

Colgate:



Bringing Oral
Care to the Masses

**ASK^{THE}
DENTIST**



COLGATE-PALMOLIVE (INDIA) LIMITED

Annual Report 2010 - 2011

Through the years...

Colgate has worked tirelessly towards continuously developing and executing unswerving and long-term initiatives that have spread the importance of good oral health and hygiene to people across boundaries.

As a responsible oral care market leader, Colgate remains committed to bringing oral care awareness to the masses through various valuable programs. The recent interactive campaign of 'Ask the Dentist' is one such mammoth initiative which makes it easy for the common man to speak to an oral care expert. Research shows that only 3% of people in India visit a dentist regularly. Colgate's 'Ask the Dentist' campaign, creates an avenue to bring the dentist to the masses by providing consumers 'live' accessibility to the expert faculty via a special toll-free line. Inaugurated in March 2011, the toll-free line on an average receives 5000 calls per day, thereby demonstrating the immense service the initiative delivers.

To further enhance consumer engagement levels, Colgate has also leveraged innovative ways to spread the message of good oral care such as creating Guinness World Records™ around oral hygiene practices. Colgate is the only oral care company in the world to own a hat-trick of such Guinness World Records™.

Our annual oral care awareness program, Oral Health Month, continues to grow from strength to strength and has, since inception, reached out to millions of people in a lot of countries worldwide. In India, this program has evolved extensively and is now covering over 1000 cities in 2010 from just six cities in 2005. In the year 2010, Colgate partnered with close to 24,000 dentists to offer free dental check-ups and reached out to almost 3.4 million consumers across India to spread the importance of good oral hygiene.

Furthermore, Colgate Bright Smiles, Bright Futures™ program continues to expand its reach by interacting with school children across India, using fun and engaging learning methods to convey the importance of good oral hygiene. This year, the Colgate Bright Smiles, Bright Futures™ program reached over 12 million children across India, taking the number of children reached since inception of the program to 95 million.

As Colgate continues to strengthen its leadership position in oral care, it remains committed to developing high impact and enduring initiatives that will go a long way in spreading the importance of oral health and hygiene to the masses.



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Board of Directors

	<i>Chairman</i>	D. Samuel
	<i>Vice-Chairman</i>	R. A. Shah
	<i>Deputy Chairman</i>	P. K. Ghosh
	<i>Managing Director</i>	M. V. Deoras
	<i>Whole-time Finance Director</i>	P. E. Alton
	<i>Whole-time Director</i>	K. V. Vaidyanathan
		J. K. Setna
		V. S. Mehta
	<i>Company Secretary</i>	K. V. Vaidyanathan
Management Committee	<i>Managing Director</i>	M. V. Deoras
	<i>Finance</i>	P. E. Alton
	<i>Legal</i>	K. V. Vaidyanathan
	<i>Marketing</i>	R. Krishnamurthy
	<i>Customer Development</i>	S. Bharatwaj
	<i>R&D</i>	R. Subramanyam
	<i>Manufacturing & Supply Chain</i>	L. Wheeler
	<i>Human Resources</i>	A. Singh
	<i>Customer Service & Logistics</i>	S. Menon (Ms.)
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
		M. V. Deoras
		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>	Plot No. B 14/10 MIDC, Waluj Industrial Area, Aurangabad 431 136.
		Plot No. 78, EPIP Phase I, Jharmajri, Baddi, District Solan, [H.P.] 174 103.
		Premises No. 44-617/11, Road No. 7, I.D.A., Nacharam, Hyderabad 500 076.
		Plot Nos. 154, 158 & 160, Kundaim Industrial Estate, Kundaim, Goa 403 115.
	<i>Registrars & Share Transfer Agents</i>	Sharepro Services (India) Private Limited

Ten-year Highlights

	₹ Lacs									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
A. Operating Results :										
Sales	1,160,89	1,056,89	1,042,08	1,072,53	1,217,50	1,385,38	1,553,21	1,758,16	2,024,65	2,317,40
Other Income	30,95	35,76	29,92	34,23	46,09#	67,00	84,78	107,76	98,46	106,80
Net Profit After Tax	69,79	88,66	108,00	113,29	137,60	160,17	231,71	290,22	423,26	402,58
Cash Profits	91,94	108,13	132,26	135,66	169,03	175,42	251,56	313,17	460,83	436,83
B. Financial Position :										
Fixed Assets (Net)	172,31	158,02	93,95	147,21	169,12	192,03	198,99	178,59	253,14	267,31
Current Assets (Net)	56,86	29,52	36,77	(62,83)	(49,64)	(66,23)	(132,51)	(13,63)	38,66	61,21
Others (Net)	27,72	89,62	115,76	169,37	155,95	159,00	100,41	56,02	38,90	55,58
TOTAL ASSETS	256,89	277,16	246,48	253,75	275,43	284,80	166,89	220,98	330,70	384,10
Share Capital	135,99	135,99	135,99	135,99	135,99	135,99	13,60	13,60	13,60	13,60
Reserves and Surplus	111,65	139,03	108,32	113,78	135,08	144,53	148,61	202,70	312,51	370,45
SHAREHOLDERS' FUNDS	247,64	275,02	244,31	249,77	271,07	280,52	162,21	216,30	326,11	384,05
Loan Funds	9,25	2,14	2,17	3,98	4,36	4,28	4,68	4,68	4,59	5
TOTAL CAPITAL EMPLOYED	256,89	277,16	246,48	253,75	275,43	284,80	166,89	220,98	330,70	384,10
C. Equity Share Data :										
Earnings Per Share (₹)	5.13	6.52	7.94	8.33	10.12	11.78	17.04	21.34	31.12	29.60
Dividend Per Share (₹)	4.25	4.25	6.00*	7.00	7.50	9.50**	13.00	15.00	20.00	22.00
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)	2,15	2,07	1,85	1,59	1,41	1,40	1,33	1,26	1,24	1,26

Re-grouped

* Including one-time special 25th Anniversary Dividend (since becoming public in 1978) of ₹ 1.25 per share.

** Including one-time special 70th Anniversary Dividend of ₹ 2.00 per share.

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

Notice

NOTICE is hereby given that the Seventieth 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 Friday, July 22, 2011 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2011 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. J. K. Setna, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. V. S. Mehta, 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. Paul Alton 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 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 in accordance with the approval granted by the Central Government vide its letter No. A94076213/4/2010-CL.VII dated January 21, 2011, the approval of the Company be and is hereby accorded to the appointment of Mr. Paul Alton as Whole-time Finance Director of the Company for a period of five years effective September 1, 2010 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Alton, a copy whereof initialed by the Vice-Chairman for the purpose of identification is placed before the meeting with a 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. Alton, 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. Alton be paid the aforesaid remuneration as minimum remuneration for that year.

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

6. To appoint Auditors and to fix their remuneration.

By Order of the Board

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

Date : May 30, 2011

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 Item Nos. 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 Monday, July 18, 2011 to Friday, July 22, 2011 (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 (India) Private Limited at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri – East, Mumbai 400 072.

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. 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'). The 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. To prevent fraudulent transactions, we urge the Members to exercise due diligence and notify the Company of any change in address/stay in abroad or demise of any shareholder as soon as possible. Members are requested not to leave their demat account dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
 9. Electronic Clearing Service ('ECS') helps in quick remittance of dividend without possible loss/delay in postal transit. Members are requested to fill in the form which is available on the Company's website or can obtain it from the Company's Registrars and Share Transfer Agents and forward the same to the Company's Registrars and Share Transfer Agents if the shares are held in physical form and to the Depository Participant in case the shares are held in dematerialised form.
 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. The Members, who have not encashed the dividend warrants up to 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 been transferred to the said Fund. During the Financial Year 2010-11, unclaimed amount of dividends (₹ 14,45,676/-, ₹ 17,16,584/- and ₹ 19,98,218/-) declared for the years 2002-03 and 2003-04 have been transferred to the Investor Education and Protection Fund on July 29 and October 22, 2010 and January 22, 2011 respectively.
11. The Company has designated an exclusive e-mail ID called **investor_grievance@colpal.com** for redressal of shareholders' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at **investor_grievance@colpal.com**.
 12. 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.
 13. At the ensuing Annual General Meeting, Mr. J. K. Setna and Mr. V. S. Mehta shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. J. K. Setna and Mr. V. S. Mehta are given below :

Mr. J. K. Setna :

Mr. J. K. Setna is a Chartered Accountant with a Bachelor's Degree in Commerce from the University of Mumbai. Mr. Setna joined Ingersoll-Rand (India) Limited (a 74% subsidiary of Ingersoll-Rand Company, the multinational diversified machinery manufacturer of New Jersey, U.S.A.) in 1957 and was appointed Corporate Secretary in 1958. He was elected to the Board of Directors in 1965 and designated as Area Controller, Asia Pacific

Region, Ingersoll-Rand International in 1966. Mr. Setna took over as the Chairman and President of Ingersoll-Rand (India) Limited in 1968. He retired as President in December 1988 at the age of 60 and then as Chairman in September 1993. He joined the Board of Tata Sons Limited in October 1993 and continued as a Director on its Board until his retirement in 2003.

Mr. Setna has been acting as the Independent Director of the Company since 1978. Mr. Setna brings to the Board his rich experience and understanding of the Indian industry and consumer product business and the Company will continue to benefit significantly from his expertise.

Mr. Setna is a Director in Universal Ferro & Allied Chemicals Ltd. and also a Trustee of the N. M. Wadia Charities and its associated Trusts.

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

Committee Membership :

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

Mr. V. S. Mehta :

Mr. V. S. Mehta is the Chairman of the Shell Group of Companies in India since 1994. He has been serving the Shell Group since 1988. He was also the Shareholders' representative on the Board of Shell Companies in Saudi Arabia and Middle East during 1988-91 and Managing Director of Shell Marketing and Shell Chemicals Overseas, Cairo, Egypt during 1991-93. Mr. Mehta's illustrious career began as a Member of the Indian Administrative Service of the Government of India in 1978 and he has since held various prestigious positions. These include advisory positions with world-renowned petroleum companies and the Indian Government's Ministry of Petroleum.

Mr. Mehta who completed his Bachelor's Degree in Mathematics (Hons.) from Delhi University, also holds a Master's Degree in Energy Economics from Fletchers School, Tufts and Harvard University in U.S.A. as well as a Master's Degree in Economics (Hons.) from Oxford University, U.K. His brilliance and knowledge, coupled with his deep business perspective will continue to bring added value to the Company.

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

Mr. Mehta is a Director of the following companies :

Other Directorships :

Director of Shell India Marketing Private Limited, Hazira LNG Private Limited, Hazira Port Private Limited, Hazira Gas Private Limited, Shell Technology India Private Limited and Director of Shell MRPL Aviation Fuels Services Private Limited.

Committee Membership :

Mr. Mehta is a member of the Audit Committee of the Company.

Annexure to the Notice

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

Item Nos. 4 and 5

Mr. Paul Alton joined Colgate in 1989 in the Operational Analysis Department of the European Division based in Brussels and he was promoted to Director, Operational Analysis in 1992. In 1995, Mr. Alton became General Manager of Project Catalyst where he played a vital leadership role in successfully rolling out SAP across the European Division. He then became the Finance Director of Colgate, Turkiye.

Prior to joining Colgate-Palmolive (India) Limited, Mr. Alton worked as the Group Finance Director of Colgate's affiliate, Hawley & Hazel Chemical Co. (H.K.) Limited at Hong Kong since June 2006. Earlier he was Finance Director of Colgate Germany and Austria, where he made significant contribution to the business in spite of the challenges of tough operational environments.

Mr. Alton holds a Bachelor's Degree in Chemical Engineering and an MBA Finance from Cranfield School of Management in the U.K.

The Board of Directors of the Company ("the Board") at their Meeting held on August 11, 2010 appointed Mr. Alton as an Additional Director effective September 1, 2010 and, subject to the approval of the Central Government and shareholders of the Company, as Whole-time Finance Director of the Company for a period of five years effective September 1, 2010.

As the Additional Director and pursuant to Section 260 of the Companies Act, 1956 ("the Act"), he holds office only up to the date of the 70th 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. Alton as a Director of the Company, whose office shall be liable to determination by retirement of Directors by rotation.

The Central Government vide letter No. A94076213/4/2010-CL.VII dated January 21, 2011 accorded its approval to the appointment of Mr. Alton as Whole-time Director of the Company for the period effective from September 1, 2010 till ensuing Annual General Meeting of the Company and approval for the remaining period would be considered after submission of the shareholders' resolution referred to in Item No. 5 of the Notice.

As the Whole-time Finance Director of the Company, Mr. Alton heads the Company's Finance function as its Chief Financial Officer.

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

Mr. Alton does not hold any shares in the Company nor does he hold any other directorship in India.

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

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

a) Salary :

₹ 25,00,000/- (Rupees Twenty Five Lacs only) per month.

b) Commission or 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, gas, electricity, water, medical reimbursement, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with

the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-tax Rules, 1962, being restricted to ₹ 80,00,000/- (Rupees Eighty Lacs only) per annum.

- d)** 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 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) 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.

- ii) 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. Alton 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.

e) Minimum Remuneration :

In the event of absence or inadequacy of profits in any year, Mr. Alton 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 Act.

Mr. Alton's appointment is for a period of five years which may be terminated by either party by giving to the other ninety days' advance notice in writing or in the case of the Company, by payment of ninety days' salary as compensation in lieu of such notice. Upon such termination, Mr. Alton shall cease to be a Director of the Company.

An abstract under Section 302 of the Act setting out the terms and conditions of appointment of Mr. Alton as the Whole-time Finance Director of the Company was sent to shareholders on or about August 28, 2010.

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, up to and including the day of this Meeting.

None of the Directors, except Mr. Alton is concerned or interested in the resolutions at Item Nos. 4 and 5.

By Order of the Board

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

Date : May 30, 2011

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

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circular stating that service of notice/documents including annual report can be sent by e-mail to its members. We fully support the Ministry's green initiative. Accordingly, the members, who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, **in respect of electronic holdings with the Depository through their concerned Depository Participant**. Members, who hold shares in physical form, are requested to register their e-mail addresses by filling the member's feedback form and forward the same to the Deputy Company Secretary of the Company in the self-addressed postage pre-paid inland letter so as to reach the Company at the earliest.