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## Board of Directors

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

## Ten-year Highlights

	Rs. Lacs									
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
<b>A. Operating Results :</b>										
Sales	960,60	1,019,73#	998,22#	1,089,58#	1,176,88	1,160,89	1,056,89	1,042,08	1,072,53	1,217,50
Other Income	17,61	12,48#	16,31#	22,89#	29,51	30,95	35,76	29,92	34,23	25,61
Net Profit After Tax	78,92	80,07	45,67	51,79	62,50	69,79	88,66	108,00	113,29	137,60
Cash Profits	98,58	101,24	70,30	75,00	82,72	91,94	108,13	132,26	135,66	169,03
<b>B. Financial Position :</b>										
Fixed Assets (Net)	160,41	194,46	226,17	215,58	196,93#	172,31	158,02	93,95	147,21	169,12
Current Assets (Net)	84,89	83,17	58,47	80,31	31,26#	56,86	29,52	36,77	(62,83)	(49,64)
Others (Net)	16,89	20,51	14,23	11,08	23,97#	27,72	89,62	115,76	169,37	155,95
TOTAL ASSETS	262,19	298,14	298,87	306,97	252,16	256,89	277,16	246,48	253,75	275,43
Share Capital	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99	135,99
Reserves and Surplus	122,18	157,37	157,75	164,26	103,12	111,65	139,03	108,32	113,78	135,08
SHAREHOLDERS' FUNDS	258,17	293,36	293,74	300,25	239,11	247,64	275,02	244,31	249,77	271,07
Loan Funds	4,02	4,78	5,13	6,72	13,05	9,25	2,14	2,17	3,98	4,36
TOTAL CAPITAL EMPLOYED	262,19	298,14	298,87	306,97	252,16	256,89	277,16	246,48	253,75	275,43
<b>C. Equity Share Data :</b>										
Earnings Per Share (Rs.)	5.80	5.89	3.36	3.81	4.60	5.13	6.52	7.94	8.33	10.12
Dividend Per Share (Rs.)	4.50	3.00	3.00	3.00	8.25*	4.25	4.25	6.00**	7.00	7.50
Number of Shares (in Lacs)	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60	13,60
Number of Shareholders (in '000s)	2,35	2,38	2,41	2,30	2,22	2,15	2,07	1,85	1,59	1,41

# Re-grouped

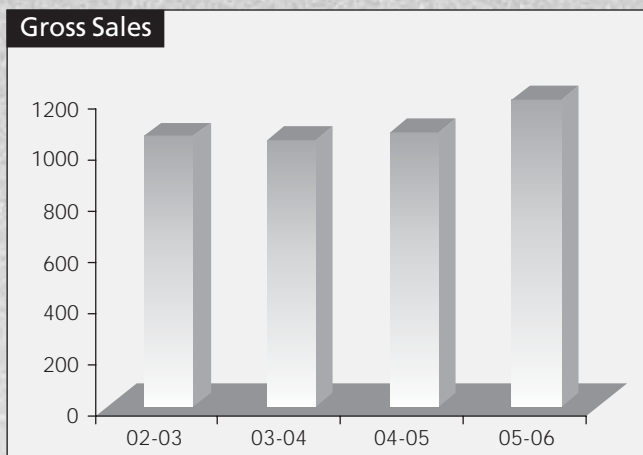
\* Including one-time special dividend of Rs. 4.75 per share.

\*\* Including one-time special 25<sup>th</sup> Anniversary Dividend of Rs. 1.25 per share.

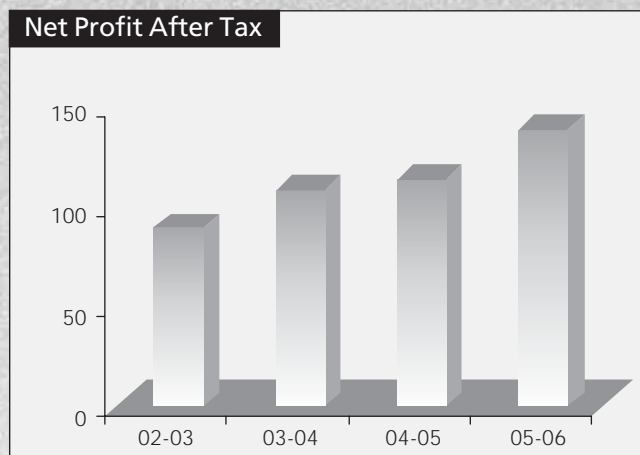
Previous year's figures have been re-classified to conform with current year's presentation, where applicable.



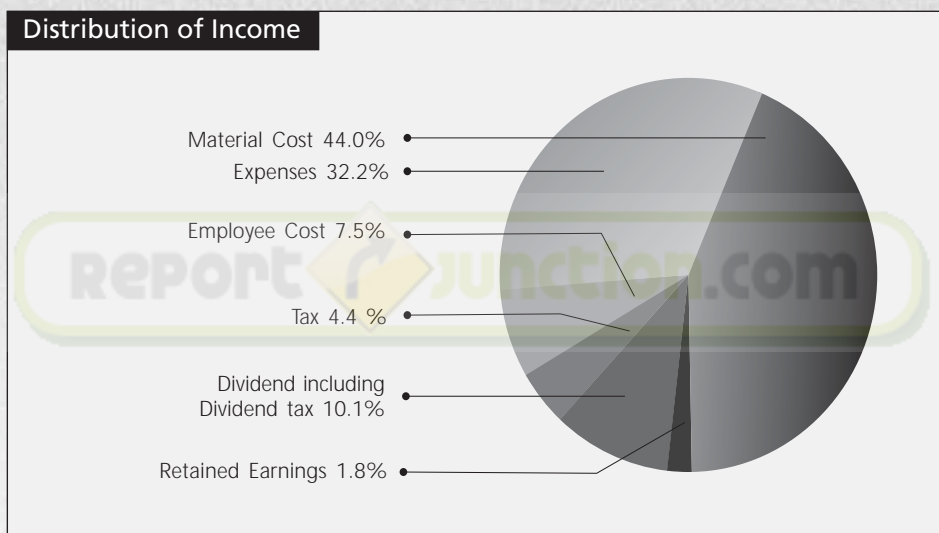
**Gross Sales**



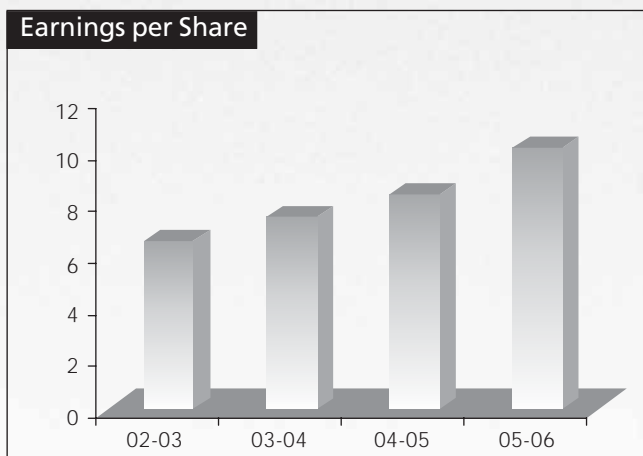
**Net Profit After Tax**



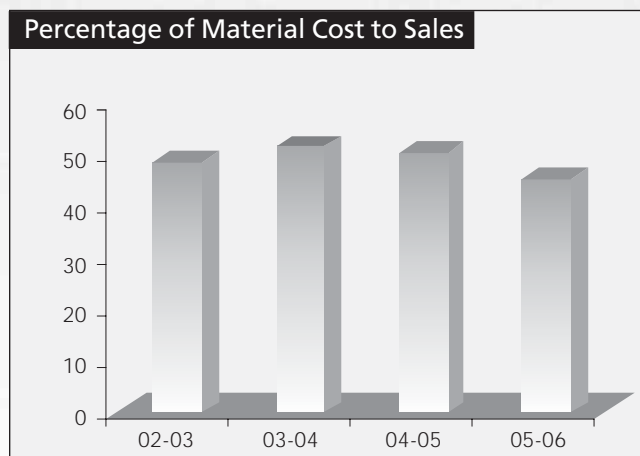
**Distribution of Income**



**Earnings per Share**



**Percentage of Material Cost to Sales**



## Notice

NOTICE is hereby given that the Sixty-fifth Annual General Meeting of COLGATE-PALMOLIVE (INDIA) LIMITED will be held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg, J.V.P.D. Scheme, Vile-Parle (West), Mumbai 400 056 on Tuesday, August 8, 2006 at 3.30 p.m. to transact the following business :

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

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

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Articles of Association of the Company and subject to the approval of the Central Government, the approval of the Company be

and is hereby accorded to the appointment of Mr. Roger D. Calmeyer as Managing Director of the Company for a period of five years effective June 1, 2006 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Calmeyer, a copy whereof initialed by the Vice-Chairman for the purpose of identification is placed before the meeting, with liberty to the Board of Directors of the Company ("the Board") to alter and vary the terms and conditions thereof in such manner as may be agreed to between the Board and Mr. Calmeyer, subject to the applicable provisions of the Act or any amendment thereto or any re-enactment thereof.

RESOLVED further that in the event of absence or inadequacy of profits in any financial year, Mr. Calmeyer be paid the aforesaid remuneration as minimum remuneration for that year.

RESOLVED further that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable."

7. To appoint Auditors and to fix their remuneration.

By Order of the Board

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

Date : May 17, 2006

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

### Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An explanatory statement under Section 173 of the Companies Act, 1956 in respect of Items 4 to 6 to be transacted at the meeting is appended hereto.



3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 1, 2006 to Tuesday, August 8, 2006 (both days inclusive).
4. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company, Sharepro Services (India) Private Limited, 912, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021.
5. Members who hold shares in physical form are requested to notify immediately any change in their addresses to the Registrars and Share Transfer Agents of the Company at the above address and to their respective depository participants, in case shares are held in electronic mode.
6. To avoid the incidence of fraudulent encashment of the warrants, Members are requested to intimate the Registrars and Share Transfer Agents of the Company under the signature of the Sole/First joint holder the following information so that the Bank Account Number and Name and Address of the Bank can be printed on dividend warrants, if and when issued :
  - a) Name of Sole/First joint holder and Folio Number
  - b) Particulars of Bank Account viz.
    - i) Name of the Bank
    - ii) Name of the Branch
    - iii) Complete address of the Bank with pincode number
    - iv) Account type, whether Savings or Current Account
    - v) Bank Account number allotted by the Bank.
7. The Company, consequent upon the introduction of the Depository System (DS) entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.
8. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates, etc. Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
9. Members holding shares in Demat form may please note that the bank account details given by them to their Depository Participants (DPs) and passed on to the Company by such DPs would be printed on the dividend warrants of the concerned members. However, if any member wants to receive dividend in any other bank account, such Member should change/correct the bank account details with their concerned DPs. The Company would not entertain any request from such shareholders directly for deletion/change in the bank account details printed on the dividend warrants on the basis of information furnished by the DPs to the Company.
10. All unclaimed dividends upto the First Interim Dividend for 1995-96 paid by the Company on September 29, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants upto the said period are requested to claim the amount from The Registrar of Companies, CGO Building, II Floor, A Wing, Belapur, Navi Mumbai.  
  
Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are transferred to the 'Investor Education and Protection Fund', constituted by the Central Government. Accordingly, unclaimed dividends from the Second Interim Dividend for 1995-96 have to be transferred to the said Fund. During the Financial Year 2005-06, unclaimed amount of Final Dividend (Rs.12,42,797/-) for 1997-98 has been transferred to the Investor Education and Protection Fund on November 25, 2005.
11. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
12. At the ensuing Annual General Meeting, Mr. R. A. Shah and Mr. K. V. Vaidyanathan shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. Shah and Mr. Vaidyanathan are given below :  
  
**Mr. R. A. Shah :**  
  
Mr. R. A. Shah is a leading Solicitor and a Senior Partner of M/s. Crawford Bayley & Company, a firm of Solicitors and Advocates. He specializes in a broad spectrum of corporate laws in general with special focus on foreign investments, joint ventures, technology & licence agreements, mergers and acquisitions, etc.

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

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

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

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

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

#### **Committee Memberships :**

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

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

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

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

#### **Mr. K. V. Vaidyanathan :**

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

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

## **Annexure to the Notice**

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

#### **Items 4 & 5**

Mr. Vinay Hegde is an Engineering Graduate from the Indian Institute of Technology, Mumbai and also has an MBA qualification from the Indian Institute of Management, Ahmedabad. He joined the Company in 1999 as Vice-President – Sales. He was promoted to Executive Vice-President – Marketing in January 2004. Mr. Hegde has been appointed an Additional Director by the Board of Directors of the Company (hereinafter referred to as "the Board") effective September 1, 2005. Pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as "the Act") he holds office only upto the date of the 65<sup>th</sup> Annual General Meeting of the Company. Due notice under Section 257 of the Act has been received from a member proposing the appointment of Mr. Hegde as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.

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

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

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

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

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

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



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

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

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

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

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

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

#### Item 6

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

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

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

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

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

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

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

- a) Salary : Upto Rs. 17 Lacs per month.
- b) Commission/Performance Linked Incentive or Bonus :

Not exceeding 1% of the net profit of the Company in any financial year as the Board may determine from time to time but shall not exceed the amount equivalent to the salary for the relevant period; it may be paid pro-rata on a monthly basis at the absolute discretion of the Board.

- c) Perquisites :

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



In addition to the perquisites referred to above, he will be eligible to the following perquisites which shall not be included in the computation of the ceiling on perquisites :

i) Children's Education :

Reimbursement of actual expenses on education of children for a maximum of two children, studying in or outside India.

ii) Holiday Passage for children :

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

iii) Leave Travel Concession :

For self and family once in a year for any destination in India. In case leave is to be spent in home country, return passage will be allowed for self and family in accordance with the rules specified by the Company.

iv) Reimbursement of expenses incurred on joining duty and for returning to home country after completion of tenure :

Actual expenses incurred on travel, temporary living expenses and on packing, forwarding, loading/unloading, as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India. After completion of the tenure, such expenses may be reimbursed if Mr. Calmeyer is finally leaving the employment of the Company. In case he joins any other affiliated entity of Colgate-Palmolive Co., such affiliated entity would bear such expenses.

d) Annual Leave :

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

e) Minimum Remuneration :

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

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

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

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

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

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

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

By Order of the Board

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

Date: May 17, 2006

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

## Report of the Directors

To  
The Members  
Colgate-Palmolive (India) Limited

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended March 31, 2006.

### Financial Results

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

### Business Performance

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

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

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