

# Board of Directors

<b>S. Peter Dam</b>	Chairman
<b>R. A. Shah</b>	Vice-Chairman
<b>P. K. Ghosh</b>	Deputy Chairman
<b>D. Samuel</b>	Managing Director
<b>M. A. Elias</b>	Whole-time Director
<b>K. V. Vaidyanathan</b>	Whole-time Director
<b>V. Kaushik</b>	Whole-time Director
<b>J. K. Setna</b>	
<b>T. C. T. Hsu</b>	

## Company Secretary

K. V. Vaidyanathan

## Management Committee

A. Ganu	New Geographies
V. Hegde	Sales
R. Kohli	R & D
A. Pande	Information Technology
P. Richardson	Manufacturing
D. Roy	Human Resources

## Audit Committee

R. A. Shah	Chairperson
P. K. Ghosh	
J. K. Setna	
K.V.Vaidyanathan	Secretary

## Shareholders'/Investors' Grievance Committee

P. K. Ghosh	Chairperson
D. Samuel	
V. Kaushik	
J. K. Setna	
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

Kolkata and Chennai

## Registrars & Share Transfer Agents

Sharepro Services

## TEN-YEAR HIGHLIGHTS

(Rs. Lacs)

	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
<b>A. Operating Results :</b>										
Sales	420,92	494,70	601,97	681,46	850,11	960,60	1,019,73 #	998,22 #	1,089,58 #	1,176,88
Other Income	11,58	4,31	10,40	29,40	14,84	17,61	12,48 #	16,31 #	22,89 #	29,51
Total Income	432,50	499,01	612,37	710,86	864,95	978,21	1,032,21 #	1,014,53 #	1,112,47 #	1,206,39
Net Profit After Tax	41,05	48,36	58,80	71,79	76,30	78,92	80,07	45,67	51,79	62,50
Cash Profits	46,08	53,67	63,92	82,70	94,72	98,58	101,24	70,30	75,00	82,72
<b>B. Financial Position :</b>										
Fixed Assets (Net)	47,60	45,87	46,52	144,02	151,73	160,41	194,46	226,17	215,58	200,83
Current Assets (Net)	46,67	47,84	68,14	57,88	49,13	84,89	83,17	58,47	80,31	(3,75)
Others	2,38	21,95	81,66	30,69	43,68	16,89	20,51	14,23	11,08	55,08
TOTAL ASSETS	96,65	115,66	196,32	232,59	244,54	262,19	298,14	298,87	306,97	252,16
Share Capital	50,30	50,30	123,19	135,99	135,99	135,99	135,99	135,99	135,99	135,99
Reserves and Surplus	46,02	64,20	71,53	95,00	106,02	122,18	157,37	157,75	164,26	103,12
SHAREHOLDERS' FUNDS	96,32	114,50	194,72	230,99	242,01	258,17	293,36	293,74	300,25	239,11
Loan Funds	33	1,16	1,60	1,60	2,53	4,02	4,78	5,13	6,72	13,05
TOTAL CAPITAL EMPLOYED	96,65	115,66	196,32	232,59	244,54	262,19	298,14	298,87	306,97	252,16
<b>C. Equity Share Data :</b>										
Earnings Per Share (Rs.)*	3.02	3.56	4.32	5.28	5.61	5.80	5.89	3.36	3.81	4.60
Dividend Per Share (Rs.)*	1.57	2.22	3.41	4.49	4.80	4.50	3.00	3.00	3.00	8.25**
Number of Shares (in lacs)	5,03	5,03	12,32	13,60	13,60	13,60	13,60	13,60	13,60	13,60
Number of Shareholders (in '000s)	88	106	132	195	229	235	238	241	230	222

# Restated

\* Adjusted for Bonus/Rights issues

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

## Notice

NOTICE is hereby given that the Sixtieth Annual General Meeting of COLGATE-PALMOLIVE (INDIA) LIMITED will be held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg (U-1, Juhu Development Scheme), Vile Parle (West), Mumbai 400 056 on Wednesday, August 29, 2001 at 3.30 p.m. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2001 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. R. A. Shah who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. K. Ghosh who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

By Order of the Board

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

July 18, 2001

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. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, August 9, 2001 to Wednesday, August 29, 2001 (both days inclusive).
3. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company, Messrs. Sharepro Services, 912, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021.
4. Members are requested to notify immediately any change in their addresses to the Registrars and Share Transfer Agents of the Company at the above address.
5. Members holding shares in electronic form may please note that their bank account details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion of/change in such bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank account details in which they wish to receive dividend, directly to their Depository Participants.
6. 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, Hakoba Compound, Second Floor, Dattaram Lad Marg, Kala Chowkie, Mumbai 400 033.
7. At the ensuing Annual General Meeting, Mr. R. A. Shah and Mr. P. K. Ghosh retire by rotation and, being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of the aforesaid Directors are given below :

### Mr. R. A. Shah

Mr. R. A. Shah is a leading Solicitor and a Senior Partner of M/s. Crawford Bayley & Co., a firm of Solicitors & Advocates. He specialises in a broad spectrum of corporate laws. Presently he is the Chairman/Director and Chairman/Member of audit committees of the following public limited companies :

Name of Company	Designation	Chairmanship/Membership of Audit Committee of Board
Abbot Laboratories (India) Ltd.	Chairman & Alternate Director	—
Cynamid Agro Ltd.	Chairman & Alternate Director	—
Fulford India Ltd.	Chairman & Alternate Director	—
Indian Gum Industries Ltd.	Chairman & Alternate Director	—
Godfrey Phillips India Ltd.	Chairman	—
Pfizer Ltd.	Chairman	Chairman
SmithKline Beecham Pharmaceuticals (India) Ltd.	Chairman	—
Colgate-Palmolive (India) Ltd.	Vice-Chairman	Chairman
Asian Paints (India) Ltd.	Director	—
Atul Ltd.	Director	—
The Bombay Dyeing & Mfg. Co. Ltd.	Director	Chairman
BASF India Ltd.	Director	Member
Colour Chem Ltd.	Director	Member
Deepak Fertilizers & Petrochemicals Corpn. Ltd.	Director	—
Knoll Pharmaceuticals Ltd.	Director	Member
Procter & Gamble Hygiene and Healthcare Ltd.	Director	Member
Nicholas Piramal India Ltd.	Director	Chairman
Philips India Ltd.	Director	—
Prudential ICICI Trust Ltd.	Director	—
Century Enka Ltd.	Alternate Director	Member
Wockhardt Ltd.	Alternate Director	Member

### Mr. P. K. Ghosh

Mr. P.K. Ghosh is a Fellow of the Institute of Chartered Accountants of India and a former Managing Director of your Company. Since 1974, he has served the Company in various capacities. He was appointed President of the Company in July, 1982 and its Managing Director effective July 1, 1988. He resigned as Managing Director in January, 1993 in order to take a senior position with the Colgate-Palmolive Asia Pacific Division; he has since retired from this position. However, throughout this period he has continued to serve the Company as a non-executive Director and Deputy Chairman of the Board. Mr. Ghosh brings to the Board his rich experience and understanding of the consumer product business and the Company stands to benefit significantly from his expertise. Mr. Ghosh is Chairman of the Local Advisory Board of American Express Bank. He does not hold any other directorship.

8. The Board recommended a dividend of Rs. 8.25 per share, including a one-time special dividend of Rs. 4.75 per share out of undistributed profits of previous financial years. The dividend, if declared at the Annual General Meeting, will be payable on or about September 3, 2001 to those shareholders whose names are registered in the Register of Members of the Company as on August 29, 2001.
9. Members desirous of asking any question 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.

## 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, 2001.

### Financial Results

	(Rs. in Crores)	
	2000-01	1999-00
Total Revenue	1,206.39	1,112.47
Sales (incl. Excise Duty)	1,176.88	1,089.58
Other Income	29.51	22.89
Profit before Taxation	105.80	89.90
Provision for Taxation	43.30	38.11
Profit after Taxation	62.50	51.79
Balance Brought Forward	69.34	68.02
Profit Available for Appropriation	131.84	119.81
Appropriation :		
Dividend (incl. one-time special)	112.19	40.80
Dividend Tax	11.44	4.48
General Reserve	6.25	5.19
Balance Carried Forward	1.96	69.34
	131.84	119.81

### Business Performance

The year saw an overall economic slowdown in general and sluggishness in agricultural growth in particular. This has impacted the purchasing power of consumers in rural areas which has taken a toll on the growth of consumer demand. Whilst there is a slowdown in the economy, competition has intensified. In this context, your Company recorded a growth in sales of 8 per cent to Rs. 1,176.88 crores and a 21 per cent increase in net profit to Rs. 62.50 crores (including profit of Rs. 5.5 crores on sale of real estate) for the year 2000-01. Your Company's overall sales and profit progression during 2000-01 can be considered satisfactory and in line with expectations.

Your Company was able to achieve satisfactory results for the year because of its management's clear strategic vision being in place. They focussed on following key strategic initiatives :

**Driving Growth** through well thought out initiatives, the Company has launched several consumer-driven innovative products.

**Funding Growth** is critical to the Company's ongoing success. By steadily improving supply chain initiatives and cutting costs, the Company has reinvested in further growth to generate a good return for shareholders both today and for tomorrow.

**Becoming the Best Place to Work** is fundamental to our philosophy. Colgate people are motivated, trained and developed every day. Creating this positive motivation enables Colgate people to perform at their best.

A series of steps has been taken towards these strategic initiatives during the year. Some of them are :

**Driving Growth** : Growth can be achieved through the launch of new products, product revitalization and other marketing and sales initiatives to drive sales and fuel growth. Some of the initiatives taken during the year include :

*Colgate Dental Cream Revitalization* : The Company contemporarised its flagship brand, Colgate Dental Cream, for "strong teeth". This enabled consumers to use their No.1 Toothpaste with renewed confidence.

*Colgate Herbal Toothpaste* : A herbal toothpaste with a combination of traditional Indian herbs and specially developed with Colgate's successful international technology to suit consumer preferences for natural ingredients was launched. This has been well received in the market.

*Economy Toothpaste* : Colgate-Cibaca Top Toothpaste was launched in the economy segment. This major initiative was taken with a view to expanding the market and accelerating the process of transitioning consumers to more advanced oral care products.

*Colgate Zig Zag Toothbrush* : A clinically proven superior cleaning toothbrush was launched to further strengthen the Company's market leadership in the toothbrush segment.

*Colgate Navigator Toothbrush* : A super premium toothbrush with a flexible head, the first of its kind in India, was launched. The head flexes in and out and allows the bristles to gently adjust to the contours of the teeth giving them a thorough and gentle clean.

*Transparent Skin Care Soap* : The Company launched its unique, ultra modern line of transparent Palmolive Naturals premium soap packed in a see-through wrapper - the first in India. This premium soap is enriched with essential oils, natural herbs and flowers and offers a mood-evoking bathing experience while nourishing and caring for the skin.

*Mega Consumer Promotion* : The Company came out with a mega promotion, "Colgate ke andar kya hai", which was one of the key drivers in strengthening the consumer bond with the Company's oral care and personal care brands.

*Marketing and Sales Initiatives* : A series of steps was taken by marketing and sales to strengthen the wholesale business and motivate stockists' sales force besides effectively using "360 degree" marketing techniques in certain markets to retain market leadership.

All these initiatives resulted in growing market share and market leadership in both toothpaste and toothpowder.

**Funding Growth** : Your Company generated a record cash flow of Rs. 118.09 crores in 2000-01, up 110 per cent from the last year. The excellent working capital management supplemented by supply chain initiatives and improved efficiencies helped fund a 10 per cent increase in advertising and growth-building activities.

**Becoming the Best Place to Work** : This is one of the three key strategic initiatives pursued by the management of your Company. We have outstanding people. We provide good opportunities for a global career, a motivating environment based on our values of managing with respect, a chance to share in our financial success through pay for performance and consistent support for personal growth through training. We believe these key elements will help us build leaders so critical for our business success.

The management of your Company is committed to pursue these strategic initiatives to drive and fund growth and to make Colgate the best place to work so as to generate a good return for shareholders today and beyond.

### **Responsibility Statement**

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

### **Dividend**

Your Board has recommended a dividend of Rs. 8.25 per share, including a one-time special dividend of Rs. 4.75 per share out of undistributed profits of previous financial years, subject to the same being approved by shareholders at the forthcoming Annual General Meeting. If approved, the dividend will be payable on or about September 3, 2001 to those shareholders whose names are registered in the Register of Members of the Company as on August 29, 2001.

### **Information Technology**

Your Company has continued to make investments in Information Technology. Financial systems have been enhanced to significantly improve speed and quality of information. Several IT initiatives have been taken to improve operational efficiency in supply chain, distribution and human resource management.

Your Company's website will be launched soon. The website will provide information on the Company, including corporate profile, quarterly financial results, press releases and other relevant information.

Your Company will continue to invest in IT to take full advantage of benefits in decision-making process, simplification of internal process and to establish a close link with its business partners so as to further improve operational efficiency.

### **Corporate Governance**

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

### **Employee Relations**

Relations between the employees and the management continued to be cordial during the year. A long-term settlement was signed with the Aurangabad Factory Union on June 26, 2001. The agreement is effective December 1, 2000 and is valid for a period of three and a half years.

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

### **Trade Relations**

The Company continued to receive unstinted support and co-operation from its retailers, stockists, suppliers of goods/services, clearing and forwarding agents and all others associated with the Company. Your Board wishes to record its appreciation and your Company would continue to build and maintain strong links with its business partners.

### **Energy, Technology Absorption and Foreign Exchange**

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the 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**

Under Article 124 of the Company's Articles of Association, Mr. R. A. Shah and Mr. P. K. Ghosh retire by rotation at the 60th 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 sincerely appreciate the high degree of professionalism, enthusiasm and hard work displayed by all employees during the year. The Directors also place on record their gratitude to the Members for their continued support.

On behalf of the Board

Mumbai, July 18, 2001

Managing Director  
Director

**D. Samuel**  
**J. K. Setna**

## Corporate Governance Report

The Board of Directors of the Company supports the broad principles of Corporate Governance. Your Company has been practising the principles of good Corporate Governance over the years. Given below is a report on Corporate Governance :

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

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. All employees are guided by a Code of Conduct which sets forth Company's policies on important issues, including our relationship with consumers, shareholders and Government.

### 2. Composition of Board

The Board of Directors has a mix of Executive and Non-executive Directors. The Board comprises of four Whole-time Directors - the Managing Director and three Executive Directors, and five Non-executive Directors including the Chairman of the Board. Three of the five Non-executive Directors are independent Directors. Accordingly, the composition of the Board is in conformity with the 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 :

<u>Name of Director</u>	<u>Category</u>	<u>No. of other Directorships</u>	<u>No. of memberships of Board Committees</u>	<u>No. of Board Committees of which the Director is a Chairperson</u>
Mr. S. Peter Dam	Non-executive	16	—	—
Mr. R. A. Shah	Non-executive	35 *	10	4
Mr. P. K. Ghosh	Non-executive	—	2	1
Mr. D. Samuel	Executive	1	1	—
Mr. M. A. Elias	Executive	1	—	—
Mr. K. V. Vaidyanathan	Executive	4	1	—
Mr. V. Kaushik	Executive	—	1	—
Mr. J. K. Setna	Non-executive	14 *	9	1
Mr. T. C. T. Hsu	Non-executive	13	—	—

\* including Private Limited Companies.



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

During the year 2000-01, eight Board Meetings were held on April 28, May 30, June 15, July 31, August 10, October 21, October 24, 2000 and January 24, 2001. The last Annual General Meeting of the Company was held on August 10, 2000.

<b>Name of the Director</b>	<b>No. of Board Meetings attended</b>	<b>Attendance at last AGM</b>
Mr. S. Peter Dam	2	Present
Mr. R. A. Shah	6	Present
Mr. P. K. Ghosh	5	Absent
Mr. D. Samuel	7	Present
Mr. M. A. Elias	7	Present
Mr. K. V. Vaidyanathan	8	Present
Mr. V. Kaushik	5	Present
Mr. J. K. Setna	6	Absent
Mr. T. C. T. Hsu	1	Absent

### 3. Audit Committee

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

The composition of the Audit Committee is as under :

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

The terms of reference of the Audit Committee include :

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

During the financial year 2000-01, three Audit Committee Meetings were held on July 22, November 25, 2000 and March 21, 2001. All the members of the Committee attended the meetings except Mr. P. K. Ghosh who could not attend the last Audit Committee Meeting.

### 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 remuneration policy is directed towards rewarding performance. It is aimed at attracting and retaining high calibre 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, 2001 are given below :

	Rs. Lacs
a) Salary	1,26.76
b) Benefits including bonus	27.46
c) Performance Linked Incentive/Commission	80.81
d) Sitting fees to non-executive Directors	2.91
<b>Total</b>	<b>2,37.94</b>

## 5. Shareholders'/Investors' Grievance Committee

The Board constituted a Shareholders'/Investors' Grievance Committee in April, 2000. This consists of five Directors. Mr. P. K. Ghosh, Deputy Chairman and a Non-executive Director heads this Committee. The Committee meets at frequent intervals to consider, inter alia, share transfers, shareholders' complaints, etc.

Mr. K.V. Vaidyanathan, Company Secretary and Whole-time Director, has been designated as Compliance Officer.

During the year 2000-01, 18 complaints were received from shareholders/investors. All complaints have generally been solved to the satisfaction of the complainants except for dispute cases and sub-judice matters, which would be solved on final disposal by the Courts.

All valid share transfers received during the year 2000-01 have been acted upon by the Company and the number of pending share transfers as on March 31, 2001 were 344. These have since been acted upon.

## 6. General Body Meetings

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

<u>Financial Year</u>	<u>Date</u>	<u>Location of the Meeting</u>	<u>Time</u>
1997-98	Sept. 16, 1998	Birla Matushri Sabhagar, Marine Lines, Mumbai	3.30 p.m.
1998-99	Sept. 23, 1999	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.
1999-00	Aug. 10, 2000	Shri Bhaidas Maganlal Sabhagriha, Mumbai	3.30 p.m.

No special resolution was put through postal ballot at the last Annual General Meeting.

## 7. Disclosures

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

The Company did not have any related party transactions which may have potential conflict with the interests of Company at large.

- 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.