) Ltd. |
| | : | Colgate-Palmolive (H.K.) Ltd., Hong Kong |
| | : | Colgate-Palmolive Management Services (H.K.) Limited |
| | : | Colgate-Palmolive (Guangzhou) Co. Ltd., China |
| | : | Colgate-Palmolive Son Hai Ltd., Vietnam |
| | : | Colgate Sanxiao (Consumer Products) Company Limited |
| | : | Colgate-Palmolive (Png) Limited |
| | : | Hawley & Hazel Chemical Company (H.K.) Limited |
| | : | Colgate Oral Pharmaceuticals, Inc. |
| | : | Colgate-Palmolive, Temizlik, Urunleri, Turkey |
| | : | Colgate-Palmolive Cameroun S.A. |
| | : | Colgate-Palmolive Romania srl. |
| | : | Colgate-Palmolive (Mexico) S.A. de C.V. |
| | : | CP Global Export - France |
| | : | Colgate-Palmolive (Fiji) Limited |
| | : | Colgate-Palmolive Company Puerto Rico |
| | : | Colgate-Palmolive Senegal - N.S.O.A. |
| | : | Colgate-Palmolive (E) Pte Ltd. |
| | : | Colgate-Palmolive (Gulf States) Ltd. |
| | : | Colgate-Palmolive (Egypt) S.A.E. |
| | : | Colgate-Palmolive Industria E Commercio Ltda, Brazil |
| | : | Colgate-Palmolive Arabia Ltd. |
| | : | Colgate-Palmolive Compania, Colombia |
| | : | Colgate-Palmolive (Asia) Pte. Ltd. Singapore |
| | : | Colgate-Palmolive Compania Anonima, Caracas |
| | : | Colgate-Palmolive (Pakistan) Ltd. |
| | : | Colgate-Palmolive (Burlington) Limited |
| | : | Colgate-Palmolive (Middle East Exports) Ltd. |
| | : | Colgate-Palmolive Mozambique, LDA |
| iii) Key Management Personnel | : | Graeme Dalziel |
| | : | Moses Elias |
| | : | K. V. Vaidyanathan |
| | : | Vinay Hegde (effective from September 1, 2005) |
| iv) Relatives of Key Management Personnel | : | Mrs. Pratima Elias |

Notes forming part of the Consolidated Balance Sheet as at March 31, 2006 and Consolidated Profit and Loss Account for the year ended March 31, 2006

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

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

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Total	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Purchase of Goods/Materials										
Colgate-Palmolive Company, U.S.A.	0.27	2.53	-	-	-	-	-	-	0.27	2.53
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	85.74	90.90	-	-	-	-	85.74	90.90
Colgate Sanxiao (Consumer Products) Company Limited	-	-	1,45.03	3,26.76	-	-	-	-	1,45.03	3,26.76
Colgate-Palmolive (Thailand) Ltd.	-	-	1,43.14	1,63.29	-	-	-	-	1,43.14	1,63.29
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	1,26.49	2.15	-	-	-	-	1,26.49	2.15
Others	-	-	70.53	87.13	-	-	-	-	70.53	87.13
Sub-Total	0.27	2.53	5,70.93	6,70.23	-	-	-	-	5,71.20	6,72.76
Sale of Goods										
Colgate-Palmolive Cameroun S.A.	-	-	9.14	67.40	-	-	-	-	9.14	67.40
C P Global Export - France	-	-	32.94	53.54	-	-	-	-	32.94	53.54
Colgate-Palmolive, Morocco Limited	-	-	34.11	33.57	-	-	-	-	34.11	33.57
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	14.33	58.23	-	-	-	-	14.33	58.23
Colgate-Palmolive Romania srl.	-	-	50.86	36.49	-	-	-	-	50.86	36.49
Others	-	-	86.47	80.45	-	-	-	-	86.47	80.45
Sub-Total	-	-	2,27.85	3,29.68	-	-	-	-	2,27.85	3,29.68
Purchase of Assets/Spares										
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	7,45.48	-	-	-	-	-	7,45.48	-
Others	-	-	45.30	-	-	-	-	-	45.30	-
Sub-Total	-	-	7,90.78	-	-	-	-	-	7,90.78	-
Sale of Assets										
Colgate-Palmolive, East Africa Ltd., Kenya	-	-	-	23.98	-	-	-	-	-	23.98
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	58.75	61.11	-	-	-	-	58.75	61.11
Others	-	-	-	7.28	-	-	-	-	-	7.28
Sub-Total	-	-	58.75	92.37	-	-	-	-	58.75	92.37
Services Rendered										
Colgate-Palmolive Company, U.S.A.	20,59.28	6,17.44	-	-	-	-	-	-	20,59.28	6,17.44
Sub-Total	20,59.28	6,17.44	-	-	-	-	-	-	20,59.28	6,17.44
Services Received										
Colgate-Palmolive Company, U.S.A.	11,68.58	15,77.23	-	-	-	-	-	-	11,68.58	15,77.23
Colgate-Palmolive Management Services (H.K.) Limited	-	-	5,59.90	-	-	-	-	-	5,59.90	-
Sub-Total	11,68.58	15,77.23	5,59.90	-	-	-	-	-	17,28.48	1,577.23
Reimbursement of Expenses Receivable/(Payable)										
Colgate-Palmolive Company, U.S.A.	(5,48.98)	(60.37)	-	-	-	-	-	-	(5,48.98)	(60.37)
Others	-	-	32.32	(12.31)	-	-	-	-	32.32	(12.31)
Sub-Total	(5,48.98)	(60.37)	32.32	(12.31)	-	-	-	-	(5,16.66)	(72.68)

Rs. Lacs

Notes forming part of the Consolidated Balance Sheet as at March 31, 2006 and Consolidated Profit and Loss Account for the year ended March 31, 2006

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

Rs. Lacs

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Parties referred to in (iv) above		Total	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Others - Payable	38.55	35.01	-	-	-	-	-	-	38.55	35.01
Colgate-Palmolive Company, U.S.A.	-	35.01	-	-	-	-	-	-	-	35.01
Colgate-Palmolive (Malaysia) Mktg. SDN BHD	-	-	10.61	0.35	-	-	-	-	10.61	0.35
Others	-	-	13.48	5.56	-	-	-	-	13.48	5.56
Sub-Total	38.55	35.01	24.09	5.91	-	-	-	-	62.64	40.92
Dividend Paid/Proposed	44,94.95	48,54.94	-	-	-	-	-	-	44,94.95	48,54.94
Colgate-Palmolive Company, U.S.A.	-	48,54.94	-	-	-	-	-	-	-	48,54.94
Colgate-Palmolive (Asia) Pte Ltd., Singapore	-	-	7,06.77	-	-	-	-	-	7,06.77	-
Sub-Total	44,94.95	48,54.94	7,06.77	-	-	-	-	-	52,01.72	48,54.94
Royalty and Technical Fees	23,18.19	13,75.88	-	-	-	-	-	-	23,18.19	13,75.88
Colgate-Palmolive Company, U.S.A.	-	13,75.88	-	-	-	-	-	-	-	13,75.88
Sub-Total	23,18.19	13,75.88	-	-	-	-	-	-	23,18.19	13,75.88
Advances given during the year (Net)	-	-	-	5,04.62	-	-	-	-	-	5,04.62
Colgate-Palmolive (Guangzhou) Co. Ltd., China	-	-	-	2,55.22	-	-	-	-	-	2,55.22
Colgate-Palmolive (H.K.) Ltd., Hong Kong	-	-	-	7,59.84	-	-	-	-	-	7,59.84
Sub-Total	-	-	-	12,644.68	-	-	-	-	-	12,644.68
Remuneration	-	-	-	-	8,70.94	4,92.35	-	-	8,70.94	4,92.35
Sub-Total	-	-	-	-	8,70.94	4,92.35	-	-	8,70.94	4,92.35
Dividend	-	-	-	-	0.09	0.09	0.25	0.23	0.34	0.32
Sub-Total	-	-	-	-	0.09	0.09	0.25	0.23	0.34	0.32
Repayment of Loan	-	-	-	-	1.41	1.20	-	-	1.41	1.20
Sub-Total	-	-	-	-	1.41	1.20	-	-	1.41	1.20
Interest on Loan received	-	-	-	-	0.83	0.86	-	-	0.83	0.86
Sub-Total	-	-	-	-	0.83	0.86	-	-	0.83	0.86
Outstanding Receivable net of Payable	-	-	68.38	1,49.87	27.16	28.57	-	-	95.54	1,78.44
Outstanding Payable net of Receivable	10,72.53	17,05.79	11,18.04	7,38.44	-	-	-	-	21,90.57	24,44.23

Notes forming part of the Consolidated Balance Sheet as at March 31, 2006 and Consolidated Profit and Loss Account for the year ended March 31, 2006

	2005-2006 Rs. Lacs	2004-2005 Rs. Lacs
Schedule 22 : Lease Accounting		
1. The Company has leased vehicles and computer equipments under "Operating Leases". The lease payments to be made in future in respect of the leases are as follows :-		
Upto 1 year	3,92.54	3,36.10
Greater than 1 year but less than 5 years	4,75.75	4,28.13
Greater than 5 years	-	-
2. Lease payments (net of recoveries) recognised in Profit and Loss Account are included in "Miscellaneous" under Other Expenses in Schedule 17	3,65.83	3,38.57

Schedule 23 : Segment Information

- In accordance with the requirements of Accounting Standard-17, Segment Reporting issued by the Institute of Chartered Accountants of India, the Group's Business Segment is "Personal Care (including Oral Care)" and hence it has no other primary reportable segments.
Thus the Segment revenue, Segment result, total carrying amount of Segment assets and Segment liability, total cost incurred to acquire Segment assets, total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2006.
- Information about Secondary Business Segments

	India		Outside India		Total	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Revenue by geographical segment						
External	1,117,92.91	946,80.62	8,00.92	20,64.50	1,125,93.83	967,45.12
Internal Segment	-	-	-	-	-	-
Total	1,117,92.91	946,80.62	8,00.92	20,64.50	1,125,93.83	967,45.12
Carrying amount of segment assets	623,34.14	553,02.42	14,84.12	31,87.12	638,18.26	584,89.54
Capital Expenditure	49,34.62	76,91.54	29.51	43.90	49,64.13	77,35.44

Schedule 24 : Supplementary Information

- The wholly-owned subsidiaries Multimint Leasing & Finance Limited, Passion Trading & Investment Company Limited and Jigs Investments Limited are defunct companies. The Company has opted to comply with the simplified exit scheme introduced by the Government for removal of names of defunct companies from the records maintained by the Registrar of Companies. The Company has made an application dated December 26, 2003 to the Registrar of Companies to strike off the names of the aforesaid subsidiaries from the Register of Companies.
- The financial statements of the subsidiaries have been audited by firms other than Price Waterhouse.
- During the year, the Company has revised the estimated useful lives of Research and Analytical equipments to 7 years from 9 years - 21 years. Consequently, the depreciation charged to Profit and Loss Account is higher by Rs. 4,77.54 Lacs with the corresponding reduction in Profit before Taxation for the year.
- | | | |
|--|--------------|--------------|
| Earnings per share | 2005-2006 | 2004-2005 |
| Profit After Taxation (Rs. Lacs) | 140,03.74 | 112,42.76 |
| Weighted average number of shares (Nos.) | 13,59,92,817 | 13,59,92,817 |
| Nominal Values of shares outstanding (Rs.) | 10.00 | 10.00 |
| Basic and Diluted Earnings Per Share (Rs.) | 10.30 | 8.27 |

5. Previous year's figures have been re-grouped and re-arranged wherever necessary.

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

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants
Mumbai, April 26, 2006

For and on behalf of the Board
Vice-Chairman **R. A. Shah**
Managing Director **G. D. Dalziel**
Whole-time Director &
Chief Financial Officer **M. A. Elias**
Whole-time Director &
Company Secretary **K. V. Vaidyanathan**
Mumbai, April 26, 2006