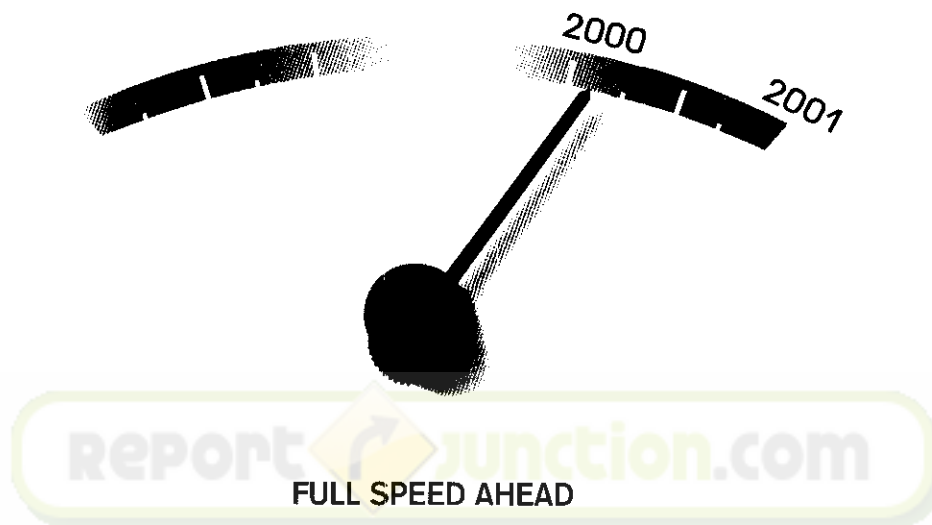




COLGATE-PALMOLIVE (INDIA) LIMITED



ANNUAL REPORT 1999-2000



COLGATE-PALMOLIVE (INDIA) LIMITED

Our Vision

To be the innovative leader with our brands everyday in every home.

Marketing Achievement

Once again, Colgate-Palmolive has reasserted its omnipresence in the Indian Consumer Products market, retaining its position as the No. 1 brand across categories for the 7th time in the past 8 years.

Highlights :

- Colgate maintains its position as the No. 1 brand in toothpastes, toothbrushes and tooth powder, while Palmolive also retains No. 1 position in the shaving cream category.
- Colgate-Palmolive brands are available in an astounding 25 lakh outlets across India. Eight lakh outlets are serviced directly every month, making our network one of the widest Personal Care Products distribution networks in the country.
- Colgate Dental Cream market share up by 2% per cent between April 1999 and March 2000.
- Market share of Colgate Tooth Powder has crossed 50% mark in March 2000.
- Colgate Toothbrushes recorded a volume growth of 20%. An innovative national consumer promotion - Dream 2000 was a great success.

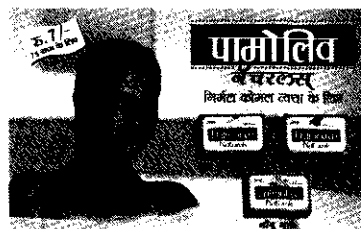
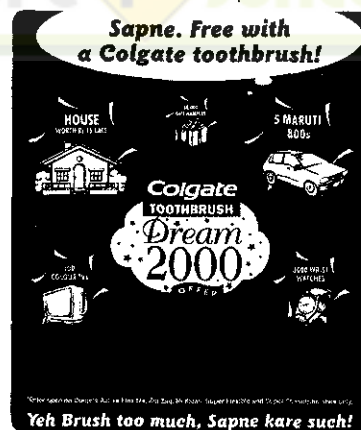
Stellar Performance

Our other well-known brands also achieved significant successes this year:

- Palmolive Soap was re-launched in February 2000 and the market response has been positive.
- Colgate Total continues to be the only toothpaste brand endorsed by the Indian Dental Association.

Marketing Investments

- Colgate-Palmolive invested a huge Rs.194 crore to further growth of their brands.





Board of Directors

S. Peter Dam	Chairman
R. A. Shah	Vice-Chairman
P. K. Ghosh	Deputy Chairman
D. Samuel	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

V. Hegde	Sales
V. Kaushik	Marketing
R. Kohli	R & D
P. K. Natrajan	Manufacturing & Technology
A. Pande	Information Technology
P. Richardson	Manufacturing
V. Runganadhan	New Geography
U. Upendra	Human Resources

Audit Committee

R. A. Shah
J. K. Setna
P. K. Ghosh

Shareholders'/ Investors' Grievance Committee

P. K. Ghosh
R. A. Shah
J. K. Setna
D. Samuel
K. V. Vaidyanathan

Solicitors

Crawford Bayley & Co.

Auditors

Arthur Andersen & Associates
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)

	1990-91*	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
A. Operating Results :										
Sales	404,33	420,92	494,70	601,97	681,46	850,11	960,60	1,019,73#	998,22#	1,121,20#
Other Income	9,66	11,58	4,31	10,40	29,40	14,84	17,61	12,48#	16,31#	15,17#
Total Income	413,99	432,50	499,01	612,37	710,86	864,95	978,21	1,032,21#	1,014,53#	1,136,37#
Net Profit After Tax	43,41	41,05	48,36	58,80	71,79	76,30	78,92	80,07	45,67	51,79
Dividend Distributed	23,58	21,31	30,18	46,34	61,12	65,28	62,96@	44,88@	45,29@	45,29@
Retained Earnings	19,83	19,74	18,18	12,46	10,67	11,02	15,96	35,19	38	6,50
Cash Profits	45,78	46,08	53,67	63,92	82,70	94,72	98,58	101,24	70,30	75,00
B. Financial Position :										
Fixed Assets (Net)	47,63	47,60	45,87	46,52	144,02	151,73	160,41	194,46	226,17	215,58
Current Assets (Net)	25,43	46,67	47,84	68,14	57,88	49,13	84,89	83,17	58,47	80,31
Others	7,72	2,38	21,95	81,66	30,69	43,68	16,89	20,51	14,23	11,08
TOTAL ASSETS	80,78	96,65	115,66	196,32	232,59	244,54	262,19	298,14	298,87	306,97
Share Capital	31,44	50,30	50,30	123,19	135,99	135,99	135,99	135,99	135,99	135,99
Reserves and Surplus	45,15	46,02	64,20	71,53	95,00	106,02	122,18	157,37	157,75	164,26
SHAREHOLDERS' FUNDS	76,59	96,32	114,50	194,72	230,99	242,01	258,17	293,36	293,74	300,25
Loan Funds	4,19	33	1,16	1,60	1,60	2,53	4,02	4,78	5,13	6,72
TOTAL CAPITAL EMPLOYED	80,78	96,65	115,66	196,32	232,59	244,54	262,19	298,14	298,87	306,97
C. Equity Share Data :										
Earnings Per Share (Rs.)**	2.55	3.02	3.56	4.32	5.28	5.61	5.80	5.89	3.36	3.81
Dividend Per Share (Rs.)**	1.39	1.57	2.22	3.41	4.49	4.80	4.50	3.00	3.00	3.00
Number of Shares (in lacs)	3,14	5,03	5,03	12,32	13,60	13,60	13,60	13,60	13,60	13,60
Number of Shareholders (in '000s)	76	88	106	132	195	229	235	238	241	230

* For 15 months

** Adjusted for Bonus/Rights issues

Restated

@ Including Dividend Tax

Notice

NOTICE is hereby given that the Fifty-ninth 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, August 10, 2000 at 3.30 p.m. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2000 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. K. V. Vaidyanathan who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. T.C.T. Hsu who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED that Mr. Vikram Kaushik be and is hereby appointed a Director of the Company.”

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment of Mr. Vikram Kaushik as a Whole-time Director of the Company for a period of five years, effective July 1, 2000 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Kaushik, a copy whereof initialled by the Managing Director 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 Companies Act, 1956”.

6. To appoint Auditors and to fix their remuneration.

By Order of the Board

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

June 15, 2000

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 4 and 5 to be transacted at the meeting is appended hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, July 25, 2000 to Thursday, August 10, 2000 (both days inclusive).



4. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company, Messrs. Sharepro Services, 912, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021.
5. 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.

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

Items 4 & 5

Mr. Vikram Kaushik joined the Company as Executive Vice-President-Marketing, effective November 29, 1999. He has been appointed an Additional Director by the Board of Directors of the Company (hereinafter referred to as "the Board") effective July 1, 2000. Pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as "the Act") he holds office only upto the date of the 59th 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. Kaushik 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. Kaushik's outstanding experience and accomplishments, the Board has appointed him as a Whole-time Director for a period of five years, effective July 1, 2000 subject to the approval of the Shareholders of the Company.

Mr. Kaushik, who brings 26 years of rich experience in the fields of sales and marketing, started his career with a well-known multinational company dealing in fast-moving consumer goods as a management trainee in 1973 and held various assignments in sales and marketing and gained wide exposure to international marketing issues. Subsequently, he joined Britannia Industries Limited as Vice-President-Marketing and Exports where he was instrumental in building strong brands as the market leader in the bakery products business in India.

Besides Mr. Kaushik's depth of experience in marketing and sales, his strength in strategic analysis and planning will be vital for maintaining the Company's market leadership in the oral care business. The Board has no hesitation in commending his appointment.

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

The remuneration payable to Mr. Kaushik will be determined by the Board/Managing Director from time to time within, however, the maximum limits set forth below:

1. Salary : Upto Rs. 3,50,000 per month.
2. Commission / Performance Linked Incentive or Bonus:

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

3. Perquisites:

He shall be entitled to furnished/non-furnished accommodation, 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. 8 lacs per annum and

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, Mr. Kaushik will be paid the aforesaid remuneration and perquisites as minimum remuneration for that year.

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 read with the provisions 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. Kaushik ceasing to be a director of the Company.

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 the business hours on any working day, excluding Saturday upto and including the day of this meeting.

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

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

By Order of the Board

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

June 15, 2000

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

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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, 2000.

Financial Results

	(Rs. in Crores)	
	1999-00	1998-99
Total Revenue	1,136.37	1,011.03
Sales (incl. Excise Duty)	1,121.20	998.22
Other Income	15.17	12.81
Profit before Taxation & Exceptional Income	89.90	71.88
Provision for Taxation	38.11	29.71
Profit after Taxation & before Exceptional Income	51.79	42.17
Exceptional Income (net of tax)	—	3.50
Profit after Taxation & Exceptional Income	51.79	45.67
Balance Brought Forward	68.02	72.20
Profit Available for Appropriation	119.81	117.87
Appropriation:		
Dividend	40.80	40.80
Dividend Tax	4.48	4.48
General Reserve	5.19	4.57
Balance Carried Forward	69.34	68.02
	119.81	117.87

Business Performance

During the year, your Company recorded an impressive growth in sales of 12 per cent to Rs. 1,121 crores from Rs. 998 crores in the previous year. The net profit during the year registered an exceptional growth of 23 per cent to Rs. 52 crores from Rs. 42 crores in the previous year (excluding one-time income of Rs. 3.5 crores). The Company's well-planned strategic marketing and infrastructure investments resulted in the strong 11 per cent unit volume growth during the year. This is despite the fact that the market situation during the year continued to remain depressed. Lack of buoyancy for fast-moving consumer goods accompanied by the devastating cyclone in Orissa and the transport strike further impacted a generally depressed market situation. Urban markets were generally flat. The competitive market environment continues.

Business Prospects

In line with the previously announced strategy and commitment to enhance oral care market leadership and expand market size, a significant portion of the revenue continued to be reinvested in market support programmes for new products and brand equity building. Your Company has taken several steps during the year to strengthen its market leadership which include :



- a) Revitalisation of your flagship brand, Colgate Dental Cream, with the enriched Super Shakti formula that gives more power to fight germs better and longer. This product has been very well received in the market and the market share for the product continued to show an upward trend since its launch.
- b) Relaunch of India's most popular tooth powder, Colgate Tooth Powder, with Super Shakti having better foaming efficacy and improved flavour delivery for strong teeth and healthy gums. This relaunch has performed to its expectations and has gained an impressive market share.
- c) The rapid launch of six new toothbrushes over the last 18 months and an innovative consumer promotion "Dream 2000" achieved a higher brand awareness which resulted in a strong 27 per cent unit volume growth during the year.
- d) Besides the series of trend-setting innovations and revitalisation of the Company's products, your Company is also aggressively extending its market expansion programmes - the Rural Promotion and the School Dental Health Education Programme — the Young India Bright Smiles, Bright Futures Programme — which was pioneered by the Company in 1976 and conducted in close partnership with the Indian Dental Association.

With the above initiatives and anticipated growth in demand for your Company's products, your Board is confident that the Company will record a reasonable sales and profit growth during the current year.

Dividend

An interim dividend of Rs. 3.00 per share for the year 1999-2000 was declared by the Board on April 28, 2000 on 13,59,92,817 equity shares and the same has been paid on May 30, 2000. In view of payment of the said interim dividend, your Directors do not recommend a final dividend for the year ended March 31, 2000.

Colgate - India's No.1 Brand

Driven by a strong rise in its brand "Power Score" from 48.2 in 1998 to 53.9 in 1999, Colgate has, once again, been rated the No.1 brand across all categories in A&M Magazine's annual survey of India's top brands. This is the seventh time in eight years that Colgate has been ranked the Country's premium brand. The survey results are an external independent validation of the Company's commitment to consistently deliver superior quality products and its aggressive investments in brand building. To be rated the top brand consecutively in all but one of the past eight years since the survey was introduced, especially in an increasingly competitive environment, is a reaffirmation of the trust, loyalty and confidence reposed in Colgate by millions of consumers across India.

Information Technology

Your Board firmly believes that Information Technology will play a critical role in furtherance of the Company's business operations in various fields. Your Company will, therefore, continue to make significant investments in leading edge Information Technology and practices to meet the growing information needs necessary to manage the Company's business operations more effectively. The Integrated Enterprise-wide Software (SAP) installed last year is being effectively used across the organisation to reduce costs and improve productivity. Leveraging the developments in the area of Information Technology, your Company has rolled out several initiatives to improve operational efficiency in supply chain, distribution as well as human resource management.

Your Board is pleased to inform you that the Company managed the change-over to the new millennium in a smooth manner. This was possible due to the unrelenting efforts put in to make the multi-locational and complex supply chain operations Y2K compliant. At this stage, your Board wishes to place on record its appreciation of the valuable assistance rendered by Colgate-Palmolive Company, U.S.A., to achieve this objective.

Research Centre

The Research Centre established at Powai continued to provide technical assistance for development of new consumer preferred products and packaging to meet consumer needs and expand the market. This is expected to considerably increase the competitive strength of your Company, particularly in the oral care category, in launching innovative products faster in order to meet consumer needs with technologically sustainable and clearly perceived consumer benefits. In addition, this Centre is working towards import substitutions by developing local manufacturers.

Employee Relations

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



A long term agreement was signed with the Company's Sewri Factory Union on January 19, 2000. This Agreement is valid for a period of four years, commencing January 1, 1999.

Information as per Section 217(2A) of the Companies Act, 1956 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 Companies Act, 1956 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 Company Secretary at the Registered Office of the Company.

Trade Relations

Your Board wishes to place on record its appreciation of the support and co-operation that your Company received from retailers, stockists, suppliers of goods/services, clearing and forwarding agents and all others associated with the Company. Your Company will continue to build and maintain strong links with its trading 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 Board of Directors) Rules, 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is appended hereto and forms part of this Report.

Depository System

Your Company has entered into an arrangement with the Central Depository Services for dematerialisation of your Company's securities in accordance with the provisions of the Depository Regulations. With this, the Members have the option/discretion to hold their demat shares in the Company through the National Securities Depository Limited or the Central Securities Depository Limited.

Directors

Mr. Derrick Samuel was appointed as Managing Director of the Company effective September 1, 1999 for a period of five years. His appointment has also been approved by the Central Government.

Mr. Vikram Kaushik was appointed an Additional Director of the Company effective July 1, 2000. The Board also appointed him a Whole-time Director of the Company effective that date.

Under Article 124 of the Company's Articles of Association, Mr. K.V. Vaidyanathan and Mr. T.C.T. Hsu retire by rotation at the 59th Annual General Meeting and, being eligible, offer themselves for re-appointment.

Auditors

Messrs. Arthur Andersen & Associates, Chartered Accountants, retire and are eligible for re-appointment as Auditors.

Acknowledgements

The Directors wish to place on record their appreciation of the efficient and loyal services rendered by all employees without whose whole-hearted efforts, the overall very satisfactory performance would not have been possible.

On behalf of the Board

Vice-Chairman
Managing Director

R. A. Shah
D. Samuel

Mumbai, June 15, 2000