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Board of Directors

S. Peter Dam	Chairman
R. A. Shah	Vice-Chairman
P. K. Ghosh	Deputy Chairman
N. Jayaraman	Managing Director
M. A. Elias	Whole-time Director
K. V. Vaidyanathan	Whole-time Director
J. K. Setna	
T. C. T. Hsu	

Company Secretary

K. V. Vaidyanathan

Management Committee

R. Kohli	— R & D
P. K. Natrajan	— Manufacturing & Technology
A. Pande	— Information Technology
P. Richardson	— Manufacturing
V. Runganadhan	— Sales
U. Upendra	— Human Resources

Solicitors

Crawford Bayley & Co.

Auditors

Ford, Rhodes, Parks & Co.
Chartered Accountants

Registered Office

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

Factories

Sewri Fort Road, Mumbai 400 015
Waluj Industrial Area, MIDC, Aurangabad 431 133

Warehouses

Calcutta and Chennai

Registrars & Share Transfer Agents

Sharepro Services

TEN-YEAR HIGHLIGHTS

(Rs. Lacs)

	1989	1990-91*	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
A. Operating Results :										
Sales	272,61	404,33	420,92	494,70	601,97	681,46	850,11	960,60	1,019,73#	998,22#
Other Income	4,51	9,66	11,58	4,31	10,40	29,40	14,84	17,61	12,48#	16,31#
Total Income	277,12	413,99	432,50	499,01	612,37	710,86	864,95	978,21	1,032,21#	1,014,53#
Net Profit After Tax	25,06	43,41	41,05	48,36	58,80	71,79	76,30	78,92	80,07	45,67
Dividend Distributed	13,36	23,58	21,31	30,18	46,34	61,12	65,28	62,96@	44,88@	45,29@
Retained Earnings	11,70	19,83	19,74	18,18	12,46	10,67	11,02	15,96	35,19	38
Cash Profits	26,06	45,78	46,08	53,67	63,92	82,70	94,72	98,58	101,24	70,30
B. Financial Position :										
Fixed Assets (Net)	23,32	47,63	47,60	45,87	46,52	144,02	151,73	160,41	194,46	226,17
Current Assets (Net)	13,09	25,43	46,67	47,84	68,14	57,88	49,13	84,89	83,17	58,47
Others	23,68	7,72	2,38	21,95	81,66	30,69	43,68	16,89	20,51	14,23
TOTAL ASSETS	60,09	80,78	96,65	115,66	196,32	232,59	244,54	262,19	298,14	298,87
Share Capital	31,44	31,44	50,30	50,30	123,19	135,99	135,99	135,99	135,99	135,99
Reserves and Surplus	25,32	45,15	46,02	64,20	71,53	95,00	106,02	122,18	157,37	157,75
SHAREHOLDERS' FUNDS	56,76	76,59	96,32	114,50	194,72	230,99	242,01	258,17	293,36	293,74
Loan Funds	3,33	4,19	33	1,16	1,60	1,60	2,53	4,02	4,78	5,13
TOTAL CAPITAL EMPLOYED	60,09	80,78	96,65	115,66	196,32	232,59	244,54	262,19	298,14	298,87
C. Equity Share Data :										
Earnings Per Share (Rs.)**	1.84	2.55	3.02	3.56	4.32	5.28	5.61	5.80	5.89	3.36
Dividend Per Share (Rs.)**	0.98	1.39	1.57	2.22	3.41	4.49	4.80	4.50	3.00	3.00
Number of Shares (in lacs)	3,14	3,14	5,03	5,03	12,32	13,60	13,60	13,60	13,60	13,60
Number of Shareholders (in '000s)	57	76	88	106	132	195	229	235	238	241

* For 15 months

** Adjusted for Bonus/Rights issues

Restated

@ Including Dividend Tax

Notice

NOTICE is hereby given that the Fifty-eighth Annual General Meeting of COLGATE-PALMOLIVE (INDIA) LIMITED will be held at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai 400 056 on Thursday, September 23, 1999 at 3.30 p.m. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at March 31, 1999 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Mr. J. K. Setna who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. A. Elias who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ["the Act"] and subject to the approval of the Central Government, the approval of the Company be and is hereby accorded to the appointment of Mr. Derrick Samuel as Managing Director of the Company for a period of five years effective September 1, 1999 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Samuel, a copy whereof initialled 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. Samuel, 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. Samuel 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 authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable."

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 Section 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Arthur Andersen & Associates, Chartered Accountants, Mumbai be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in place of Messrs. Ford, Rhodes, Parks & Co., Chartered Accountants, the retiring Auditors of the Company, on such remuneration as may be fixed by the Board of Directors ["the Board"] of the Company.

RESOLVED further that the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution".

By Order of the Board

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

July 17, 1999

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

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. An Explanatory Statement under Section 173 of the Companies Act, 1956 in respect of items at 5 and 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 Wednesday, September 1, 1999 to Thursday, September 23, 1999 (both days inclusive).
4. The dividend, if declared at the forthcoming Annual General Meeting, will be payable on or about October 7, 1999 to those shareholders whose names are registered in the Register of Members of the Company as on September 23, 1999.
5. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company, Messrs. Sharepro Services, 912, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021.
6. Members are requested to notify immediately any change in their addresses to the Registrars and Share Transfer Agents of the Company at the above address.
7. With a view to providing protection against fraudulent encashment of dividend warrants, the members were requested in the past to provide their bank account numbers, names and addresses of the bank branches to enable the Company to incorporate the said details in the dividend warrants. Those members who have not yet provided such information are again requested to provide these details quoting their folio numbers to enable the Company to incorporate the same in the dividend warrants that may be issued in future. The shareholders will appreciate that the Company will not be responsible for any loss arising out of such fraudulent encashment of dividend warrants.
8. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Registrars and Share Transfer Agents of the Company enclosing their share certificates to enable them to consolidate their shareholding in one folio.
9. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the First Interim Dividend for 1995-96 paid by the Company on September 29, 1996 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount by submitting an application in Form No. II to the Office of the Registrar of Companies, Hakoba Compound, 2nd Floor, Dattaram Lad Marg, Kala Chowkie, Mumbai 400 033.
10. The trading in Company's shares through Stock Exchanges has been made compulsory in dematerialised / electronic form, effective April 5, 1999. In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the Company's shares.

Annexure to the Notice

Explanatory Statement under Section 173 of the Companies Act, 1956

Item 5

Consequent upon promotion of Mr. N. Jayaraman as Vice-President — Global Business Development Group of Colgate-Palmolive Co., USA at New York, effective January 1, 2000, the Board of Directors of the Company ["the Board"] at its meeting held on July 2, 1999 appointed Mr. Derrick Samuel as Managing Director of the Company for a period of five years effective September 1, 1999, subject to the approvals of the Central Government and shareholders of the Company. Presently Mr. Samuel is employed as Vice-President and Managing Director of Colgate's South Pacific Operations, which include Australia, New Zealand, Papua New Guinea and Fiji.

Mr. Samuel began his management career with Colgate in Zimbabwe in 1983. This was followed by a successful General Management assignment in Zambia where, in a challenging economic climate, he expanded the local operations by vertically integrating manufacturing and marketing locally developed products. He was then promoted to the position of General Manager, Colgate New Zealand, where he doubled the profits and took the Company's key brands in Oral Care, Dish Care and Detergents to market leadership positions. In his current South Pacific position, he has led significant volume growth in Australia by launching innovative new products and building strong retail trade partnerships. In under two years, the Australian business has grown market shares to the highest levels in several years. Under his direction, the balance of the South Pacific region has also delivered outstanding results.

Mr. Samuel's strong management skills, his expertise in developed and developing markets and his background in India make him well qualified to lead the Indian operations.

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

The remuneration payable to Mr. Samuel shall be determined by the Board from time to time within, however, the maximum limits set forth below:

a) Salary:

Upto Rs. 4,00,000/- 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. Commission may be payable pro-rata on a monthly basis at the absolute discretion of the Board.

c) Perquisites:

He shall be entitled to furnished / non-furnished accommodation, gas, electricity, water, medical reimbursement, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-tax Rules, 1962 being restricted to 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, once in a year by economy class or once in two years by first class.

iii) Leave Travel Concession:

For self and family to 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 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. Samuel 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. Samuel 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. Samuel 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 90 [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 5.

Item 6

The present Auditors of the Company, Messrs. Ford, Rhodes, Parks & Co., Chartered Accountants have expressed their unwillingness to be re-appointed as Auditors of the Company on their retirement at this Annual General Meeting. Messrs. Arthur Andersen & Associates, Chartered Accountants, by their letter dated July 16, 1999 have signified their consent to act as Auditors of the Company, if appointed, and to hold office as such from the conclusion of this meeting until the conclusion of the next Annual General Meeting. The letter dated July 16, 1999 received from Messrs. Arthur Andersen & Associates is open for inspection of the Members.

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

By Order of the Board

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

July 17, 1999

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, 1999.

Financial Results

(Rs. in Crores)

	1998-99	1997-98
Gross Sales	998.22	1,019.73
Sales (Net of Excise)	955.32	971.80
Other Income	16.31	12.47
Profit before Taxation	75.38	127.01
Provision for Taxation	29.71	46.94
Profit after Taxation	45.67	80.07
Balance Brought Forward	72.20	45.11
Profit Available for Appropriation	117.87	125.18
Appropriation:		
Dividends	40.80	40.80
Dividend Tax	4.49	4.08
General Reserve	4.57	8.10
Balance Carried Forward	68.01	72.20
	117.87	125.18

Business Performance

Economic growth for 1998 was lower than anticipated. This was primarily due to decline in agricultural production which had an impact on rural spending and affected demand for fast moving consumer goods. In this context, your Company recorded sales (net of excise) of Rs. 955 crores during the year as against Rs. 972 crores in the previous year. As indicated at the last Annual General Meeting, the Company's profitability for the year was impacted by the sustained high level of investments in strategic infrastructure, new product launches and brand building which were planned from a long term point of view.

Business Prospects

In a highly competitive market environment, it is necessary to respond with such products and services that will not only improve the quality of life but will also enhance your Company's market leadership in the Oral Care business. In this context, your Company has taken several steps to strengthen its market leadership which include:

a) New Products :

During the last financial year, your Company has successfully launched several technologically advanced Oral Care products which have been made available at affordable prices. All these products have been well received in the market and your Company is confident of achieving a reasonable growth. The products launched include:

- i) Colgate Double Protection – June 1998 – a clinically proven toothpaste to fight germs that cause tooth decay and bad breath.
- ii) Long Lasting Colgate Total – July 1998 – the complete toothpaste that provides oral protection round the clock and which has earned the Seal of Acceptance from the Indian Dental Association.
- iii) Colgate Sensation Whitening – January 1999 – a toothpaste with advanced whitening formula for whiter teeth, packed in a dazzling hologram foil pack, the first of its kind in India.
- iv) Colgate Herbal Tooth Powder – a tooth powder containing nature's own herbs like neem, tulsi, etc.
- v) Four new toothbrushes including Colgate Total toothbrush with unique triple bristles action and My First Colgate, designed in different configurations for the special needs of children.

During the first quarter of 1999-2000, your Company revitalised two major products – The Core brand Colgate Dental Cream with enriched Super Shakti that gives more power to fight germs better and longer and Palmolive Naturals soap competitively re-positioned in the popular segment.

b) Strategic Investments :

i) Nepal Project

The facility to manufacture toothpaste and tooth powder at Hetauda, Nepal was successfully commissioned in July 1998. The plant is now fully operational and has attained rated capacity utilisation, in June, 1999.

ii) Research Centre

The Research Centre established by your Company is operational since March 1999. This is expected to considerably increase the competitive strength of your Company, particularly in the Oral Care category, in launching innovative products faster to meet consumer needs with technologically sustainable and clearly perceived benefits.

iii) SAP Integrated Information System

Your Company has installed SAP Integrated Software, the leading Enterprise-wide Resource Planning System in July 1998. This system now covers manufacturing, purchase, sales, finance, distribution, etc. and it is expected to bring in beneficial results through process improvements and operational efficiency.

iv) Dicalcium Phosphate

Production of Dicalcium Phosphate, a key ingredient for toothpaste, has improved considerably since middle of 1998 and the capacity utilisation reached planned level since October 1998.

With these initiatives and anticipated revival of rural demand, your Company is now better positioned to aggressively pursue both market expansion and growth in market leadership in the evolving segments of the Oral Care market. Your Board is, therefore, confident that the Company will record a reasonable sales growth during the current year.

Dividend

Your Board has recommended a dividend of Rs. 3.00 per share for the year ended March 31, 1999, subject to the same being approved by shareholders at the forthcoming Annual General Meeting. If approved, the dividend will be payable on or about October 7, 1999 to those shareholders whose names are registered in the Register of Members of the Company as on September 23, 1999.

Y2K Compliance

The Company achieved Year 2000 (Y2K) compliance for all its internal systems as of March 1999. The cost to the Company of addressing the Y2K issue is estimated to be Rs. 4.5 crores. The Company is dependent on public utilities, banking, telecommunication, transport, etc. and is working with industry fora to ensure that they also become Y2K compliant at the earliest. The Company is in the process of preparing a contingency plan to reduce the risk of such external agencies not meeting the required status of Y2K readiness.