



Contents

Board of Directors	2
Ten-year Highlights	3
Notice	5
Report of the Directors	7
Corporate Governance Report	11
Auditors' Report on Corporate Governance	18
Auditors' Report to the Shareholders	20
Balance Sheet	24
Profit and Loss Account	25
Cash Flow Statement	26
Schedules to the Accounts	28
Statement pursuant to Section 212	45
Subsidiary Accounts	
Colgate-Palmolive (Nepal) Private Limited	46
Consolidated Accounts	
Auditors' Report	56
Consolidated Balance Sheet	57
Consolidated Profit and Loss Account	58
Consolidated Cash Flow Statement	59
Schedules to the Consolidated Accounts	61



Board of Directors

	<i>Chairman</i>	Fabian T. Garcia
	<i>Vice-Chairman</i>	R. A. Shah
	<i>Deputy Chairman</i>	P. K. Ghosh
	<i>Managing Director</i>	G. Dalziel
	<i>Whole-time Director</i>	M. A. Elias
	<i>Whole-time Director</i>	K. V. Vaidyanathan
		V. S. Mehta
		J. K. Setna
	<i>Company Secretary</i>	K. V. Vaidyanathan
Management Committee	<i>Managing Director</i>	G. Dalziel
	<i>Finance</i>	M. A. Elias
	<i>Legal</i>	K. V. Vaidyanathan
	<i>Marketing</i>	V. Hegde
	<i>New Geographies</i>	A. B. Ganu
	<i>Sales</i>	V. Nambiar
	<i>R & D</i>	S. Manek
	<i>Information Technology</i>	A. Pande
	<i>Manufacturing</i>	D. Chhibba
	<i>Human Resources</i>	D. Roy
Audit Committee	<i>Chairperson</i>	R. A. Shah
		P. K. Ghosh
		J. K. Setna
	<i>Secretary</i>	K. V. Vaidyanathan
Shareholders'/Investors' Grievance Committee	<i>Chairperson</i>	P. K. Ghosh
		G. 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
	<i>Registrars & Share Transfer Agents</i>	Sharepro Services



Ten-year Highlights

(Rs. Lacs)

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
A. Operating Results :										
Sales	681,46	850,11	960,60	1,019,73#	998,22#	1,089,58#	1,176,88	1,160,89	1,056,89	1,042,08
Other Income	29,40	14,84	17,61	12,48#	16,31#	22,89#	29,51	30,95	35,76	29,92
Net Profit After Tax	71,79	76,30	78,92	80,07	45,67	51,79	62,50	69,79	88,66	108,00
Cash Profits	82,70	94,72	98,58	101,24	70,30	75,00	82,72	91,94	108,13	132,26
B. Financial Position :										
Fixed Assets (Net)	144,02	151,73	160,41	194,46	226,17	215,58	196,93#	172,31	158,02	93,95
Current Assets (Net)	57,88	49,13	84,89	83,17	58,47	80,31	31,26#	56,86	29,52	36,77
Others (Net)	30,69	43,68	16,89	20,51	14,23	11,08	23,97#	27,72	89,62	115,76
TOTAL ASSETS	232,59	244,54	262,19	298,14	298,87	306,97	252,16	256,89	277,16	246,48
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	95,00	106,02	122,18	157,37	157,75	164,26	103,12	111,65	139,03	108,32
SHAREHOLDERS' FUNDS	230,99	242,01	258,17	293,36	293,74	300,25	239,11	247,64	275,02	244,31
Loan Funds	1,60	2,53	4,02	4,78	5,13	6,72	13,05	9,25	2,14	2,17
TOTAL CAPITAL EMPLOYED	232,59	244,54	262,19	298,14	298,87	306,97	252,16	256,89	277,16	246,48
C. Equity Share Data :										
Earnings Per Share (Rs.)	5.28	5.61	5.80	5.89	3.36	3.81	4.60	5.13	6.52	7.94
Dividend Per Share (Rs.)	4.49	4.80	4.50	3.00	3.00	3.00	8.25*	4.25	4.25	6.00**
Number of Shares (in Lacs)	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60
Number of Shareholders (in '000s)	1,95	2,29	2,35	2,38	2,41	2,30	2,22	2,15	2,07	1,85

Regrouped

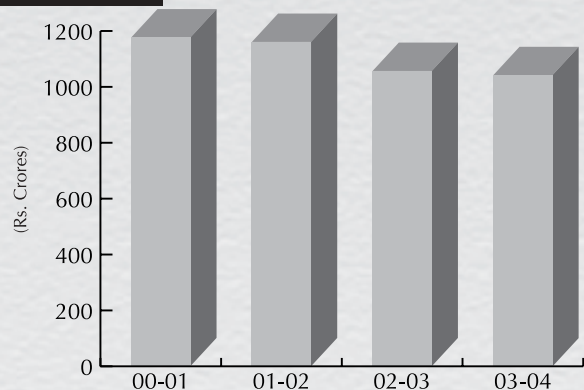
* Including one-time special dividend of Rs. 4.75 per share.

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

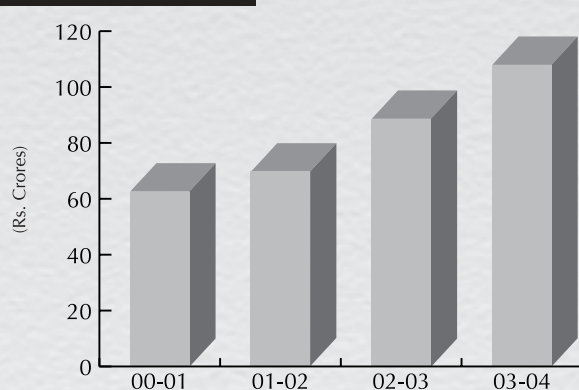
Previous year's figures have been reclassified to conform with current year's presentation, where applicable.



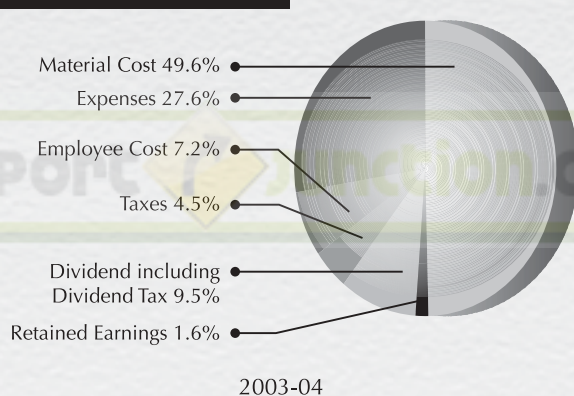
Gross Sales



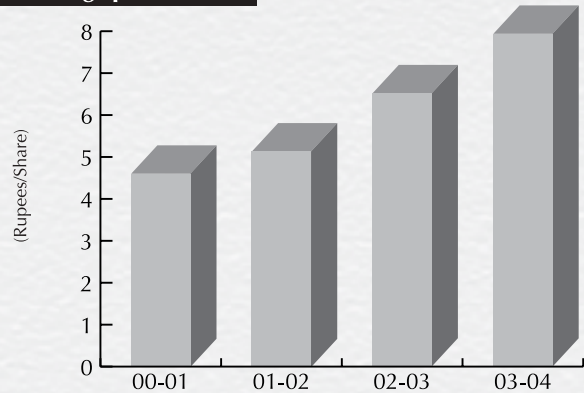
Net Profit After Tax



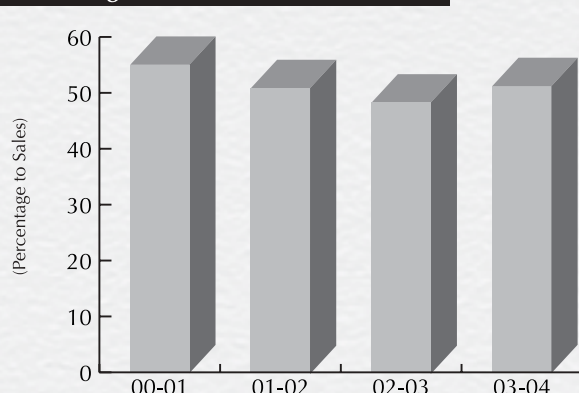
Distribution of Income



Earnings per Share



Percentage of Material Cost to Sales





Notice

NOTICE is hereby given that the Sixty-third Annual General Meeting of COLGATE-PALMOLIVE (INDIA) LIMITED will be held at The Sivaswamy Auditorium, The Fine Arts Cultural Centre, Fine Arts Chowk, R. C. Marg (Near Flyover), Chembur, Mumbai - 400 071 on Wednesday, August 18, 2004 at 3.30 p.m. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2004 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. P. K. Ghosh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. A. Elias, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

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

Date : June 29, 2004

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. 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. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 10, 2004 to Wednesday, August 18, 2004 (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 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.
5. To avoid the incidence of fraudulent encashment of dividend 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 the 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.
6. The Company, consequent upon the introduction of the Depository System [DS], entered into agreements with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL]. Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.
7. The DS 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.
8. 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 wishes to receive dividend in any other bank account, he/she 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.

9. 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 2003-04, unclaimed amounts of First Interim Dividend (Rs. 7,78,420/-) and Second Interim Dividend (Rs. 8,60,027/-) for 1996-97 have been transferred to the Investor Education and Protection Fund on October 30, 2003 and January 24, 2004 respectively.

10. 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.
11. At the ensuing Annual General Meeting, Mr. P. K. Ghosh and Mr. M. A. Elias shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. Ghosh and Mr. Elias are given below :

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 that 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 does not hold any other directorship.

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

Mr. M. A. Elias :

Mr. M. A. Elias is a Member of both the Institute of Chartered Accountants of India and the Institute of Cost & Works Accountants of India. He joined the Company in 1976 as Budget Manager and thereafter held positions of increasing responsibilities in Colgate-Palmolive Company's subsidiaries at Zambia and Boston (USA), at the Corporate Headquarters in New York and in the Asia-Pacific Region including joint venture activities in Vietnam, South Korea and Indonesia. He has wide and varied experience in international finance and business development operations. Prior to his transfer to the Company in April, 1996, he was Finance Director, Asia Business Development Group of Colgate-Palmolive Company, USA. 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. M. A. Elias is a Director of Colgate-Palmolive (Nepal) Private Limited.



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, 2004.

Financial Results

(Rs. in Crores)

	2003-04	2002-03
Total Revenue	969.11	983.20
Sales (Excluding Excise Duty)	939.19	947.44
Other Income	29.92	35.76
Profit before Taxation	151.48	146.48
Provision for Taxation	43.48	57.82
Profit after Taxation	108.00	88.66
Balance brought forward	22.02	3.50
Profit available for Appropriation	130.02	92.16
Appropriation :		
Dividend	81.60	57.79
Dividend Tax	10.45	3.48
General Reserve	10.80	8.87
Balance carried forward	27.17	22.02
	130.02	92.16

Business Performance

Reversing the declining trend in calendar years 2002 and 2003, the toothpaste market has started showing signs of growth again in the first half of 2004. However, the toothpowder market continues to decline. The market environment remained very competitive, particularly in the low price toothpaste segment in 2003. In an aggressive bid to re-ignite market and brand volume growth, your Company reduced the prices of its flagship brand, Colgate Dental Cream, by an average 17 per cent in April 2003. To aggressively compete against local low priced competitors, the consumer prices of Colgate Cibaca were also substantially reduced. Despite these deep price cuts, which affected approximately 65% of your Company's sales, the sales for the financial year were only marginally lower at Rs. 939 Crores as against Rs. 947 Crores in the previous year. This performance clearly shows that the price reduction strategy has been

successful in stimulating market demand and re-igniting volume growth. In April 2004, Colgate Cibaca became the market leader in the low price segment surpassing the market share of all other brands competing in the segment. Your Company also continued to deliver excellent net profits, recording a growth of 22 per cent to Rs. 108 Crores as against Rs. 89 Crores in the previous year.

To achieve its financial objectives, your Company employs a strategy which focuses the organisation on initiatives to both drive growth and simultaneously fund the market place activities that drive the growth. Growth and therefore revenues are driven by bringing to the marketplace products which offer superior value to the consumer. The investments needed to fund their growth are generated through continuous, company-wide initiatives to lower costs and increase effective asset utilisation.



Some of the initiatives taken during the year on Driving and Funding Growth include :

Colgate Dental Cream Revitalisation

Colgate Dental Cream, which received the coveted Seal of Acceptance from the Indian Dental Association, was revitalised with the adoption of a 100 per cent natural mint flavour to offer a refreshing taste and upgraded by significantly improving its germ fighting efficacy. Colgate Dental Cream now offers maximum protection against tooth decay. In an independent survey, Colgate was, once again, identified as being the Most Trusted Brand in India.

Colgate Herbal White Launch

Expanding the herbal portfolio, Colgate Herbal White striped toothpaste was launched with lemon extracts, eucalyptus and mint. This unique formulation, besides strengthening the teeth, safely polishes the teeth to help restore their natural whiteness and shine.

Colgate Fresh Energy Gel Rejuvenation

Consumer research had shown that a feeling of “freshness” is one of the key benefits desired by users of toothpaste. In response to this growing need, Colgate Fresh Energy Gel toothpaste was rejuvenated with a new flavour that provided long-lasting fresh breath.

Colgate Cibaca Toothpaste

Colgate Cibaca, the price flanker brand, was down priced to effectively compete in the low price toothpaste segment. By April 2004, Colgate Cibaca had become the No.1 brand in the fast growing low price toothpaste segment, and successfully stalled the progress of low priced competitors.

Colgate Navigator Plus Toothbrush

Developed using Colgate's leading edge technology, Colgate Navigator Plus Toothbrush was launched during the year. This has a series of innovative features like flexible hinged head, bi-level bristles and contoured handle to offer an effective and comfortable clean.

Palmolive Aroma Range

The bestselling international range of Palmolive Aroma Shower Gels, Liquid Hand Washes, Bar Soaps and Talcum Powder was launched to provide the Indian consumer state-of-the-art body cleansing products of international quality, which fit into her modern lifestyle.

On Funding Growth, your Company continued its strong cash generation driven by business performance. The Company's focused programs and concerted efforts to reduce operational costs and improve efficiencies continue to yield positive results.

The Management of your Company is committed to pursue these strategic initiatives to Drive and Fund Growth. On an on-going basis, the Management focuses on a variety of key indicators to monitor business health and performance. The success of these key measures is indicated by the vitality of the business and the financial strength reflected in the Company's Balance Sheet.

New Toothpaste Manufacturing Facility

With the dereservation of toothpaste and the returning vitality in the toothpaste market and volume growth currently being experienced, your Company has decided to establish a state-of-the-art additional toothpaste manufacturing facility at Baddi, Himachal Pradesh. The Company has been allotted land by the Government of Himachal Pradesh and the factory building construction has already commenced. The new facility is scheduled to commence commercial production in April 2005. The primary reason for establishing this additional toothpaste manufacturing facility at Baddi is to avail of the fiscal incentives, which include excise duty exemption and income-tax holiday, offered by the Government.

National Oral Health Program

Your Company in conjunction with the Indian Dental Association (IDA) maintained focus on long term category consumption and penetration building activities with the 2003 launch of the “Bright Smiles, Bright Future” National Oral Health Program, an initiative which stressed the importance of preventive oral care amongst school children.

This Program was conducted between July and December 2003 and had the following integrated elements :

- School Dental Health Education Program
- Teachers' Training Program
- Parents' Orientation Program

The dentist members of over 100 branches of IDA educated over 40 lacs school children about basic rules of good oral hygiene practices such as proper brushing techniques and good eating habits. The trained dental surgeons from IDA also conducted Special Teachers' Training Program for which your Company provided logistic support including teaching aids and education materials as well as special dental packs.

Responsibility Statements

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation 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 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 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

For the financial year 2003-04, three interim dividends were paid – Rs. 2.25 per share on September 24, 2003; Rs. 2.50 per share (including a one-time special dividend of Rs. 1.25 per share to commemorate the 25th Anniversary of the Company's initial public issue in December, 1978) on December 24, 2003; and Rs. 1.25 per share on April 23, 2004 aggregating to Rs. 6.00 per share (including a one-time special anniversary dividend of Rs. 1.25 per share). In view of the above, your Directors do not recommend final dividend for the year.

You will be pleased to know that for the financial year 2004-05, your Directors at their meeting held on June 29, 2004 have declared an interim dividend of Rs. 1.50 per share. The said dividend would be paid on or about July 23, 2004 to those shareholders whose names are registered in the register of members as on July 8, 2004, being the record date.

Nepal Subsidiary

The Nepalese economy continued to suffer on account of political instability and deteriorating security situations. These factors resulted in a series of "bandhs" which adversely affected the industrial production. The Management of your Company continues to closely monitor the prevailing situation in Nepal.

Other Subsidiaries

The requisite formalities 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. This was done in accordance with the provisions of the Simplified Exit Scheme introduced by the Government of India, since the paid-up capital of these subsidiaries was not increased to Rs. 5 lacs.

Consequently, these subsidiaries have become defunct

companies within the meaning of Section 560 of the Companies Act, 1956.

Since the Office of the Registrar of Companies has not officially confirmed having struck off the names of the said subsidiaries from their records, the report and accounts of the subsidiary companies forms a part of this Report. However, in the context of mandatory requirement to present consolidated accounts, which provide members with a consolidated position of the Company including subsidiaries at the first instance, members are being provided with the Report and Accounts of the Company treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Members desirous of receiving the full Report and Accounts of the subsidiaries will be provided the same on receipt of a written request from them. This will help save cost in connection with printing and mailing of the Report and Accounts.

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

During this year your Company was recognised as one of the top ten Best Employers in India in an independent survey carried out by Hewitt and Associates. This award recognises the very significant emphasis the Management of your Company places upon making Colgate-Palmolive India one of the best places to work. This strategy enables us to attract and retain the very best talent available.

Relations between the employees and the management continued to be cordial during the year, barring some untoward incidents at one of the Company's plants.

Long term memorandum of settlement for four years, at the Company's Sewri Factory was signed on April 30, 2004. This settlement would be valid upto December, 2006.

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) 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 statement may write to the Deputy Company Secretary at the Registered Office of the Company.

Trade Relations

Your Directors wish to record their 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 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 Board of 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

Consequent upon the movement of Mr. Peter Dam to Colgate-Palmolive, Brazil, he resigned as Director and Chairman of the Board effective December 31, 2003. The Directors wish to place on record their appreciation for the valuable services rendered by Mr. Dam during his tenure as Chairman of the Board.

Effective January 1, 2004, Mr. Fabian T. Garcia has been appointed as Director and Chairman of the Board. Mr. Garcia is the President of the Asia-Pacific Division of Colgate-Palmolive Co., USA.

Mr. Vikram Kaushik resigned as Director effective December 31, 2003. The Directors wish to place on record their appreciation for the valuable services rendered by Mr. Kaushik during his tenure as Director of the Company.

Under Article 124 of the Company's Articles of Association, Mr. P. K. Ghosh and Mr. M. A. Elias retire by rotation at the 63rd Annual General Meeting and, being eligible, offer themselves for re-appointment.

Auditors

Messrs. Price Waterhouse, Chartered Accountants, retire and are eligible for re-appointment as Auditors.

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. Dalziel
Managing Director

R. A. Shah
Vice-Chairman

Mumbai, June 29, 2004