



COLGATE-PALMOLIVE (INDIA) LIMITED

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December 16, 2022

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P.J.Towers- 25th floor
Dalal Street
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Scrip Code: 500830

The Manager – Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block – G
Bandra – Kurla Complex
Bandra (East), Mumbai 400 051

Symbol: COLPAL
Series: EQ

Dear Sir(s),

Sub: Analyst Conference Call- Transcript

This is further to our letter dated December 13, 2022, regarding an Analyst Conference Call, please find enclosed herewith the transcript of Analyst Conference Call held on December 13, 2022.

The aforesaid transcript is also available on the website of the Company at the link mentioned below:

Link- <https://www.colgateinvestors.co.in/presentation-to-analyst/presentation-details-2022/>

This is for your information and records.

Thanking you,
Yours Sincerely,
For Colgate-Palmolive (India) Limited

Surender Sharma
Whole-time Director- Legal &
Company Secretary
Membership No.: F8913

Encl:a/a

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“Colgate-Palmolive (India) Limited Analyst/Investor Conference Call”

December 13, 2022



MANAGEMENT **MS. PRABHA NARASIMHAN --MANAGING DIRECTOR &
CEO, COLGATE-PALMOLIVE (INDIA) LIMITED**
**MR. M.S JACOB – WHOLE-TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER, COLGATE-PALMOLIVE
(INDIA) LIMITED**
**MR. SURENDER SHARMA – WHOLE-TIME DIRECTOR,
LEGAL & COMPANY SECRETARY, COLGATE-
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**MR. BALAJI SREENIVASAN – EXECUTIVE VICE
PRESIDENT (HR), COLGATE-PALMOLIVE (INDIA)
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**MS. SARALA MENON -- EXECUTIVE VICE PRESIDENT,
MANUFACTURING AND PRODUCT SUPPLY CHAIN,
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**MR. RUCHIR BHATNAGAR -- VICE PRESIDENT,
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**MS. SWATI AGARWAL -- VICE PRESIDENT, INDIA
GLOBAL TECHNOLOGY CENTER, COLGATE-
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**MS. SUJATA NAIRI -- ASSOCIATE DIRECTOR,
COMMERCIAL AND INVESTOR RELATIONS, COLGATE-
PALMOLIVE (INDIA) LIMITED**

Disclaimer: This transcript has been edited to remove any grammatical inaccuracies or inconsistencies of English language that might have occurred inadvertently while speaking

Sujata Nairi:

Hello, everyone. Good morning, and welcome to the Colgate-Palmolive Analyst Conference Call today. I'm Sujata Nairi, Associate Director, Commercial and Investor Relations. And I would like to extend a very warm welcome to all of you here, who are physically present and also to the participants who have joined us virtually. It looks really nice to see a lot of familiar faces around. So, thank you for being here. The session today will be for 90 minutes. We will start with a presentation from the leadership team. Post that, we'll have a question-and-answer session for 30 minutes, and we'll try our best to answer all your questions.

Before we start the session today, let me just remind you of our safe harbor policy. Please note that the conference may have some forward-looking statements. These statements are based on our views and assumptions at this point of time and are not a guarantee of our future performance. Before we go further, let me just introduce you to the management team of Colgate-Palmolive. We have Prabha, the Managing Director and CEO; Jacob, the Whole-Time Director and Chief Financial Officer; we have Surender, who's the Whole-Time Director, Legal; Balaji, who is Executive Vice President, HR; Sarala, who is Executive Vice President, Manufacturing and Supply Chain; Arvind, who is Vice President, Marketing; Niraj, who is Director, New Geographies; Ashish, who is Vice President, CS&L; we have Ruchir, who is Vice President, Customer Development; and we have Swati Agarwal, who is Vice President, India Global Technology Center.

Actually, Niraj, Ashish and Arvind could not join us today due to certain prior commitments. I would now request Prabha to share her opening comments as well as on the overall CP India strategy.

Prabha Narasimhan:

Thank you very much, Sujata. Good morning, everybody. It's really a pleasure to see all of you here today. This is absolutely my first analyst meet at Colgate. I've been in this organization 100 days. And before I started talking to you about our perspective on Colgate and the way forward, I thought I'd take this opportunity to just talk you through what I've done that's brought me here in the first place.

So, I was actually just this last weekend at my 25th year reunion of IIM Bangalore, having graduated from that institute in 1997, and straight from there joined HUL, where I spent the last whatever, give or take, 24 years across numerous different businesses of HUL and numerous different functions, including consumer insight, sales across both Delhi and South branches. And over my last couple of roles, actually, I've had the opportunity to handle their Skin Care and Colors business and then most recently, the Home Care business over the last 2 years. I have the greatest of regard for that organization. And a lot of the stuff that you hear is really learnings from there in terms of how you build categories, how you build great brands and how you build businesses. And I'm actually really privileged to be able to move from an organization of that caliber to an organization of this caliber. And I'm very, very excited to be here.

So, I want to start with really what were early reflections of Colgate. I'm sure a lot of this information is not new to you, but certainly worth us reiterating. It is India's most penetrated

brand. There is not another brand in this country that reaches more households than the Colgate brand. It has its spontaneous awareness in the category of near universal.

There are 4% of the country who when you ask them, Oral Care or toothpaste, don't say Colgate, but 96% of the country, otherwise, thinks of Colgate when you say Oral Care. We are about 3x bigger than the second biggest player in the Oral Care category. And I think that becomes both a privilege as well as a responsibility and we will talk about both facets of privilege and responsibility as we go forward.

I want to reiterate this piece because this was one of the things that really struck me as I entered this category. This is a company that is largely a single-category company in Oral Care. But in Oral Care, actually, I don't think there are many companies or there are any companies that are better than Colgate. Cutting-edge technology, we have thousands of scientists who on a daily basis are working towards making sure that the products that we have, have fabulous scientific underpinning backed by the right clinicals and are constantly on the quest of making them better and better, and we'll talk through some of these technologies as we go forward.

We have numerous research studies and a whole series of patents, almost about 1,500 patents a year. A couple of the most recent ones include the recyclable toothpaste tube, the arginine technology that goes into Colgate strong teeth, the MPS technology that goes into Colgate whitening. And I'll talk about some of these as we go forward. And we're actually very, very proud of the fact that we have 2.7x higher publications than the next player. And this underpinning of science is something that we will revisit as we discuss the way forward.

But what makes Colgate, I think truly fabulous in India is really its execution prowess. Small, focused company relatively speaking, but the reach of 1.7 million stores, actually comparable to pretty much everybody. 95% of these are active every quarter. And we have 70% of them now working on the algorithm, where we get the data, we're able to see what is sell in, what is sell out, what's our ability to add assortment and to make sure that we are constantly expanding what is both the availability in the right place at the right time as far as these stores are concerned.

And when you look at direct trade or modern trade, we're actually exceedingly lucky to have category captaincy, great partnerships with all of the key modern trade customers in this country. 75% of our business is actually supported by on-site merchandisers who help us to create the fabulous execution that I hope that you see when you shop. And as a result of this fabulous partnership, actually, our shares in the future-facing channels, which is both e-commerce as well as modern trade are usually higher than the shares that we have in traditional trade, which is, I think, a tremendous advantage for us as we do expect that these channels will grow faster and faster.

This is another unique area that is quite specific to Colgate. I'm sure many of you as I have grown up with the Colgate Dentist in advertising, and the fact that Colgate has the seal of

approval from the IDA. We have a great relationship with the IDA and the Dental Council of India. We are still the #1 brand prescribed by dentists in this country. And obviously, the trust and the relationship that comes with many, many years of working with these dentists. And this is actually going to be one of the areas that I want to talk about first in terms of the future.

What we have done is to launch a platform called Dentist FIRST. It has been beta testing as we see to go live in 2023. This is the platform that is meant for dentists to be able to access the best of information and the best of products from the Colgate team to add one more leg to the already great relationship that we have.

Let me show you a quick video of how this Dentists FIRST platform is.

(Audio-Video Presentation)

Actually, we have a series of products that are actually targeted at dentists and consumers of dentists, and we do expect that we will be able to expand this portfolio because the Colgate global world, obviously, has a lot more products that we can bring into India in this space. And so, all of this together, the execution prowess the technology, the brand, the connect with the dentists, the connect with our customer partners, really makes this one of India's most trusted brands. It has been so for decades. I think this measurement is perhaps only about a decade old and therefore the 11 years. But Colgate has been in this country for 85 years. And I would imagine that for 85 years, it has certainly been amongst the most trusted brands.

Early consumer work that I did before in my interim stage between the two jobs, that was the one thing that when you speak to consumers every time they talk to you about Colgate, the third or fourth word will be trust. I trust this brand to take care of my family's health, and that is the trust, I think, that which we, as an LTE truly value. And that is the trust that we hope we will make this company even bigger and even greater.

So, that then brings me to what therefore is our opportunity sitting here as we do with such advantages. And I think the first opportunity for us, of course, is to drive category volume. This is a category that has tremendous opportunity. If you look at a comparison to 2 other countries, if India uses x grams per annum, then in the Philippines, that number becomes 1.8x; and in Brazil, that number becomes 3x. And you take what is the roughly 250,000 ton market currently, and you can see the math's of where this market could easily end up.

If we double click on India and separate it out as urban and rural, you then see a really stark difference there as well. Rural consumers at 0.6x of the national average with 55% of them not brushing daily. So, that really does become our first and lowest hanging fruit to ensure that we are exhorting rural consumers to brush daily and to make sure that oral care is a part of everyday regimen. And then of course, in urban India, we have a very limited number of people who brush twice a day, which is actually the recommendation morning and night. And that 80% then gives us the other opportunity to continue to grow volume in this category.

The second part, of course, is for us to drive up premiumization or to drive value in this category. And what we have done is to take a look at another category, toilet soaps, which is every day, which is family use, which is we feel quite similar to toothpaste as a category. And as you see, what we have done is to really just break up the usage by the different socioeconomic classes. So, starting at SEC DE with the toothpaste number, if that is x value that a consumer spend the same set of consumers spend $1.7x$ on personal wash or toilet soap. And then when you take a look at that multiple at the more premium consumers, x becomes $2x$ in the case of oral care or toothpaste. And in the case of toilet soaps, $1.7x$ becomes $4.4x$. So, if you take this math's to its logical conclusion, you can see how much larger and how much there is an opportunity for us as owners and leaders of this category to actually premiumize by offering newer and more value-added benefits.

And then if you take a look at where the toothpaste market sits in terms of pricing, you will see that nearly $2/3$ of the market sits in and around the 100-price index. So, between 90 and 110 is where 65% of the market sits. Again, a real opportunity for us to start offering benefits that allow us to get consumers to preimmunize and move up the value ladder. And this dual action of driving volume through ensuring regularity of brushing and driving premiumization is really the cornerstone of the growth strategy. And let me talk through the pillars of it. So, we have a really simple strategy. It's a simple organization with a simple strategy. Our first task will really be to lead toothpaste category growth. We are half this category, and this category in a sense looks at Colgate in terms of where it goes. And that will be our first pillar.

The second one, and I already alluded to this, is that the mouth, your teeth, obviously complicated biological mechanisms, and we do need them to have science underpinning the products that we sell. And our ability to deliver high-quality science with the greatest of tech and the newest of ingredients is truly unparalleled, and therefore, bringing science and using that to drive premiumization becomes our second pillar.

The third one is that we have a very, very strong business in toothbrushes. Our intention will be to continue to grow that toothbrush business as well as to make sure that we are getting into various types of devices as we go forward and build that business.

And the last one, and I know many of you had questions in this space even a prior read through this discussion is to build a strong leg in Personal Care. So, that's really our 4 pillars, and we'll run through each of these individually.

Starting, of course, with the absolute hero of the Colgate portfolio, which is Colgate Strong Teeth, it is individually a variant brand that sits in 7 out of 10 households, it is the biggest share within the Colgate portfolio. It is the biggest share within the Oral Care world in India, and it is also the market standard pricing. And at that market standard pricing, it actually has industry-leading science that goes into that product.

Colgate Strong Teeth has arginine in it. Arginine is one of the patented formulas of Colgate globally, an ingredient that is already actually an amino acid that's present in your mouth and

works with your body to make sure that it protects your teeth giving you strong teeth. And I'm going to just play a couple of demos, first an ad and then a demo in terms of what this Arginine technology does.

(Audio-Video Presentation)

So, we are moving from Colgate Strong Teeth to our second biggest portfolio, which is really Freshness. And as I'm sure most of you know a really large benefit in the consumer space because as you wake up in the morning, that is one of the largest things that you are seeking. The MaxFresh portfolio has been a large part of the Colgate franchise for a long time and has recently seen an innovation in terms of combining the equity of MaxFresh with the idea of Charcoal, which is an on-trend and growing ingredient as far as Oral Care is concerned to create MaxFresh Charcoal. And nobody better than Ranveer Singh to show how this thing works.

(Audio-Video Presentation)

So, MaxFresh has just recently gone into the market beating our early estimates, and it continues to use the same cooling crystal technology, which is actually the backbone of the core MaxFresh range. And then of course, over the last little while obviously, there has been in the Oral Care category, a lot of conversation on Naturals, whether they are ingredient naturals or they are Ayurveda-based naturals. And you will see that from 2016 through 2019, clearly, the Naturals market was on a real upswing. 900 basis points. This is really the total contribution of Naturals to the entire market. It grew by 900 basis points.

However, since 2020, we have seen a plateauing of the Naturals market between 2020 to 2022 as we speak. That market has now grown only by about 40 basis points. And we are seeing consumers starting to be able to differentiate between Ayurveda ingredients and the more scientific-based positioning. Our play in this will continue to be Colgate Vedshakti, a really good mix, which calls upon a combination of our understanding of both Oral Care as well as an understanding of Ayurveda.

And then, of course, we have Colgate Salt, which is I think Colgate's most successful innovation launched about a couple of decades ago. It is the third largest franchise in the Colgate portfolio, does exceedingly well in the South and East of India. And again, what it does is to take an ingredient like salt, ensure that we are able to understand how salt in combination with eugenol can work towards delivering total mouth and gum health, and that's the mix that has gone in. This mix supported, of course, by a lot of local content, given that this brand has its roots in South and East of India. We are able to create assets that work for that part of the country, quite specifically highlighting regional cultural codes and making sure that we are present as part of the daily fabric of life there. And I'm sure all of you have asked the question or been asked the question, is there salt in your toothpaste, and that's really where this brand sits.

That then brings me to the whole idea of growing consumption, critical leg in our entire thinking and the fact that 55% of rural consumers don't brush their teeth daily, they do have a substitute in terms of Datoon. However, there are deficiencies in what a Datoon can do. And as Colgate, it is our job to educate and convince consumers. What is the status of their oral health and how brushing daily with a good toothpaste actually helps them to have better oral health, which in turn has lots of linkages to their overall health. And that will be a key task for this year to make sure that we are driving category development particularly as we look at rural India, with the idea, simple idea of brush teeth every day.

I'm going to pause here just for a second because this is perhaps the most, I guess heart-warming slide of the entire deck. Colgate's commitments to oral health in India is actually unparalleled. It is a commitment that goes all the way back to the mid-1970s, starting with the school program way back then, and this is a program that is consistently run since then, so now in its fifth decade. And starting at a small scale of about 0.45 million, it has now reached 170 million children. And this is not reaching them through one piece of advertising or one piece of content. This is about reaching them in their schools, in the formative years of 6 to 12 when habits get built. The Bright Smiles, Bright Future program is the consistent investments that Colgate has done and one that we intend to double down on.

We have tied up very recently with the government in Andhra Pradesh with Project Chirunavvu, which I understand means Smile in Telugu for those of you who are Telugu speaking. And our idea will be to go to about 4 million children in Andhra Pradesh. Taking this program of good oral health, what does it mean, and also talking about other things which impact your oral health, including tobacco spitting, et cetera. In addition, the program also works towards setting up dental infrastructure in the state to make sure that if you do have an issue, there is an infrastructure that allows you to take care of this issue. This, of course, is a great thing for Colgate to do, and I think it has a great commitment. However, it also has a significant business linkage because as we get Oral Care becoming part of the fabric of taking care of yourself is how we grow the overall Oral Care category in this country as well.

That then brings me to the second pillar, which is really science-led premiumization, and I want to talk about a few spaces. You're starting with the latest launch of this year. I hope that all of you have seen the Colgate Whitening launch, a couple of fundamental shifts here. Firstly, this is a big foray into oral beauty. Oral Care, otherwise, largely a health and hygiene and protection category. However, with Whitening, we are now making a play in oral beauty, which we think has tremendous potential. And I'm going to play the ad and then talk a little bit more about what we've done.

(Audio-Video Presentation)

I must confess I saw this advertising before I joined this company, and it certainly did make me smile out loud. This has been a tremendous launch. We are seeing great traction. Colgate owns 70% of this segment. We've seen tremendous traction in terms of the way this mix is doing as well as the base Visible White, which already existed in the market is doing, and we

are seeing tremendous opportunity in terms of the linkages to things like weddings and festivals, et cetera, where beauty gets heightened and plays a much larger role and our ability to include oral beauty into the regimen of men and women at these moments is really where the focus will be as we go forward.

The second one, of course, is the whole idea of Colgate Total. I think if you talk to Colgate people anywhere in the world and you ask them which toothpaste they use, there's a very high likelihood that this is the one that they will say. This is once again a patented formula. It's dual zinc plus arginine, which is also known as DZA. Probably the best family health toothpaste and an opportunity for us, again, to premiumize from Colgate Strong Teeth into Colgate Total. And then, of course, Kids, as all of you, I'm sure, would know, milk teeth have thinner enamel than your permanent teeth. And therefore, the care for kids' teeth actually really critical. Firstly, because the habits that they build when they're young are really the habits that they keep as they grow older. And secondly, because the better the quality of your milk teeth and the lack of cavities and the lack of impact on them, actually the likelihood of the better the quality of your permanent teeth.

And therefore, a range of products made for children from 0 to 6 as appropriate and these sold through the right groups and the right cohorts, which is parenting platforms and making sure that we are available and communicating this information in the right place at the right time to the right people. That brings me then to toothbrushes in a slide, which I hope is now familiar to all of you of what is the opportunity. The techies in our business would have you replaced your toothbrush once every 3 months. In India, on average, every urban consumer replaces their brush once every 6 months and every rural consumer once every 15 months. Therefore, getting consumers to replace their brushes at the right frequency becomes a real opportunity to grow this market. And most toothbrushes, the average price of a toothbrush in India is actually Rs.20, 64% of the market sits under Rs. 30. But now there is a lot of technology that is going into toothbrushes, which really heightens at the experience that you get and the efficacy of your overall oral care habit and therefore, our efforts to make sure that the 64% keeps moving right.

And in that, I want to talk about a couple of things, Super Flexi, which is a large part of our toothbrush business we launched this year after a decade, I think, strong distribution, great uplift in terms of visibility. And this, coupled with Gentle, which is really where the focus is, is the 2 flagship parts of our toothbrush portfolio. And I'm going to spend 10 seconds on just talking about Gentle. I don't know how many of you know because I didn't know it. I always thought that the more medium and harder the toothbrush, the better the abrasive action and the better the impact on your teeth, actually not true. The softer the brush, the better because it goes into all the gaps and grooves and works harder than the harder brushes without being abrasive. And therefore, Gentle is really a revolution. It is by far our most successful toothbrush range, comes in a variety of prices starting at 2x of the market and going all the way up to 8x. And through 2022, actually, we've seen some phenomenal results on Gentle.

And then, of course, if you're going to do Oral Beauty, then clearly, there must be a device that works with Oral Beauty. And therefore, a toothbrush that has been crafted to enhance the whitening impact of your toothpaste, because they work in conjunction, it is a system. So, if you want whiter teeth, you should buy a toothpaste and the toothbrush and therefore, the launch of the Visible White O2 toothbrush. Just, of course, beyond the world of manual toothbrushes is the world of electric toothbrushes or powered toothbrushes still very, very nascent in India. But as we look westwards and we see what's happening, we do see that the adoption of electric toothbrushes becomes quite large. And once you get used to an electric toothbrush, it's very hard to go backwards into a manual toothbrush. So, we do have a large play on electric toothbrushes. Starting, of course, with the ProClinical range. We also have a range that meant for kids because habits that are taught early in life are really the habits that stay with you, and we're seeing very, very good results. And in fact, a lot of electric toothbrushes in this country come in because they come in for the child. The efficacy is seen. They then get adult start adopting the toothbrush as well. And then, of course, we have launches, which are tailored just for adults.

(Audio-Video Presentation)

I think they are just really the convergence of design and brushing your teeth, truly beautiful toothbrush. And then like I said, there are products and devices that we do expect that we can use the connect that we have with dentist to sell into the appropriate people, along with the requisite education on how to use and water flossers are one of these.

(Audio-Video Presentation)

And all of this is actually supported by a D2C site on brushes. These are high-value items that also require a, a degree of targeting, b, a degree of information on how to use and how to get the best out of your electric toothbrush. So, we do have cpbrush.co.in, done really well, launched towards the back end of last year, done really well for us through this entire year. And of course, having a DTC site also ensures that as an organization, we are able to upskill and learn in terms of how this entire digital consumer journey works and those learnings then get fed into our core business as well.

That brings me then to really the last pillar, which is about building personal share, and this is centered on this absolutely beautiful brand called Palmolive. We have 2 plays in Palmolive. We have the hand and body play, where we are actually about 20 share of market in some key customers in e-commerce, a really luxurious and sensorial range of body washes, market is extremely nascent as I'm sure most of you know, which then gives us huge opportunity in terms of as the market evolves for this body business to keep getting larger and larger. And these are truly spectacular products.

Through 2022, we have actually launched a Face Care category, a whole different set of learnings because obviously, the codes of body and face tend to be quite different. This is some work that we are doing in terms of putting it in as a pilot, making sure that we're getting all the

learnings of the Face Care category, democratizing those across the company and then making sure that we are ready to scale up phase as that comes to fruition. So, good early start, but lots of hope for this Palmolive brand.

(Audio-Video Presentation)

So, that really, I think, is about the 4 pillars of our strategy. What we have under those 4 pillars is a set of enablers starting with superior science-backed products. Then we're going to talk a little bit about the financial efficiency of this organization, which is actually exceedingly robust. The third one is to make sure that we are digital at our core, and how are we keeping up and making sure that we are taking the lead on many of the things that allow us to get competitive advantage by digitizing, people at the heart and the core of everything that we do because without them, there is really nothing to deliver and nothing to do, and we'll talk a little bit about how we nurture and grow our talent and of course, ESG. We come from an exceedingly responsible organization that has some tremendous commitments in the space of ESG, and we'll talk through some of those commitments as well. I'm going to start this off and then hand it over to Jacob.

Starting actually with superior science. And if you see the Colgate portfolio, the one thread that actually runs through everything that Colgate does is the fact that if the product is in the market, that product is backed by superior science. Whether that superior science is arginine and Colgate Strong Teeth, whether that superior science is MPS in Visible White, whether that superior science is the cooling crystal technology of MaxFresh or the Eugenol technology with salt in Colgate Salt. Whatever it may be, the product will be backed by superior science. And that's really Colgate's core promise in terms of developing superior products and something that we will continue and spend more and more efforts actually talking and educating consumers on. And that translates to toothbrushes as well. So, that's really the leg on superior products. And I'm now going to hand it over to Jacob to talk through financial efficiency.

M.S Jacob:

Thank you, Prabha, and good morning, everybody. So, financial metrics continue to be industry leading. Gross margin, these numbers are for the last completed year, which is FY '21, '22. So, we ended up gross margins for the year at 67.1%. The advertising at 12.7% demonstrates our commitment to continue to invest behind our brands. Our overheads, we tightly controlled. If you noticed the trend over the last few years, that's given us a leg up, and our profit to sales that's in part to sales ratio at 21.3% is among the most healthiest. So, last year, we also crossed the threshold of the Rs. 5,000 crore mark. We ended at Rs. 5,066 crore. This year, so far, the ratios have come off a bit, but we still remain best in class.

Moving on. So, these are the two fundamental pillars that support our strategy to drive sustainable, profitable growth. So, on the revenue side, we have a process called Revenue Growth Management or RGM. And on the cost side, we have a process called Funding the Growth or FTG. So, RGM is all about using analytics to drive premiumization, drive promotional efficiency and driving pricing across different segments. On the other hand, the funding the growth is about taking cost out of the system. We have always been very good in

this area. There's a razor-sharp focus on pulling costs out. So, we look at all aspects, all lines in the P&L, and we have teams that look at it throughout the year, cross-functional, there is brainstorming that happened. There's benchmarking that happens. And it's so well embedded that it's not unusual for us to have people from, say, the sales team or the marketing team come with ideas on cost savings beyond their normal revenue area responsibilities.

And this has helped us drive efficiencies across the system over time. And with this, we are able to reinvest behind our brands and stay on that trajectory. So, a good testimony to the success behind the effort in this area, both the RGM and the FTG area is the EBITDA trend. It's up by 900 bps in 10 years. So, definitely industry-leading again. Enhancing shareholder value, one of the big commitments from this organization. So, going from the bottom, our EPS is up 2.4x in the last 10 years. Dividend per share, 3.2x, and our commitment has been to return money back to shareholders if we don't have better use for it. Working capital at minus 29 days, again, demonstrates the efficient way in which we manage our resources, strong cash position and shareholder value since inception, CAGR of 24%, again, among the best in the class.

So, with this, I hand over to Ruchir, who will take us through the digital section.

Ruchir Bhatnagar:

Thank you, Jacob, and good morning, everyone. So, I'm going to talk to you about how we've created an organization that is digital to the core. When we say that we are truly digital, we really mean it. We've established an entire digital analytics wing, which is made up of a host of data scientists that work through the time to make sure that every single possible data point is extracted from our digital ecosystem and is run through multiple machine learning analytics to give us information at our fingertips. We are truly connected and making sure that all our systems are talking to each other. The data is pulled in from all the data points that allows us to run through multiple programs that gives us predictive insights. These insights are put into experiments, into projects and also into execution.

Let me give you an example of this. Prabha talked to you about Smile Stores, and that's a program that we are particularly proud of because it's become a way of life for the CD or the sales team. Smile Stores is really an artificial intelligence-led assortment recommendation program. We cover 1.7 million outlets. The best way to make sure that our execution is right and we continue to extract best value from each of these stores is to make sure that you are able to provide your salesmen with the right information that can be sold into these stores. And that's exactly what Smile Store does. It captures information from all possible historic data points about the store from their past purchases. It looks at data points from the stores that are in the vicinity of that and what are they buying, what are the economic indicators of the consumers who are in the neighborhood of where the store is. All that is brought in together and churned and provides a set of inputs that the salesman uses. That gives the salesman true power to be able to drive mandated assortment, assortment that the store should not exist without and also future assortment that allows us to give futuristic products to the store basis on the consumer needs.

All of this is customized for each one of these 1.7 million stores every single day, every single call. That is how we are using analytics to our advantage. The same analytics is put behind RGM, which is what Jacob talked about, and promotion and analytics to give us information on how can we best utilize our promotions and how can we get maximum growth out of our initiatives.

Here is another example of how we are taking digitization into the future. We are really creating a digital analytics tool to significantly enhance our in-store execution. Another big area where the customer development team can really bring about a difference in the offtakes inside our stores. So, introducing to you AmaZing, which is an artificial intelligence-based image recognition tool. Let me tell you what AmaZing does. Let's go back to the erstwhile era. In a typical modern trade outlet, a merchandiser would typically go into the store. They would go look at what the shelves are. And then there is something called as a planogram, which is how the products are arranged onto the shelf. They will look at each of these products. Then they would refer to an image that they would have either on their phone or in a printed format to see how the planogram is varying. And then basis his own understanding, he would correct the shelves, which is really a time-taking process, and it also allows him to use its own thought process on how it should be corrected. Another thing that he would do is physically calculate every single piece of toothpaste that is kept and then calculate the share of shelf that the products occupy. He would then go out and start calculating every single product and see which of the products are out of stock and that would be listed down.

And the last task that he would do is make sure that our secondary assets, he would notify which are the ones that are in good condition or in bad condition. All of this is done manually. And then once he's completed with all of this, he would go back after the store visit at the end of the day, shooting out information reports to make sure that people who are responsible for out-of-stock, they get to know information, people who are responsible for our asset health, they get to know that information. All of this is being done manually.

Enter AmaZing, where this entire process has become automated. This is an image recognition tool where the merchandiser simply has to go and point his phone in front of the category. He clicks pictures and the machine engine works in the background to digitally issue all these pictures together into a shelf. Then this information is churned real time. And within a minute, real insights are available to the merchandiser. These insights immediately tell him based on the image recognition, how the planogram compliance has been there. What can he change? Now he's not applying his brains. The machine engine is telling him what needs to be changed on to the shelf, on the spot within a minute. It calculates what is the share of shelf, automatically gives them that information. It looks at out of stock, pulls out a report of what is there that is out of stock, and that is sent out to the relevant team members that need to work on it, and make sure that the asset health as he clicks a picture, he identifies whether the asset is in the right position, is it looking tattered, is it broken, and that information is captured and sent out to the other teams. All of this is done completely automated.

This has saved significant amount of time that our merchandisers spent in front of the shelf and also completely automates how we execute on our shelves, making them look impeccable. AmaZing, as we talk today, has already analyzed 7 lakhs plus images. It's an initiative that we rolled out 6 months back, and it's been scaled up rapidly. We have trained 600-plus products on a day-to-day basis, and 40-plus assets have been trained, and it works with more than 90% accuracy levels. Let's see how this works.

(Audio-Video Presentation)

It's AmaZing, and we're really proud of it. As you can see, it sits as a simple app in the handheld of our merchandiser as the Smile Store, which sits as a simple app in the handle of our DSRs.

Moving on, we are also looking at driving our Colgate equity through digital medium. At multiple points at multiple festive locations, we continuously see Colgate Smile as an equity across the lives of people. And what we started to see that, as we continuously do and as people interact with the Colgate Smile asset across multiple platforms, they've started to imbibe it in their day-to-day lives. We've now started seeing Colgate Smile getting referred to in the day-to-day uploads of our consumers as and when they feel it's fit, and you can see that we are already reaching more than 400 million Indians, which definitely contributes to brand love.

To make sure that we are quick and efficient, we've created a digital lab completely in-house. This is a lab that is made out of well-trained creative people as well as editors who can help us create digital assets in-house. This allows us to make sure that larger volume of digital assets can be created at much faster turnaround times, making sure that we save significant chunks. You can clearly see that about 87% savings have come from the production cost. All of this would have been done externally, but now it's done internally with people who understand our business on a day-to-day basis and give us what we need at lightning speed.

I would now like to call on Bala to take us through the organization and talent.

Balaji Sreenivasan:

Thank you, Ruchir. Some fascinating stuff in the digital space, but we all know that this space is changing every day and is fast evolving. So, the question we ask ourselves is how do we create an organization and have talent in the organization that is helping us or will help us stay ahead of the curve and keep us future ready. And to address that, we have a clearly articulated strategy in terms of talent, around build, buy and borrow strategy for talent. But we also realized that having a culture in place that enables that growth mindset and agility in the organization is critical. So, over the next couple of minutes, I'll just walk you through the elements. These 4 elements that we have in terms of building the organization for the future.

So, one of the biggest reasons why people leave FMCG industry and go to consumer tech or to start-ups, apart from money, of course, is the fact or the fear of obsolescence that they have. So, they're worried that people are not able to get new skills. And that also makes us as FMCG

organizations. And this is true not just for Colgate, but for all FMCG organizations, behind the curve in terms of being staying fit.

So, our way to address this is that we want to give people an opportunity to not just develop deep expertise in the core and the traditional aspects of the FMCG business, but also have an opportunity to develop new skills, whether it is in the digital space or in RGM or any of those spaces. So, our two big programs that we have called LEAP, which stands for leadership experiences and advancement program; and Evolve, which is an internal talent place, talent marketplace that we have. These are two big programs that are geared towards giving people the opportunities to experience and learn not just the core, but also the new skills that they require in the organization that will keep us as an organization future fit.

The other big pillar for us to drive growth and strength in the organization is, we leverage our global organization and global experiences to develop people. So, at the moment, we have about 63 odd people, Colgate CPIL alumni, who are in the global diaspora. And the intent is that we export this talent and we bring them back in to help us lead the organization. 90% of our LT today that are sitting here is with global experiences. But we also realize that from time to time, we need to buy talent from outside. We need to infuse diversity of thought and getting new skills into the organization to keep us future fit.

Some great examples are here with us, my boss Prabha, who's come from outside. But we also have Swati, who is our new Head of Technology. Swati comes in with great experience in HUL and J&J and Reckitt, across the different categories in terms of product development and research. We are focused on getting external skills, particularly in 3 or 4 buckets, in the digital space, primarily, digital marketing, commerce, and we have a full-fledged data and analytics organization in the organization.

And we are also looking at bringing in new skills in terms of automation and robotics and industrial revolution in the supply chain organization. And like I said, from time-to-time, we also feel that to be more efficient, we can borrow skills from outside. So, we are also exploring partnership with external organizations, and borrowing talent through the gig talent pool that is available outside. But to enable all of this talent to work and keep focus on growth, we understand the importance of having a culture that fosters growth. So, there are 3 pillars to our strategy around culture. The first one is on D&I. So, we understand the importance of diversity of thought, but to enable the diversity of thought, really want to have is an inclusive environment. And therefore, a lot of policies and programs have been rolled out in the last few years to make ourselves a more inclusive organization. So, our workplace inclusivity for new parents, a WIN program that we call, is essentially geared around making ourselves a lot more inclusive for new parents. So, there's a lot of flexibility built into that program.

We also realize the importance of well-being. I mean COVID has taught us that physical and mental well-being are very, very critical for talent to be attracted and retained in the organization. And we have partnerships with companies like, WYSA, which is an artificial intelligence-based chatbot, that helps people deal with mental health issues. We also have our

EAP or Employee Assistance Program; and 'BlendIn', which is our new hybrid working policy, has worked brilliantly for us. We have over 70% of the managers saying that this has actually helped them improve productivity and motivation in their teams.

Last but most importantly, we want to have a culture that is performance oriented and builds agility in the organization. So, we are focusing on a lot of initiatives to drive what we call Feed, which is focused, empowerment, experimental and digital. And a lot of initiatives are going around this space, so as to be able to have an organization that focuses and drives growth. And all of this is helping us. It's helping us also in terms of some employer branding activities. We were recently recognized by Economic Times as one of the best places for women. We've got recognized for our HR policies and therefore, employee excellence in the organization.

So, with that, I'll now hand over to Sarala to come and walk us through our efforts in the ESG space.

Sarala Menon:

Thank you, Bala. And I'm privileged to talk about our environment and social governance. Our purpose is really to build a healthier future for our people and the planet. And that's been the cornerstone of everything we do and every decision that we make. We do a lot of work to really build healthy habits, better homes, preserve and enhance our environment. And we put out our maiden ESG report this year. I hope you've had an opportunity to look at it, but if not please do. This really articulates what we have done in this space and also our commitment towards ensuring sustainable leadership. And when we talk of ESG, we have very clearly articulated our 2025 goals, which is underpinned by very strong governance. And like everything else, we have a Smile strategy, which is really talking about driving social impact, helping millions of homes and preserving our environment.

And I'll talk a little more about it. It's actually very inspiring to see that today's sustainability cuts across and has become a very important thing for not only authorities, governments, stakeholders, but also very inspiring to see that our younger generation is very committed towards a sustainable environment.

So, let me first talk about the driving social impact. Bala talked about how internally we have a culture, which is diverse, equity and inclusive. We make sure that our culture allows people to feel safe and bring their authentic self to work. But we go beyond that. And we have done a lot of work in terms of working with our communities and making sure that we provide opportunities. So, for example, water, which is a very scarce resource, we have worked with people in water-stressed areas to ensure water availability and replenishment. We have also worked with women to make sure that they get data, digital and financial literacy. And in this process, have been able to impact positively almost 45,000 people, mainly women to make them more empowered and self-sufficient.

On helping millions of homes and ensuring a future to Smile about, as Prabha told, we have launched the first recyclable tubes. It is patented, but it's open to the world because we believe

that that's what is going to help a circular economy. We have already launched a few of our products in recyclable tubes. And it is our commitment that in the near future, we will go to 100% of our portfolio in recyclable tubes.

On brushes, we have really tried to see how we reduce plastic and use recycled plastic and also a very interesting concept of the KEEP toothbrush where we have a metal handle and we just need to replace the head, which means that we are using less of the full brush. So, again, work across all our products, all our categories in terms of trying to become more sustainable. And we really work very hard in terms of preserving our environment and making sure that we do our bit. We have very clearly articulated goals across the end-to-end supply chain. And for example, we were the first company in 2019 to get the TRUE Zero Waste certification across all our factories. And we continue to have efforts to ensure we maintain that certification. We do a lot of work in terms of water. So, 3 out of our 4 factories are water-neutral store positive. And only in Baddi, we have a challenge because we have to mandatorily give water to the central effluent treatment plant.

Similarly, we do a lot of work in terms of reducing energy consumption and renewable energy. So, as you can see, at Baddi, we have 85% hydroelectric power. And in our factories at Sanand and Sri City, we work and ensure that we are using renewable energy, whether it's solar, wind, hybrid energy. And across the supply chain, we work not just to reduce water, energy, plastic consumption. But we've also used Internet of Things. We do a lot of work in terms of going from preventive to predictive maintenance and really cut down waste and preserve the environment across every element.

And with this, I hand it over back to Prabha to summarize our strategy.

Prabha Narasimhan:

Our first and primary focus is really for us as leaders of the category to drive category volume growth. I do realize that this is a task and a journey that will take some time because moving consumer behavior is never the easiest thing in the world, but it is a task that we are committed to. The second one is that we are a science-based company. We have the greatest tech in our products. That is something that we will continue to use to drive expertise. Our intention is to build a viable personal care business, with our cornerstone brand, Palmolive, but also to look at inorganic opportunities that will allow us to build this viable business.

And like you've heard from my colleagues, the idea is really for us at an entire organization level to make sure that we continue to keep what is a simple business, simple free of unnecessary sludge as I have been reading about in a book, make sure that we are digitized end-to-end and make sure that we have our people energized and fit to compete in a new world. So, that's really our strategy.

Thank you very much for your attention. I'm going to hand it over to Sujata to kick us off on the Q&A.

Sujata Nairi: Sure. So, we'll start the Q&A session. We will first begin with the certain questions that we have got from the audience. So, I already have a list of people who have asked us certain questions. So, we will first go ahead with that. And then we'll go to the participants who are virtual. What I'll do is I'll call out the name of the person and the person can just raise their hand so the mic can come to that person, and then we can go in that order. The first question is from Arnab from Goldman Sachs.

Arnab: This is Arnab from Goldman. I'm not sure if it's the exact question I had submitted, but, nonetheless. So, in categories which have such high penetration, 95-plus, what we've seen is companies which deliver high growth are those which can very quickly that premiumization done. We've seen it HUL with laundry, it was like 99 penetration 20 years back. Why it is the penetration so slow in this category, it's happening at a very slow pace, not to move the needle significantly for growth. And is there anything differently that you think you should do now versus the past which will accelerate over past?

Prabha Narasimhan: So, you mean why is the premiumization is so slow?

Arnab: Yes, in Oral Care especially much slower than some other categories like Laundry, where we have seen it much faster.

Prabha Narasimhan: I think firstly, if we were to just take a look at the penetration journey of this company, probably of this category driven by this company. You will find that Oral Care penetration to reach the level that it has reached has happened over the last 10, 15 years. In fact, if I remember my numbers correctly, the Oral Care penetration a little over a decade ago was in the 80s. So, there has been growth to be had by getting the penetration from the 80s to where we are at. So, to come to the second part, is premiumization and opportunity, 100% it is. How will we go about it? I think we have 3 prongs to it. One, there is this idea of family health for protective oral care and how can we make sure that we have the right products with better and better technology, Colgate Total being one of them. And how do we make sure that we are reaching consumers who have the ability to premiumize with Colgate Total. Then, of course, we have this whole idea of Oral Beauty and Oral Beauty opens up a vast vista of things that we can do to drive premiumization. It is very distinct from the hygiene and protection play of Oral Care. It's a brand-new play, tends to be much less price elastic than the core business, and that becomes the second thing.

And then the third one, of course, is for us to leverage our partnerships with dentist and the professionals to make sure that we're able to drive indication where once again, when you have a real problem, you need a real solution. And there, again, you tend to be quite price inelastic. So, our premiumization strategy will work on these 3 legs. And we do feel that while we certainly inflation and some of the pressures that we are seeing might make this a relatively slow burn, it is something that over a period of time will give results.

Arnab: Just one follow-up question. So, the lack of packs or sachets this category, is that an impediment to the process being fast?

Prabha Narasimhan: Actually, we have every variant of our core business available at Rs. 10, which is now truly becoming almost the base level pricing for most FMCG categories. So, do we believe that we need to go lower than that? Unlikely because this is also a daily use product, I get it into the house, I use it every single day. So, we do think that with Rs. 10, we are in a good place, and we are represented with Rs. 10 across the entire core portfolio. And we have recently taken whitening into the Rs. 30, Rs. 35 segment as well, which allows assets for consumers who want to try at specific occasion, wedding festival, et cetera, who want to step into the overall beauty category. So, between this, I think we have enough, don't perhaps need to go lower than that.

Arnab: And just my last question was on personal care. So, as you're starting from a very small base here, the investments that you would need to put into build us the actual business, would it continue to have the guardrails of overall margins, because it may require significant step up in advertising spends and other things. How do you think of that and the context of putting the overall margins on Colgate?

Prabha Narasimhan: So, I'm going to keep this one offline and maybe let Jacob complete. But I think from an opportunity perspective, the opportunity in Personal Care is undoubted. And as soon as we have a model that we can see results, I don't think investment will be the blocker to us growing that business. On the margin specific, Jacob, do you want to add?

M.S Jacob: So, I mean, Personal Care typically tends to be high gross margin, low EBITDA in many ways. So, especially when you're at the investment stage, so we are willing to commit to the investment. Gross margins will need to be at reasonable levels. But the EBITDA, we expect would be much lower than the rest of the company EBITDA because we will be investing behind the brand.

Sujata Nairi: The second question is from Richard from JM Financial.

Richard: I have 2 questions really. One is macro and the second one micro to Colgate. One, Prabha, with regards to whatever you presented regarding the opportunity, et cetera, it seems very clear that rural is where the volume growth opportunity is, right? I mean, while there is overall a premiumization game. The thing is that if we look at all these data points with regards to attractiveness of the category, right, I mean, first per capital consumption will become 1.8x if we get to Philippines, 3x if we get to Brazil. The thing is that all these data points would probably have looked the same even 10 years back, right? And if you just leave out that FY '08 to '13 period where there was a lot of distribution expansion, I think volume growth in the rest of the periods have been pretty much muted, right, despite all these attractive macros. How do you piece these 2 together? I'll and come to the micro question later.

Prabha Narasimhan: So, I think my comment on that one would be that, this is a function really you would know, I'm sure, being in this industry a long time, that building categories and growing consumption is not easy. Actually, it is easier to grow penetration than it is to grow consumption. And the actions that you need to take to build consumption really need to be that you have a model, you

have a product at the right price points available in the right place. And most importantly, you do this consistently over long periods of time. And I think the difference that we want to bring about is really to bring, we believe we have the right mix, we certainly have the reach to get to these consumers, whether it's mental or physical availability.

What we really need to do is to make sure that we are consistently investing behind this to make sure that we have a model that then starts delivering. And maybe that is one thing for us as we go forward becomes a cornerstone of strategy, that however things are going, this is an investment that continues to stay ring-fenced for us to build for the future. So, that would be my answer in terms of the development of the category.

And really, our effort in rural India will be based on a simple premise of brushing every single day is actually good for your overall health and actually, you're therefore your total health. And on that premise, we will stay consistent.

Richard: This strategy has not worked in the last many years?

Prabha Narasimhan: I think the investments over the last little while have faced some pulls and pressures in terms of where the money has gone and the level of consistency with which we have done this. And I know it's not simplistic, but that's probably the answer to growing categories. You can't do it and then stop and then do it again. You really need to stay at it and be consistent. And so that's really our intent.

Richard: Second question is if you can talk a little bit about the relationship of Colgate India with the parent, right? I mean how important is India for the global system? And since you have the experience, just pose it with what you've seen in successful organizations like HUL and maybe even Nestle, if you look at it as an outsider as well. And how important is this recognition for India to perform? And in terms of the ability to take decisions, margin perception or at least the percentage of margin obsession. How do you look at all these?

Prabha Narasimhan: So, I think, firstly, from where does India sit in the overall scheme of things, it actually sits very, very high. Colgate has I think 5 pillars in its global strategy. One of the pillars calls out 3 key countries. Of the 3 key countries, India is one of them. So, it absolutely it's at the heart of the global strategy of Colgate.

In terms of how much leeway do we get, I must confess that I've grown up in an organization which said that you get profit through growth. And therefore, the logic of that will apply here as well. The idea will be for us to make sure that we see the fact that we have extremely strong margins actually as an advantage for us to be able to invest to grow the business. And that's exactly how we intend to run it, which is to see we have a great business. We have the ability to deliver this kind of margins because of the fabulous brand and execution that we have. And we take that advantage and invest back in the business to drive growth. And that really will be the philosophy and I think that's the philosophy that is aligned with the global teams as well.

Richard: And in case of the course of this journey, you realize that maybe to actualize that 3x PCC, that the present is that you may be able to, let's say, devise the business plan where you can grow explosively, but you need to sacrifice margin, right? This 30% margin, maybe down to 20% or whatever. How easy or difficult will that decision be in terms of the negotiation with Colgate Global?

Prabha Narasimhan: I don't want to comment on the specifics of the margin, but what I do want to say is that the mandates that I have been given is that to make sure that we drive growth in this country because everybody sees the headroom opportunity. And as and when, when we have a model which allows us to get explosive growth, I think it will not be hard to find takers for that model.

Sujata Nairi: The next question is from Latika from JPMorgan.

Latika Chopra: My questions are more extension of the previous questions. So, let me first check on, what kind of revenue growth we envisage for Colgate India over the over the next 3 to 5 years. You now last couple of quarters have been quite subdued on volumes and clearly rural penetration and premiumization are two building blocks that, you elaborated. So, any thoughts on what is potential of your revenue growth that you would aspire for over the medium term?

Prabha Narasimhan: So, I'm going to put some stakes in the ground and then as always when specific questions come, I hand it over to Jacob. So, I'm going to put some stakes in the ground in terms of what we're committed to. Our commitment is really to make sure that we are driving competitive growth while we make sure that we grow the category. I think both of these as the leader of the category, it's important for us to make sure that we get these 2 markers, right? In terms of ranges, et cetera, Jacob always yours.

M.S Jacob: Yes. I mean I wouldn't put out numbers in the next few years, but our objective is to restore the kind of growth we have seen till like 2, 3 years back, driven by category, of course. The category is, for example, this year, volume is declining. So, Prabha mentioned in her presentation, now we're going to drive the category as a big driver of our own revenue and then build on that with doing the right things to drive share increase. So, to grow the category and grow ahead of the category, those would be the 2 key things that we'll be monitoring.

Latika Chopra: Second question, Prabha, in your experience, this is 1 eternal hire by Colgate to run the business here. Do you sense more flexibility of more independence to take more localized decisions or maybe today here and whether it's in terms of more localized innovation, whether it's terms of allocating money, given new interest of being personal care. So, do you sense there is more independence that comes with this versus probably your predecessor?

Prabha Narasimhan: I'm going to stay away from the comparisons, but I'm going to tell you that in the 100 days that I've spent here, I don't think that anybody has told me there is something I can't do. And I think as we work through this as a team in terms of what we intend to do in 2023, the brief really has been bought this, see where is the opportunity, see how you can leverage, what is a fantastic

organization to get to growth. And that's really been pretty much all that we've been focused on. And hopefully, as we go into 2023, a lot of this will come to fruition. So, not seeing constraints, there are obviously enough and more hurdles in the market between inflation, unemployment, the tightness of wallets, the fact that consumer behavior is not easy to change.

So, I think we are completely cognizant of the fact that this is not a magic wand that we're going to wave, and everything is going to suddenly become Brazilian levels of consumption. But this is something that we have utterly committed to. And we do believe that we have the absolute right to be the company to do this, which is where I think the belief and the pace comes from.

Sujata Nairi: The next question is from Harit from Investec.

Harit Kapoor: Just had one question on the global portfolio. So, in India, we have about 95% being Oral Care, but globally, it's about 44%. While you have articulated your strategy on going strong in personal care as well. There's a large home care portfolio globally. And you obviously have expertise there, given what you've done with HUL. I just wanted to get your sense on either large spaces like Home Care, emerging spaces like Pet Care, both of which have global salience and how you would think of that, maybe not in the next year or so, but are those opportunities that may be 3 to 5 years, you can also look to leverage?

Prabha Narasimhan: I think from the immediate term perspective, it's been brought up to say that you must not bite off more than you can chew. And I think that between the opportunity that exists in oral care undoubtedly across both toothpaste, toothbrushes, devices and the opportunity that we have in Personal Care, we probably have our plates and hands full for the next little while. Depending on how those businesses progress, I don't think we are seeing no to further expansion into where Colgate plays globally. But at this moment, Oral Care and Personal Care will be our focus. But we just keep watching the space in terms of when it's the right time for us to look at maybe adding a third leg to this discussion.

Harit Kapoor: I just had one short one on Personal Care and Palmolive specifically, you did mention that you will look to expand the portfolio. I just wanted to get your sense of how much can you extend say a brand like the existing one from, say, face washes and body washes, et cetera. How far can, let's say, Palmolive go in terms of categories? And where would you need them to add inorganic pieces to the portfolio? I know you can't give specific answers to this, general thought.

Prabha Narasimhan: So, I think, firstly, our strategy will be both organic Palmolive as well as inorganic because there's obviously enough and more space in the world of Personal Care. Not commenting on the inorganic piece, but coming to Palmolive, we do believe that between body care, hand care, and face care, we actually have enough room now to play. Those are really large markets, and we are relatively very, very small. So, the headroom opportunities that we have remains really large. And with the whole idea of keep it simple and stick to your meeting, I think in the short run, that will be where our focus will stay. Let's see where we go from there, depending on

how the brand evolves, how the market evolves. I'm again not closing the door to doing more than that. But right now, the focus will be hand, body and face.

Sujata Nairi: The next question from Anand from Axis.

Anand: So, my question is more on volume growth. Again, I think you've highlighted that volume growth is the core focus here. So, I want to understand the pieces in terms of what would be the key focus here, would it be distribution and especially how would you place promotion and in pricing here. I mean we've seen disproportionate hikes also this year in some parts of your portfolio. And also, if I just run through your Personal Care or Oral Care portfolio, the focus on premium innovation is also very high. So, I just wanted to understand the pieces where at one end, it seems there is disproportionate focus on premium, but of course, as you've highlighted, volume is a big focus. So, I just wanted to understand that.

Prabha Narasimhan: I'm sorry, just say that last sentence, again, I'm struggling to hear you.

Anand: So, I was saying that it seems, I mean, from your innovations, especially in toothpaste and toothbrushes, particularly, there is disproportionate focus on premium within that. So, I just wanted to tie up the focus on volume and premium brand and the key drivers for volume.

Prabha Narasimhan: Sure. So, I think it's a little bit about us working and chewing gum, because we have headroom opportunity to grow consumption in this country. We are the largest Oral Care players. I'm sorry, I am a little bit of a stuck record, but that is actually true. And therefore, our first task is to make sure that we are getting every consumer in this country to brush once a day, ideally twice a day. And that we think is something that we will be doing for many, many years to come because it's not going to change overnight.

Having said that, there are enough and more technology and benefit opportunities, which allow us for consumers who have money and are looking for more premium offerings. For us to be able to make sure that we have an offering for them, which caters to every need that they have an Oral Care, whether it's oral beauty, whether it's indications, whether it's freshness or whatever be the benefits that they need. And therefore, so this has to be a 2-pronged strategy that will actually go hand-in-hand. I don't think we can afford to say we will first do volume, then we will do value. It has to come together in terms of volume and premiumization.

And then how we will do it? Clearly, there is a big marketing task in terms of us making sure that we're getting our communications right and our mix is right and the products delivered to that mix. And then, of course, there is a physical reach task. And for that I'm going to just ask Ruchir, maybe to elaborate on the piece on what we're thinking of in terms of physical reach across both the channels of the future as well as all the way down to rural. Ruchir?

Ruchir Bhatnagar: Yes. So, we go to 1.7 million stores, a significant chunk out of that comes in rural. We have 95% once a quarter active stores. So, they are actively buying from us. Now we are using these technologies like Smile Stores that you saw, which is not just about keeping the stores active

with us, but also making sure that they continuously stock what the consumers demand, but also they stop future opportunities. So, an opportunity to drive volume growth is not just to make sure that you maintain the current behavior and the current stock but instill new behaviors in the stores because that's where the consumers are at, bringing about smaller innovations at the value end, that's where the volume business comes from.

Also, I would like to touch upon the interesting landscape that we have currently in our go-to-market. We are seeing that evolve significantly. Multiple distribution players are coming into the picture. And we always believe in collaboratively working with our go-to-market partners to find the unique proposition that each of them brings, that really adds value to our go-to-market. And that's exactly what we are doing. We are working with each of these specific partners to identify what do they bring to the table, and how can we use their expertise to add on to our already existing robust distribution system. So, that's the kind of mix that we try to do to make sure that our internal distribution continues to do well. We continue to push the needle on driving newer products, newer pack sizes and using external partners to drive the business forward.

And lastly, I would also like to add that using technology and automation, we are trying to make sure that we really take the decision-making away from the last mile person, the salesman at the hand. That's where the weakest link is. Eventually the sale is made by him. And if he decides to sell a certain portfolio, then that is where it will end, and you cannot do anything about it.

So, how do you assist him digitally to make sure that you make it foolproof for him to drive what you want to drive? So, those are the basic strategies that we are doing to make sure that we continuously enhance volume and new products.

Sujata Nairi: So, we've taken a couple of them now. We'll go to a virtual option right now. Yashashri, can you post the virtual questions.

Moderator: Certainly. Ladies and gentlemen, we will now begin the question and answer session for participant joined virtually and via audio call. Participants connected virtually via webcast link, you may type your question and submit in the ask a question tab available below the video player. Participants connected via the telephone line, you may press "*" and "1" on your phone. We have a text question from Jeetu Punjabi from EM Capital Advisors. The question is, what is your estimate on 5-year growth for the market and your company? How would you calibrate success?

M.S Jacob: Yes. As I responded earlier, we wouldn't call out specific numbers on the growth. But what we're going to focus is on driving category growth and growing ahead of the category. So, that would be the monitorable for us.

Sujata Nairi: We will take one more virtual question, and that will be the last question for today.

Moderator: We have a text question from Abhijeet Kundu from Antique Stock Broking. What would be the increase in contribution from premium portfolio across Oral Care in the last 5 years?

M.S Jacob: So, our contribution would be close to double digit right now. And of course, it varies significantly by channel. So, in e-com, for example, it is high double digits. And so is it in modern trade, while in traditional trade, it's been a slow build.

Moderator: That was the last question for today. Ladies and gentlemen, connected virtually, we thank you for your participation on the Colgate-Palmolive India Limited Analyst Call 2022.

Prabha Narasimhan: Yashashri, we will just take one single question. Sireesh, you can ask.

Sireesh: I was bit tempted to ask this question. Having spent one half decade in the company sitting on the other side of the table, if I look back historically BSBF was the pillar of this company to expand get the rural good habits. When I see that we have continued. I mean, the scale of this has gone to 145 million. One honest question, Prabha to you. If I draw your experience, category development, product development, penetration of HUL, they have done a phenomenal work, and this company has also indeed done a phenomenal work. Do you think these all global programs today are irrelevant for Indian context? Because the penetration led growth is one of the key thing, and when we look back last one decade, that's what I honestly speaking, when I did my role reversal, I'm seeing the volume growth has always been challenge for this company. Maybe 25 years before we fought this war with HUL 101% better toothpaste, and I think these are all lost opportunities which we have been hearing. But I just wanted your candid view that if at all, if rural is the challenge, and we have not been able to grow the penetration beyond a certain level within the product segmentation, we did lot of LUPs and other thing in the past, but it has not worked. So, do you think confident enough that these global programs need some tweaking at the local level? Because at the end, what I see that we still use strong teeth as the product to reach to masses.

Prabha Narasimhan: So, I'm going to answer this question in two parts. I think, firstly, as a company, we are utterly 100% committed to the oral health of this country, and I think building that oral health BSBF is the cornerstone. And when we call it a global program, what we basically mean is the idea of being committed to oral health is something that comes to us from our parent and something that we believe in, I think, unequivocally. What the program does and how that program works I think has evolved over a period of time, and it will continue to evolve. So, as we now go in to Andhra Pradesh, we have a whole new module on the basis of all of the learning that we have of how we can drive behavior change and how we can make sure that we are inculcating the right habits of brushing every day. And to answer your question succinctly, do I believe in this program? Unequivocally. There is no question about it, and that's why I told you even in my presentation that that one chart which says the 170 million children reach is probably the chart that makes me smile at night before I go to sleep, and it is something that I hope that we will make stronger and stronger. And over a period of time we will 100% make it convert into making sure that we are driving oral care usage in this country. But these are not easy. And I

think this commitment is takes real commitment on the part of the company, because this is not habit that you can change overnight or there is really no habit that you can change overnight.

Sireesh:

My second and last question maybe you can answer, or Ruchir can answer. Historically, we were very strong in the south and the western market in terms of penetration, volume growth, whatever you call the number parameters on which we were slightly under indexed in the north and the Central India was the weakest link. If you have any specific strategy, I mean, I don't want to get into nitty-gritty, but if you can see that next four to five years what is the game plan, which we will try and ramp up our market share so called volume share in the central? Of course, distribution is one leg which is important, but we have played the Cibaca war there, but it has got very limited success there.

Ruchir Bhatnagar:

So, we have built our strength in the north, central and eastern part of the country significantly in the last four years. This huge distribution push that we have done in the last four to five years has given us tremendous strength in that part of the country. That is where the gains have come from. That is where distribution gains have come from. That's where our businesses have also grown really well. And that made us stronger in these geographies.

However, having said that, you are absolutely right. I mean, these are the geographies that work with a certain type of product portfolio. The change that has happened is that the entire evolution of the pack sizes has allowed people to start trying our core brands like CDC our Colgate Strong Teeth rather than just continuing to use Cibaca kind of brand. So, these pack sizes and the penetration of these pack sizes has truly driven our trials of our core brands and that that has made our brands really, really strong.

Now, when you piggy that back onto the distribution, we are using different techniques of trying to make sure that we guide the salesman onto the ground to not just go and sell on a day-to-day basis but also what to sell on a day-to-day basis. So, as we strengthen our distribution, as we couple that with the right kind of pack size that drives affordability, that helps us to grow in these customers. At the same time, if I had to look at how do we connect with our retailers and our middlemen that provide that distribution to us? So, there are tools and technologies that we have used to connect with our retailers, start communicating with them to make sure that they understand the offers and the promotions that we are giving to them that make us a preferred partner for them. So, that really helps us in driving growth in that part of the geography.

Sireesh:

Yes. Thank you.

Sujata Nairi:

So, this would be the last question. Thank you for the great interaction, and we were very happy to host all of you here. We have organized a small demo of the amazing interactive tool that you can have a look when you are moving out, as well as please collect your Colgate Smile Hampers on the way out. We will have some interaction with the CP leadership team that you can do right now. Thank you once again to the leadership team and thank you all.