



“Colgate Palmolive India Limited Q4 2021 & Full Year 2021 Investor Conference Call”

May 17, 2021



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Moderator: Ladies and gentlemen, good day, and welcome to the Colgate Palmolive India Limited Investor Conference Call for the financial year 2020-2021.

We have with us today Mr. Ram Raghavan – Managing Director of Colgate Palmolive India Limited, Mr. M. S. Jacob – Chief Financial Officer, and Sujata Nairi – Head (Commercial & Investor Relations).

Today's session will start with a brief presentation by Mr. Ram and Mr. Jacob, sharing their views on the overall company's performance and strategy. This will be followed by the Q&A session.

Please note that the conference call will include forward-looking statements. These statements are made on the basis of company's views and assumptions as of this time and are not guarantees of future performance.

At this moment, all participants are in listen-only mode. Later, we will conduct a question-and-answer session. At that time, you may click on the "Read a Question" button to ask a live question via audio, or you may type your question and submit via text. Please note that this conference is being recorded. I now hand the conference over to Mr. Ram Raghavan – Managing Director of Colgate Palmolive India limited. Thank you and over to you, sir.

Ram Raghavan: Thanks, Aman. Good afternoon, everyone. First and foremost, welcome to our analysts call for Q4 2021 and full year 2021.

To begin with, I hope you, your family, your near and dear ones are all safe and healthy. Our hearts go out to every one of those who have been affected by this terrible pandemic that continues to hit us for extended periods of time. I also would like to take the opportunity to thank you, a critical stakeholder of ours, our customers, our business partners, and our employees for their unbelievable dedication and hard work that continues to allow us to do what we do so well.

Last, but certainly not least, I really would like to thank our consumers, it is ultimately for them who we continue to make sure that we can deliver unbelievably sustainable products, it's their smile that gives us the resilience and the commitment to keep smiling and make sure that we remain and keep our country smiling.

I am sure you have seen the results we have already announced today. But I thought between Jacob and I, we could give you a little bit more colour and a lot more narrative to the story behind the numbers.

To begin with, some key highlights.

We are really pleased with the growth momentum. And we continue to see that momentum carried through both in terms of results versus year ago, as well as an important metric of

seeing sequential movement across quarters. Quarter in quarter out we are continuing to see that trajectory headed in one direction and one direction only.

What's also particularly pleasing is the fact that we are now seeing double-digit growth across all our key categories. Certain categories, particularly toothbrushes, which were to some extent discretionary in nature, had seen an impact in the second quarter last year, and we are really thrilled to see that come back as well strong double-digit growth this year as well.

What's also particularly pleasing is the combination of our growth. While rural markets continue to outpace urban markets and continue to have a sustained level of growth, what's particularly pleasing is the fact that our urban growth is coming back and the gap is narrowing between the two, not because rural growth is slowing, but more importantly, because urban growth is seeing resurgence.

The second aspect that we are truly proud about is the overall and structurally well-rounded set of results we have been able to deliver, whether it's the strong gross margins of 67.5%, up almost 300 plus basis points, or the healthy profitability, both in terms of EBITDA as well as in terms of an outstanding 54% impact growth. We truly believe that we are able to drive the required levels of investment that has not only delivered the strong organic sales growth results, but also made sure that we have delivered on all ratios across the P&L and balance sheet.

Third, and an equally critical metric is the strength of our brand. Ultimately, this is what drives long-term sustainable and profitable growth. We remain India's number one penetrated brand at a staggering 88%, and this is across any and every category in the country. We are also seeing our strengthening brand metrics, specifically on top of mind and attitudinal equity. In fact, our top-of-mind metrics are at the highest they have been in five plus years. And last and certainly not the least, we are really thrilled about the fact that now we are leading the conversation when it comes to oral health in our country. And you will see a lot more about that in the subsequent slides.

We have spoken to you in the past about our strategic framework. We believe that it is thorough and thought through. And the discipline that we used in terms of making sure that the execution is subsequently focused on every one of these pillars, allows us to deliver that sustainable and profitable growth. It all starts with building brands, building strong and sustainable brands, because they give us that commitment, they give us loyalty from our consumers that allow us to deliver these results, quarter in quarter out, year in year out.

You are all very familiar with the timeline by now, "Smile Karo Aur Shuru Ho Jao". But this truly captures the essence of the purpose of our brand, where we believe that everybody deserves the future they can smile about. We bring this to life across multiple initiatives, where we look to pick on subject matters which are truly at the cusp of societal challenges. And we make sure that we bring them to life with an optimistic tonality, truly reflecting the values that Colgate as a brand stands for.

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I am pleased to share with you something unique and very, very new. And this time around, our latest in the sequence of “Smile Karo Aur Shuru Ho Jao” stories. This one comes from someone I know, every one of you are very, very familiar with, which is Yashasvi Jaiswal. Believe it or not, we have had the honor and the good fortune of being a part of Yashasvi's life long before he's already achieved what he has, and long before his accolades, he was part of our Keep India Smiling initiative. We identified and spotted him back in those days, in his growing years, and are truly thrilled and excited to watch him already succeed. I would like to show you what will be our latest execution that goes on air very, very soon. Could you play video number one, please?

(Audio Video Presentation)

Thank you. I am sure you enjoyed that, what a charismatic smile, you can't help but feel optimistic yourself when you hear about his story. We truly wish him all the very, very best for the future years ahead of him.

The next goes on to the core of our business, two variants of brands that you are very, very familiar with, the backbone of the core of our toothpaste portfolio. Once again, we are very happy with the growth that we are seeing, with both the core businesses growing strong double-digit growth and accelerating as quarter-on-quarter as the year has progressed. What is particularly pleasing is that we continue to be amongst India's most distributed brands, which reflects the trust and faith even our retail partners have in us. Despite all the challenges, they continue to make sure that our SKUs are the top few SKUs that they continue to hold in their portfolio, which in effect is a reflection of the confidence they have in its ability in terms of its velocity and offtake and demand.

In our constant efforts to make sure that we keep the brand refreshed and contemporized, and truly stay a step ahead of our consumers in terms of making sure that the relevance of their needs are constantly met, we keep our brands refreshed through series of initiatives. The latest one on Big Red is the one I am about to share with you. This campaign goes live again in a couple of weeks, where we look to further strengthen the connection between oral health and overall health. The brand has always been about strong teeth. And now it's about strong teeth that allows you to chew your food better, therefore, giving you, your body the sustenance and the nourishment it truly deserves. Can we play video number two, please?

(Audio Video Presentation)

Thanks. The next initiative is Max, a very different brand, a very different outlook, but still all about championing optimism. But on this day, in this way, doing it with the youth of the country and energizing them every single day, and giving them an opportunity where every single day is a fresh and a unique start. In this event, again, we continue with our ambassador Ranveer, but again with a very, very different and new message.

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Our latest communication which once again goes live in a few weeks from now takes on a very relevant subject of today, which is all about trolling. Giving the younger generation whether you are a celebrity or not, just about anyone and everyone in this day and age is trolled in some form or manner, sometimes even by those close to you. Our new communication looks to tackle that event in a fun, refreshing and very uniquely Max outlook. Can I have the third video please?

(Audio Video Presentation)

Thank you. Given the very different and youthful nature of the target audience here, we have significantly amplified our efforts on bringing this message to life through a series of personal experiences digitally. Whether this is Naga Chaitanya and the south or even stalwarts, like Bumrah and Ashwin, each one of them in their own and personal styles, talk about how they deal with this subject of trolling. Once again, a very unique campaign, talking and touching upon raw nerve that touch every one of us today, but doing it in a very unique and truly Max style.

Our next initiative that we spoke to you about in December last year was the untapped opportunity associated with whitening. We spoke to you about our efforts in broadening our presence and driving this segment overall. I am pleased to say, three, four months into that effort, our early results are showing great success, with market shares up both in modern trade and an e-com, which is fundamentally where we were looking to focus and drive this segment. We are seeing that kind of response come in both from our customer partners, as well as more importantly, from our consumers as well. What is particularly pleasing on that is the fact that our consumers are giving us the ratings for our products, with a stellar 4.3 on Amazon, we feel extremely happy with the portfolio that we are currently offering. And you can certainly look forward to us continuing to broaden the opportunity in the time to come. Again, this is a very digitally driven program and initiative, simply because that's the audience. And second, it also gives us the opportunity for a category like oral care to truly reinvent itself and be part of multiple regimes, not just oral health, but also part of the entire beauty regimen of our consumers.

The next pillar that we focused upon was innovation. We spoke to you about three structural pillars about platforms, making sure that we bring the best technology that we have to life across every single price point. And of course, all the new opportunities where we continue to drive thought leadership in the category itself. Vedshakti, which is our presence in naturals, we brought in the platform with the launches beyond the toothpaste of most recently the mouth spray, as well as the Oil Pulling, and we are really happy with the efforts overall.

Let's start with toothpaste first, in the most recent Brand Equity Research on top 10 ads of 2020, we are really honored and a genuine thank you and a heartfelt thank you to every one of our consumers for ranking this ad, which is fondly called The Funnel ad internally, as one of the top 10 ads in 2020. That's not all, we continue to strengthen that in terms of our market shares with shares up 60 bps versus year ago. And more importantly, is the traction we are

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gaining with the consumer measured as a loyalty index. What is particularly pleasing is we are now very close to the loyalty levels that you have seen for brands that have been in the market for decades. For a variant that's been in the market for barely 3.5 years, this is fantastic news, and we continue to believe in the long-term opportunity this holds for us.

We didn't stop there. If you remember, we started creating new categories by broadening the platform with the launch of sprays. We continue to see strong repeats, 30% for a category that does not exist. Think about it this way, for almost 90%, 95% of us, mouth spray would potentially not even be on your shopping list. So, for a category that doesn't exist, having 30% consumer repeat rates is truly a powerful score, that allows us to believe in the potential of what this has to offer us. It's been a very focused and targeted effort. We have been choiceful in terms of where, what kinds of stores that we would be available in, simply because we want to make sure that we have that sustained levels of demand before we start scaling it for distribution everywhere.

Lastly, but certainly not the least, I am really happy to realize the fact that if you converted the value of this, it would equate itself into almost one share of toothpaste. So, you can imagine how big the opportunity is already looking for. Again, a program and an initiative that's been brought to life very differently from perhaps some of the other work you have seen from us. Beyond the standard mass media advertising, we have had a very micro marketing effort, leveraging a broad range of celebrities, and each one of them in their own unique and inimitable style, talking about how this pocket friendly mouth protection spray, Colgate Vedshakti, remains an integral part of their lives, no matter who they are, what they are, and how, it's all about how it fits into their pockets or purses, and how, therefore, they carry that protection with them everywhere they go.

The next game changing innovation we spoke to you about was Colgate Diabetes. If you remember, I had announced it even before we had just about started shipping it in our last call in December, as part of our extended efforts to reshape and redefine oral health in our country. As you well know, today, anybody suffering from diabetes is three times more susceptible to gum problems. It is unique opportunities like these that allow us to define incrementality at scale. This has been also a very differently targeted and marketed effort. It's still very focused in terms of where it is available, whether these are strategic partnerships with our customers, fundamentally, the pharmacy channel, whether online with partners such as IMG, or offline with partners such as Apollo. We have been very careful and particular about where we have chosen to place the product, and how we have gone about creating demand. Fundamentally, in this case, the key driver of demand has been through the partnership with varying kinds of health professionals, from dentists to even tie-ups with the Indian Diabetes Association and endocrinologists, all looking to drive that recommendation that would build lifelong loyalty for those suffering from diabetes, so they too can have a healthy and optimistic life.

Barely 2, 2.5 months into the market, we are already seeing good traction for this. We are a number one SKU on e-pharma, with again a strong consumer response. Repeat rates of 20%, which are, honestly speaking, really, really strong and powerful, given the fact that this is a

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toothpaste that is not for family use, but for an individual to use. And therefore, they are going to come back to the market only when the tube is done, odds are perhaps once every two to three months. So, having a 20% repeat rate even on that is a strong number. And like I mentioned to you, we have been very choiceful on where we will be available, simply because we do not want to compromise the credibility of the offering. With this, our focus with the health practitioners, the pharmacies, whether online or offline, continues to be the priority of the same.

We haven't stopped there, we bought across a completely new portfolio called the Gentle line of toothbrushes, with offerings from all the way from Rs. 30 all the way up to Rs. 120. I am taking the two-top end of the portfolio here. I am really pleased to see close to 100 bps of share on both SKUs within the first three months of their launch. And particularly pleasing is the fact that they have become bestsellers in their own right on e-com platforms as well. While doing this, I am also pleased to announce our latest offerings, this will be available quite literally as we speak, it's off on an e-com first basis and then we will move into brick-and-mortar platforms over the next few weeks. Continuing to extend the idea of intelligent and intuitive ingredients across key parts of our portfolio, in this case, the Slim Soft line, with the Himalayan salt version as well as the turmeric version. On an e-com platform very soon next to you, and then across into brick-and-mortar platforms as well.

One of my personal favorites, Colgate Magic. Every one of you who have kids know the chore of getting them to brush. While, yes, they will do it mechanically, because more often than not they are forced into it. This solution is a brilliant combination of bringing augmented reality to life, through integration of online and offline worlds, and makes that simple task of what used to be a pain point for most parents to a fun, enjoyable and engaging session. It's literally the gamification of the toothbrush world.

The third key pillar, while we make sure that we win with our brands, driving innovation, it's about execution. We believe that it is that brilliant yin-yang partnership of the two, that allows us to deliver the kind of results we keep doing year in year out, quarter in quarter out, right. From a go-to-market point of view, we spoke about the fact that about 14 or 15 months ago, we put an exclusive e-com team into place. More importantly, once the team was in place, we started defining the right frameworks of success, the right portfolio, making sure we have the right partnerships with every one of our e-com customers, building the right model so that we understand the consumer journeys across their platforms, and are able to participate intelligently and intervene at the right touchpoints with the right sort of messages and the right solutions they are bringing.

We are also focused on building traffic, because we know how the e-com funnel works. The more traffic you are able to build in, it translates itself into purchase and ultimately repeat, which is all about loyalty. And that we have translated it as what we call our ACPL framework. And again, it's all about understanding this journey, and making sure that the brand, and the solutions we offer are relevant for every single touchpoint across those elements of the journey. What's particularly pleasing is the growth phenomenon we are seeing, not just it is no longer a

small part of our business, but a reasonably decent size now of our business and continuing to grow at strong growth levels. Additionally, we are also gaining significant amount of market shares on e-com platforms, and we over index quite dramatically in terms of our market share there versus our brick-and-mortar performance.

That doesn't mean we have given up on brick and mortar, in fact, exactly the opposite. We do believe life is an omni-channel world today and we continue to make sure we invest in every single retail environment we look to participate in. In this event, its modern trade, again, rechristening, reimagining the category itself so we look to simplify and bring brand experiences to life at store. Again, playing itself out with a healthy market share increase on what we are seeing with all our key motor trade players as well.

Lastly, but certainly not the least, is our rural presence. And the backbone of our entire go-to-market is the kirana store and the general state store. As you already have heard from me in previous conference calls, is we are seeing a resurgence of the general store and the kirana store, particularly in rural areas. Our strong network of wholesale partners has allowed us to continue to make sure that our distribution and availability has never been compromised, irrespective of the external conditions around us. We have introduced a program called Muskan, which was a tie-up with the small and the medium wholesale stores, to make sure that we get that throughput, to make sure that we get that reach of distribution to the smallest of stores in the most remotest of villages across our country. That initiative continues to gain tremendous traction. More importantly, we are seeing growth level of higher rate as compared to the rest of the business on those specific initiatives.

While we continue to do everything, we can from a consumer and a customer point of view, we are also extremely conscious of what we need to do as an organization for our planet, and the broader communities we participate in. To us, it's all about reimagining a healthier future, not just from our consumers, but the community, as well as the planet. And more importantly, in our case, the country we live in. I am pleased to announce our efforts here, again, structured in the context of a smile, where it's all about driving social impact, helping millions of homes, and making sure that we preserve our environment. All our initiatives are structured and thought through against every one of these three pillars. And we continue to make significant strides across every one of them.

I would like to just showcase three of them to you today. Obviously, we have got a long range of them that we have been going through over the years and we will continue to invest in as we head down in the future, I would like to talk to you about three specific initiatives.

The first one, I guess, is the obvious one, given the context of what is going on around us. While we have had significant amount of participation in every way that we can to help people in our country, help our countrymen and women to go through what they are all going through, whether it's been participation through meals, health and hygiene packs, sanitizers, and most recently, we are now partnering with the government authorities on providing medical infrastructure on a national basis. Again, these are challenging times for every one of us and we

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believe it is our duty to participate and make sure we make meaningful contributions; and more importantly, impact, to help people across country.

The second is another first of its kind. I am truly pleased to announce this one, you perhaps have heard a little bit about this already from some of our global calls, where we have been the first to launch the world's first recyclable true tube. We at Colgate India are truly pleased to announce India's first toothpaste, oral care, recyclable tube. We will be rolling this out on our Colgate Salt bundle in the next few weeks, and slowly but surely we will be rolling it out across the rest of our portfolio. We truly look forward to this becoming an industry standard, because that's when it will truly make an unbelievable impact on the community and the planet.

And last but certainly not least, again, something quite close to our hearts was the challenge of every cup counted. This was interestingly enough, the full story on this is our management training, or the business leadership program that we go through with leading business schools that we recruit from, it is this batch of batch of 2020 that actually came up with this idea on triggering social awareness through an 100% digital program, by making sure people can participate in a simple yet meaningful and effective manner. And a simple and effective manner was your pledge, my pledge, to make sure that I commit or every one of us commits to brushing every time with just one cup of water. Just that simple metric alone, just that simple pledge alone, of every cup counting has already paid rich dividends. In one year, itself, we have had more than 64,000 pledges, that translates itself into 320 million liters of water saved. Our goals are far greater than that and we are looking for the 2-billion-liter mark. I look to your support to make sure this happens, pass on this message. It's a simple act that every one of us can participate in. And frankly, it doesn't take much of an effort, it just takes one cup of water.

With that, I will hand over to Jacob who will talk us through a little bit more on the financials.

M. S. Jacob:

Thank you, Ram, and good evening everybody. Our financial strategy remains unchanged, driving top line up, driving margins up, driving overheads down, advertising up and operating profit up. And all the exciting plans that Ram talked about is designed to deliver against each of those objectives.

So, you must have seen our Q4 results in the afternoon. Our top line was up 20% to Rs. 1,275 crores. Very good performance on gross margin, up 310 bps to 67.5%. Advertising remains a healthy 12%, similar in absolute level to last year, Ram mentioned the brand metrics continues to be very healthy, top of mind, attitudinal equity etc. And these are stuff we continue to monitor very closely, and we continue to look to extract the maximum ROI from our advertising dollars. EBITDA, healthy 33.1%, which is again our base 840 bps. And after-tax profit up 54% to about Rs. 315 crores.

On a full year basis, if you look at it, our net sales of Rs. 4,811 crores, which is up 7.2%, gross margin at 67.8%, again, a very healthy 280 bps up. Advertising, a healthy 13%, flat in absolutes to the prior year. EBITDA up 460 bps to 31.4%. And PAT at Rs. 1,035 crores. So, we are

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pleased with the way we have delivered against each of the financial strategies we showed you earlier.

Sales trend continues to be healthy 2019-2020 no doubt was impacted by the pandemic and have now back to good growth levels.

Gross margins up to 67.8%. And you can see the progress we have made over the last few years. Our strategy has been driving margins up so that we have the advertising dollars to continue to invest and build our brands. EBITDA up to about Rs. 1,510 crores.

Our earnings per share in line with the profitability increased up to Rs. 38.1 per share versus the Rs. 30 last year. And I will say, the policy has been to return money back to shareholders, if we don't have much better use of that, then you probably have. So, we have declared dividends of about Rs. 38 per share, significantly higher than the Rs. 28 last year.

And last but not the least, cash gen continues to be healthy. So, we ensure that all our hygiene is in place while we maneuver through this difficult period. So, if you have seen our balance sheets, our receivables continue to be pretty healthy, and all the working capital KPIs in the right direction. So, our 2021 or cash generated Rs. 1,333 crores versus Rs. 890 crores. This excludes the dividend that was declared in March but paid later on. So, excluding that you can see it has been a very healthy trend on cash gen.

So, that's all I have, and back to Ram.

Ram Raghavan:

Thanks, Jacob. Again, once again, I'd like to just give a shout out to every one of our stakeholders for their continued belief in us. I would also like to take the opportunity to thank every one of the Colgate people across the length and breadth of our country whose constant hard work, dedication, resilience, and more importantly, unbelievable passion continues to bring smiles across billions of people in our country. So, with that, I will open the floor for Q&A.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Latika Chopra from JP Morgan. Please go ahead.

Latika Chopra:

I have two questions, the first one was on the top-line growth. If you could split out for quarter four and for the full year between the volume growth for domestic toothpaste, the pricing growth and the mix growth. And also, how the toothpaste category is shaping in terms of the key cohorts of family, economy, fresh, naturals and premium for you now? Basically, how is the share of these key sub segments trending like and how should one think about potential volume and price mix, both for this category going forward?

And the second question was on gross margins, a massive improvement this fiscal year. How much of the benefit is on account of export share being lower? And what are the key drivers here? And does this look sustainable going forward? That's all. Thank you.

Ram Raghavan:

Thanks, Latika. Let me start with perhaps the first one and I will let Jacob get going with the next, and then we can both tag-team and add more if we feel that we are missing something. In terms of top-line, I think very, very simply put, we are very pleased with the volume pricing mix. Obviously, it is in favor of volume exceeding pricing. But as you well know, we consciously look to make sure that we have a balanced approach to growth, and we are firing all cylinders on volume and on pricing. So, I think we well and truly like the quality of our growth coming through quarter-on-quarter. In terms of segments, you are seeing some basic settling in of segments, so to speak. Naturals, if I look at naturals more broadly, including not just Ayurvedic but even if I start including things like salt, and ingredient lines as part of the Naturals story, that now account for about 38%, 39% of the category, but it's been holding at that 38%, 39% for the last few quarters actually. Similarly, family is also holding at about 30%, 33% give or take, in that mark.

What we are seeing some growth on obviously is, interestingly enough, freshness. Freshness is seeing some interesting pickups, which is not surprising. We are a youthful country from a perspective of age bands. And given the food profiles, in most parts of our country, it's not surprising to see freshness gain traction. Now, again, in metro, if I look at metro, if I look at modern trade, if I look at e-com, in those platforms you are starting to see significant shifts towards premium. Even in our own portfolio, the premium portfolio is close to touching almost a third of our business on certain platforms, which bodes really, really well for us from a growth of whitening and premium ingredients like charcoal, etc., also continuing to gain traction.

To answer your question on seeing the sustained trend going forward, very difficult to predict that one, Latika. I think our outlook to oral health is, how do we go about shaping the future. We believe, as category leaders it is our responsibility to be driving that. So, when you break down the market into consumer segments, retail environments, and almost do a cross matrix between the two, and we look at each cohort and look to see what would be the right segment or consumer need or benefit that we would look to fulfil. So, at a rural level, it is still going to largely be about driving the family segment, simply because the priority will be there to really get the frequency of brushing going more often.

If I talk about metro youth and consumers who see themselves as aspirers or beauty mavericks, and it's going to be largely about increasing the size of the whitening segment. Similarly, when you look at segments like premium therapeutics, these are relatively small segments when you look at on a national basis. But when you look at that from a specific retail environment or a specific geography point of view, these can be substantially larger as well, and phenomenally incremental to the portfolio. Large I mean, rarely, very, very rarely would you find someone who buy a toothpaste for diabetes using it for the entire family or someone who buys a whitening toothpaste also uses a regular family toothpaste or a naturals product. So, you end up getting an incremental tube in a lot of homes, which translates itself both in terms of growth, obviously, as well as in terms of margin play also. Jacob, your thoughts on the gross margins?

- M. S. Jacob:** The primary driver for gross margin is really the pricing. We have been putting incremental pricing through last year and even in quarter four of this year we put more pricing as we have seen cost increases. So, that essentially is a key driver. Exports, no doubt is helping, but we are the same level in the last two to three quarters. So, on a full year basis, yes, it's a driver but not really the key one. Other key drivers are the category mix, toothpaste is obviously growing much faster than toothbrush, which took a big hit during the three quarters, starting from the first quarter last year given the category was impacted. But also, the SKU mix, through this year we have seen the mix moving from the 10 and 20 to a bigger sizes 100, 200 and above, so that is margin accretive. And what Ram mentioned, also that makes towards more premium plays like Charcoal, Visible White, etc., that's another factor. So, all those different types of mixes are helping drive that margin up.
- Ram Raghavan:** Latika, if I just build on Jacob's comment, I think we have had a very disciplined approach to proactively managing cost headwinds. I think we started seeing murmurs and sounds about cost headwinds while we exited the last quarter and early into the start of this calendar year. So, we were able to proactively make choices on the pricing line mix and therefore investment models that went with it from a consumer lens point of view. Additionally, we have got a very strong discipline of funding the growth, or what we call the efficiency drivers of our business. You could almost say, it's a very structured framework, cross functionally driven. So, we were not only looking at the pricing line, but we are also looking at every aspect of the cost line to see how we could mitigate potential cost headwinds along the way. So, it's almost a rigorous process that is followed quarter in quarter out within the organization.
- Latika Chopra:** Thanks. Just one clarification. Ram, you mentioned the natural Ayurvedic, and ingredient-based toothpaste share is about 38%, 39% currently?
- Ram Raghavan:** That segment share.
- Latika Chopra:** Oh, you are talking about the industry, right, not for yourself?
- Ram Raghavan:** Right. Not ourselves. We have been gaining in that segment. But I am talking about the overall broader category segments.
- Moderator:** Thank you. The next question is on the line of Manoj Menon from ICICI Securities. Please go ahead.
- Manoj Menon:** Ram, Jacob and Sujata, thanks for the brilliant presentation, quite insightful. I just had only two reasonably long-term stuff, just more from a clarificatory point of view. One, on the twice brushing, is it still relevant? The reason I am asking, because for a minute I remove my analyst hat and just as a consumer, I am not sure whether I really miss many ads, or any communication addressed at me as a consumer about twice brushing. So, I would love to stand corrected, but just your thoughts on driving that vector, which probably was quite relevant a few years back. So, that's question number one. And where are we on it and what's your take on

it in the medium-term objective? Because I know that it probably needs a generational shift as well. So, that's one.

The second aspect is on the pricing. So, some of the things which you addressed beautifully to Latika's question earlier was on the multiple segments and where it's all settled, and what's your views. But one thing which I had a question, in fact, was actually on this Ayurvedic versus White segment. Now, after listening to your responses, just only one follow-up on this is, there may be a significant opportunity for you to gain consumers from the perceived benefits of Ayurveda to more, let's say, scientific products which you have. Just some thoughts on that as well.

And if time permits, the third one. I just saw some Twitter flashes from CNBC about market share improvement from somewhere in the 40s to a higher number. But the last available number, at least for analysts like us was, it wasn't a 50s. So, honestly, I was not aware that it has actually fallen to 40s and it has improved. So, just some comments on the market share, if time permits. Thank you.

Ram Raghavan:

So, let me start with the first question on brushing twice a day. Listen, we are as passionate as you are on the long-term relevance, more importantly, the growth opportunity that it offers. You have not missed anything because there has not been much. We did do a little bit of work, but frankly, on account of the pandemic where fundamentally getting product availability and really a focus on making sure that people had access more than anything else was our priority. So, all that we have done is we repurposed, or we phased out the communication focus to be more on fundamental product benefit for the time being, as we go through the pandemic. And then to your point, we will bring back the required set of communication and behavioral changes that go with it, which are a long-term play. So, a lot of that stuff, both in terms of above the line as well as on the ground work, all the stuff is ready, we are just waiting for the right moments to trigger some of those initiatives.

Second, on the pricing front, couldn't agree with you more. I think, frankly, we don't look at benefits perhaps that has been framed. Like I said, our philosophy as a thought leader is, start consumer first. So, consumers don't say white consumers, don't say things like that, consumers look for benefits. So, they want strong teeth, they want fresh breath, they want whiter teeth, they want no stains. So, consumers seek benefits. And to your point, one of the single biggest strengths we have seen, frankly speaking, for the brand come back very, very strongly over the last three, four years, has been our oral care expertise. And how we look to solve that consumer problem, both, if it's 100% science only, or if it's a naturally derived, but then using science to amplify or empower the natural derivative even greater, those become means to an end. So, different people, it's like the best analogy I could give you, Manoj, would be exercise. Someone will tell you that you could be equally healthy with yoga as you could be by going to a gym and working out, right. And even a yoga effort can be amplified through different means. And similarly, an effort in the gym can also be amplified to different solutions. So, similarly, when we look at consumer benefits, some of these are the means to the end, more than anything else. And frankly, we are seeing a resurgence of at least an oral care expertise come back to life. And

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therefore, what's in the product and how it works, and does it actually deliver what it says it is going to deliver, is starting to well and truly matter with every one of our consumers.

On the shares, our shares remain robust overall, Manoj. I think I quoted some numbers today as well in terms of modern trade and e-com, both are heading, all of our numbers and the shares in those environments are heading in the right direction. Our overall shares remain robust at the 40 level [Management Clarification- PI read the same as 50 level]. We are sure that we are getting the right reads on data, more than anything else. But where we believe the data, the consistency of the data, specifically, if it's scan in modern trade or e-com, we are making sure that we continue to grow on a YTD basis as well as longer term.

Manoj Menon:

Understood. Just one quick follow-up if I may squeeze in. Just on the Ayurvedic or rather the perceived Ayurvedic versus the Calcium Carbonate White toothpaste, just one thought process here. I am just taking the hypothesis actually, yes, the 39% may go and stabilize at some number from an Ayurvedic point of view. But is there a bigger opportunity for you to drive the premiumization? Or let me put it this way, so it's like a bucket where it's actually the water is falling, but at the same time it's a leaky bucket. So, two questions here, where do you think the Ayurvedic percentage as opposed to total will stabilize? And prior to that, is it fair to assume that you will be able to convert enough Whites to Premium? Thank you so much.

Ram Raghavan:

So, again, very difficult to predict the future. But what I can tell you is that in every market we have seen, segments will always coexist, right? I mean, I bet you, if I asked in your own house, over the course of 12 months, there would be a mix of toothpaste coming in, and you would be floating across segments. Yes, you would have one or two segments which would largely look to cover the large part of your share of requirements, but you too or your family members would look to move across certain segments. So, I think, first of all, all consumer segments will coexist. Like I said, typically, certain segments will always stand the test of time, simply because they are at the structural grassroots of what really matters to a consumer. So, again, Strong Teeth for us is a classic example of that. And by amplifying the oral health, overall health connection, if you think about it, that further reinforces why and how critical it is to continue to participate, one.

Second, I always tell people that don't underestimate the impact of flavor. At the end of the day, almost 95% of us wake up and the first thing you more often than not put in your mouth is a toothpaste, and hopefully a Colgate tube of toothpaste. That flavor is the first thing that is embedded in your memory for year in year out. So, making sure that it's the benefit profile and a flavor profile that consumers love and can connect back to that benefit also makes a huge difference. So, I think when we look at propositions, we make sure that those combinations stay true.

The third one on premiumization. I think premiumization is only going to go one way, which is going to be up. Now, the pace and speed of that will vary very dramatically, because it will come down to a function of retail environment growth, right. So, today, modern trade and e-com allow for phenomenally broader portfolios to exist, right. There is physically more space

and hence consumer choice goes up tremendously. Based on that, folks like us are able to offer a phenomenally larger and wider range of solutions, and therefore consumer choice plays itself out and typically you end up seeing premiumization accelerate when choice opportunities go up. Similarly, as you see the proliferation of modern trade, whether it's direct modern trade or indirect modern trade and of e-com, one can only expect that to take off. I mean, we are seeing this across emerging market after emerging market. The more retail environment landscapes change, you will see a consumer play out to a similar effect eventually.

Moderator: Thank you. The next question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: My question is on the margin profile. So, is Colgate getting a bit more hungry for margin expansion rather than the volume growth, could it become dangerous? I am asking more when you compare with the peer set, you must be having a lot of anecdotal data etc. This kind of margin improvement we have not seen this year for many of the other categories for many of the other companies. So, could you answer this aspect?

Ram Raghavan: Sure. Let me take it on and jump in Jacob if I miss something. So, let me start. First and foremost, I think we are pleased with the margin profile simply because it gives us tremendous flexibility on the P&L to calibrate investment choices, both in terms of levels as well as in terms of the range of initiatives that we could bring in. That single handedly amplifies the ammunition power that we hold and can therefore look to invest substantially across every one of the choices that we want to make, number one. Second, Abneesh, I want to make it clear that we have not compromised volume at all, in fact, volume sales, even in the most recent quarter significantly outpaced value. So, I just want to make sure that I do call that out. We remain extremely competitive when it comes to pricing. As you can well imagine, in certain segments of the market, specifically Rs. 10 and Rs. 20, our hands are tied in terms of the price point. I mean, I can't change Rs. 10 to Rs. 11 unless the entire market looks to move there, those will be harder shifts. So, we remain phenomenally competitive at price points.

Like I said, what we look to do is a few critical things, number one, we look at the range of our portfolio, and how can we participate with price points across every single price point and pack combination that exists. This is done through a very detailed analytical effort, what we internally call revenue growth management. So, there is a lot of science and analytics that goes in behind this. So, making sure that we have a breadth of portfolio at an SKU level by retail environment, also defining not just its MRP but also the calibration of the kind of promotional levels and the type of promotions we have to do wherein the value-volume combination is maximized.

And the third piece that I am sure Jacob can highlight even more is, what I called upon, which is the efficiency drivers or our funding growth initiatives. We have got a very, very thorough process that we have put in place that makes sure that we are constantly looking at every aspect of the cost line. And where we can intelligently do things, we will. I mean, to give you an example, we have invested in recyclable tubes that I just highlighted. That's a cost increase for

us. But we believe it's the right thing to be done. And the way we look at it is, we know that listen, if we go in today, started one variant, over time take it across the entire portfolio, we know the volumes we have can look at reshaping cost structures in the future. So, that's the way we see it. Jacob, anything I missed.

M. S. Jacob:

Yes. So, Ram mentioned pricing continues to be competitive, and we continue to look at pulling costs out in a good way. So, one thing to emphasize is that the quality of our products remain top notch. Ram mentioned flavor, formulation, those things we won't tamper with. So, the other piece like getting a new sourcing country or a new supplier, those are the focus of pulling costs out of the system.

Abneesh Roy:

Thanks. A related question is, you used to do lot of events activation, you used to go to school to tap the youth, etc. So, now in a pandemic year, obviously that's very difficult. So, two questions here, one, how did you reach out to those consumers, in the pandemic it was not possible. And could this become the new normal that you don't really need to do so much of expensive activations, and you could do something else to reach out to the same consumer?

Ram Raghavan:

So, great question actually, Abneesh. So, our Bright Smiles Bright Futures, what we did over the last, let's say, nine months, obviously, given that schools were shut, like education in itself, we have taken it digital. What's been the single biggest learning we have had, interestingly enough when we have taken it digital, is the fact that the parents themselves have decided to join the children. So, in a strange way, the same initiative that only touched a child now actually talks to the family unit as a whole. So, we actually saw this as an upside on two fronts, front number one is obviously with digital solutions, the kind of scale you get for the same dollar invested is significantly greater. And second is, while in the process of engaging the child, if the parent is also participating, nothing like it, because that's one more behavioral change, then that gets reinforced for us, more than anything else. So, I think as we look into the future, we do believe it will be a combination of, like you rightly said, a hybrid version. There are still significantly good merits in the physical activity as well, because it's not just about teaching and showing people how to brush, but there is also an interactivity piece, there is also a learning experience, there is also an engaging aspect of it, there is obviously the whole aspect of free product being distributed. So, the trial opportunity that goes with it is long-term and truly tremendous. But I think the digital world, and the fact that education itself has gone digital, we look at it as it's a unique opportunity for scale, for customization, and for becoming, quite literally by appointment. If you think about it, I could start talking to you about consumption building or brushing the right way or brushing twice a day as and when you were available to have that conversation with me. So, I am very much with you on the same.

M. S. Jacob:

Abneesh, you were also talking to you about the oral health month where we do dental activations, those we will continue. As a leader, it's onus on us to ensure the improvement in dental hygiene, those preventive checkups, those things. So, those things will continue as we get back to normal levels.

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Abneesh Roy: Sure. My last question is on distributions of kirana shops, there is much higher competition for the same shelf space, every company has come out with a huge number of new innovation SKUs, you have also come out. So, have you also rationalized the number of SKUs versus pre pandemic? And in the chemist channel, could you share some insights? You have shared insights on market share gains in modern trade and ecommerce, in chemists channels how are you placed? And is it very important in your product?

Ram Raghavan: So, let me take two questions. The first one, proliferation of SKU, let me start the other way around. We are constantly looking at our portfolio, Abneesh, it's almost habitual for us. The last thing we want is to have dog SKUs lying in the trade because that fundamentally it is cash flow that's just stuck not only for the customer, but for us also, frankly, because we are holding the full pipeline. So, if we see SKUs not meeting what we call internal hurdle rates, we ourselves would go, both internally and with our customers and have a proactive dialogue to tell them look, this SKU we thought it was doing well, but it's not working. Frankly, let's take it out and give you something else that's got the throughput. So, I think first of all, our principle starts with that. Second, our philosophy is about horses for courses. So, we look at every retail environment, understand the shopping behavior, who shops, for whom do you shop, how often do you shop, what kind of price outlays do you have every time you show up, how many baskets do you exist in, even at a kirana and a general trade store level? So, based on that, every kirana and general store for us is categorized.

Similarly, like we do consumer segmentation, we do outlet segmentation exactly the same way. So, we take the same science of consumer outlook into the world of retail environments. And based on outlet segmentation, we map out what should be the SKUs available there. And again, this is a combination of internal data and external facts. I mean, you could be living in Cuffe Parade in Mumbai and you could be a kirana store there. But by definition, because it's Cuffe Parade, I have to make sure Colgate Total is available. Now, you could be in a kirana store in Bahraich in UP, where it's all about the Cibaca, CDC and Max Fresh. Same kirana store, but very different outlook in terms of portfolio availability. So, I think, like I said, we take the exercise of outlet segmentation down to a science, not just at a broad kirana / general trade level, but also by geography, by zip code and by mohalla quite literally. So, I think that allows us to make sure.

The third thing is, given the strength of our demand. Typically, what we have seen happen specifically in times of like the pandemic, the smaller the store, the higher the likelihood that they will hold on to SKUs with extremely high velocity, because it equals cash. The last thing that they want is to be sitting on an SKU that doesn't have churn, as an extra SKU which is a sitting on the shelf. So, that's when the strength of our brand kicks in. And they almost keep Colgate because it's fluid cash, it moves through the system fast enough and it isn't holding up their cash flow or affecting their working capital at all. So, hopefully, I answered.

Abneesh Roy: And on the chemist?

Ram Raghavan: Sorry, the chemists point. Chemists, frankly, we remain under indexed. Having said that, we have started to make good inroads, you saw our efforts with strategic partners, whether it's IMG, PharmEasy, or even with Apollo, we have started making good inroads there. The biggest challenge we had was really twofold, one, which you can't solve, we are not a pharma company and hence our outlook and approach and reach was always less competitive versus certain other competitors of ours. So, that was always a structural issue. But the flip was, we also struggled with the portfolio. So, we have solved the second problem, which is the portfolio. So, now we have got specific bundles geared and targeted towards the chemist or the pharmacy channel, both offline and online. The third variable, which has been a strength of ours has been the professional recommendation. So, by far we are the most recommended brand by the profession. So, now, merging these two, which is getting that professional recommendation and translating it with the wins that we get, or early wins that we are seeing in the most structured pharmacy, online and offline, it continues to remain a good opportunity for us. So, great opportunity, still under indexed, but green shoots heading in the right direction.

Moderator: Thank you. The next question is from the line of Arnob Mishra from Credit Suisse. Please go ahead.

Arnob Mishra: My first question is also on premiumization. So, if you could share with us in terms of whichever way you look at it in terms of value added, or whatever you consider as premium, has the share actually within your portfolio gone up with a lot of initiatives that you have taken around charcoal, diabetics? And if you could just give us a broad sense of how much of your turnover is there?

And a related question to that is, toothpaste is a highly penetrated category, it is like detergent or soaps or shampoo. But in those categories, we are seeing the premium brands become very large, for example, Dove is one of the largest shampoo brand or Surf Excel is probably the biggest detergent brand. We don't see that in oral, it's still a very slow burn of premiumization. So, is it kind of inherent to the category that the premiumization happens slowly here? Or is it something which can unlock faster if the right kind of efforts are put in, which some of which you have put in this year?

Ram Raghavan: So, let me start with the premiumization. Obviously, I will give the answers wherein I don't want to give out data that is confidential, that potentially gives advantages to our competitors as well, so hopefully you understand that aspect of it. Let me put it this way. We have seen substantial gains on the premium part of our portfolio, specifically in the platforms that I spoke about, whether it's modern trade, whether it is e-com. And not just Tier 1 cities, but even in Tier 2 cities and in some cases even smaller than that, we are seeing significant traction on some of the new initiatives we have bought in. My simplest ask of you would be, jump onto Amazon and take a look at the reviews the consumers write about Charcoal as an example. It's quite amazing to see that. I already highlighted last time around the gap between demand for Whitening and having the right portfolio to deliver that demand is huge, 20% of all online searches are associated with whitening in the category and the segment size is barely at 1%. Now 1% is national, obviously, on the platforms this can range from 5% all the way up to even

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15%. So, I think you can imagine the advantages we have simply because we are creating a lot of these segments. So, I think that's the point on premiumization.

To your question compared to soap, I am going to hazard not a guess but a more logical conclusion on this one, which is, in the world of soaps you don't have a Rs. 10, Rs. 20 segment, right, they are singles or multipacks. And then they vary in price point on absolute. In the world of, let's say, oral care and even detergents, you have the aspect of Rs. 10 and Rs. 20. So, I think from that point of view, premiumization is still at a more Tier 1, Tier 2 and in certain retail environments. The deeper down you go into the country where the prevalence of Rs. 10 and Rs. 20 packs remain sizable, there premiumization still has a phenomenal opportunity. So, I think that's one of the reasons, my guess again, as to why you see those variations versus some of the other categories you spoke about. Second, if I look at even per capita consumption, again, so per capita consumption, if I remember my data correctly, is still significantly better than toothpaste. So, we still have some structural pieces to fundamentally create habit of improving frequency of brushing also at the lower end of the segment or the lower end of the funnel, so to speak. So, I think the premiumization stories are mixed in the right retail environments and the Tier 1, Tier 2 cities, obviously, it is growing at a phenomenal pace. I think, we believe at Colgate that we have got to figure out how to bring in affordability principles, such that we can look to even premiumize across multiple city tiers as well as retail environment.

Arnob Mishra:

Thanks, Ram, for that. And my second question was on freshness, which you mentioned, as a sub segment has seen a pickup. And we have seen, I think, relatively better numbers from HUM also in this period. So, have you been able to hold on to your shares within freshness or increase the shares, any kind of broad sense or directionally how Max Fresh has done to that segment would be helpful?

Ram Raghavan:

Good question. I can't remember the data offhand. I know our internal numbers are very strong and even our secondary sales that we are seeing are strong and healthy. I will have to get back to you. I don't remember the segment share movements, frankly.

Moderator:

Thank you. Ladies and gentlemen, we will take the last question from the line of Amit Sachdeva from HSBC. Please go ahead.

Amit Sachdeva:

Sir, my first question is very quickly on the underlying revenue growth. If I were to look at your two-year CAGR basis, because we have varying level of base effects in the year, I would think that revenue growth is about 5.4%. And that is not very different from what has been going on in the last two, three quarters. And even barring Q4 last year, removed the abnormal effect. But that's the kind of range going on, given the premiumization and the pricing is working probably in your favor, which it points to that underlying volume growth actually is very, very weak. And it might be because category is so penetrated and that's where the margin is only drivers left and behavior changes are very difficult to come by. How do you think about revenue growth, sustainable revenue growth, barring these base effects off the road? Do you see double-digit trajectory possible, or it would be more like 5%, 6% revenue growth and then margin expansion is that we should really hope in the next two, three years. How do you think

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about the overall construct of this underlying volume growth? I would agree that premiumization would continue.

Ram Raghavan:

So, let me just give you one little clue, I just dropped the clue out there, Amit. Which is, remember, you also have the effect of toothbrush. So, in our world, in a strange way, toothbrushes ends up being a little more discretionary or deliverable as we put it, in our lives. I mean, it doesn't get over, frankly. And if it's a Colgate brush it would probably last forever. So, you can imagine part of that CAGR that you are seeing is on account of a category mix that people often don't realize. So, specifically during the pandemic, the toothbrush business was the one that took a big delta, because frankly, we didn't head out, you just delayed that purchase. And similar to a hotel room, a delayed purchase means a lost sale. So, I am sure you can do the math once I put this point on the table.

To your point, I don't want to talk about forward expectations, you will see our results, our strategy as they play themselves out. I think we are with you on the premiumization trend to continue, number one. Second, we have touched upon the fact that as part of our broader strategic growth plans, on how we are going to redefine oral health. So, in the context of it not being just about toothpaste and manual toothbrushes, hopefully, you will start seeing a lot more. We have already seen things like sprays, oil pulling and initiatives that are from us, look forward to more on that front. And then, the last one, we will also figure out how to make sure we build the second leg of the business intelligence, which is the Palmolive portfolio.

Amit Sachdeva:

Sure. That's very helpful, Ram. Just if I may squeeze in just a second one, just to get a conceptual clarity on how we are thinking about this is that I see there is an excellent cost management on other expenses being flat for last two years, so that's pretty good. And I hope that discipline continues as a part of the strategy as well. But A&P has been quite elevated level, if I may say, in the last two, three years, and it has stayed elevated, despite whatever ups and downs you may have sort of come across, but A&P spend have been elevated. And now we are seeing A&P flat Y-o-Y, roughly, for example.

Now going into as we are thinking about this, since the A&P spend is so elevated, are we looking at that A&P spend will remain elevated, but given that it is already high, the growth will not be there, and it would be probably flat Y-o-Y. Is that how we should think about this? Or it would actually rise as a percentage of sale the way it is? So, my sense is, already at quite elevated level and how should we model this as part of your strategy as we go into the next year?

Ram Raghavan:

So, like I said, our fundamental pillars, we believe, that ultimately long-term, brands win. As you can imagine, as a leader, when any competitor comes at us, we are the first people to get affected, and that's true of any category leader. So, we always believe in investing to grow our brands. What we keep monitoring constantly is the calibration required to make sure that we are funding those initiatives correctly. Now, there are two aspects to funding. One is, how do you build brand strength, whether it's a top-of-mind recall, whether it's an attitudinal equity. So,

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fundamentally, I want to have mental availability. So, when you think of oral care, you think Colgate and nothing else, plain and simple. That's one part of the equation.

The second part of the equation is also investments that translate themselves directly into sales. And specifically, when you look at emerging platforms like e-com, whether you search and therefore I make sure that I am relevant when you are searching for something, and I can convert you. The investment strategy varies dramatically based on what part of the shopper or consumer journey you are on. So, I think for us, when we look at investment levels, we calibrate based on that. What does it take to make sure that the brand health remains healthy and robust? What does it take to make sure that the investment model drive conversion, which is fundamentally takes awareness into purchase and ultimately into loyalty? And this calibration is, I mean, the marketing team, it's a phenomenal science and the marketing team is looking at this day in day out, because as opportunities to invest your dollars just proliferates, the ROIs, the paybacks also vary quite dramatically. So, we are constantly calibrating different vehicles to make sure that the mix is the best to give us the required return.

The last variable is on new initiatives and things like, I will take the example of mouth spray. Now, when you are creating segments and categories, you have to invest ahead of the curve, because we are setting up behavior, we are doing things that didn't exist. And therefore, I have to get it onto your shopping list. In order to get it onto your shopping list, the modelling that you would do in terms of investment vary differently compared to a toothpaste, which is already in your shopping list, all I want you to do is buy a Colgate versus anything else.

Amit Sachdeva:

Sure. No, I think that's very, very helpful, Ram. And lastly if I may just ask you just one small question, because post COVID, as you say, availability and product shelf availability was a main ask, and that's what mattered during the crisis. I mean, in that sense should I sort of take it also as a sign that pricing power may have really come back to the category? Because oral care, in my view, the category was a natural pricing power, once a consumer is set, it gives you some more pricing power than average category. But has COVID come back to your favor more or how should we see in terms of promotional line which gets embedded in the revenue, so that's the reason margins are also are very easy to come by. How should we think about that aspect of the category now?

Ram Raghavan:

I will stay humble on this one. Ultimately, we will do what the consumer wants. Our unwavering focus is always and has been there. Competitors will come and go, they will say different things, they will do different things. We believe that the long-term win lies in having that unbelievably unwavering focus on the consumer. So, I don't want to think it's ever fair to say that a manufacturer will get the power, frankly. I think, consumers will always have the power. Right now, given what we are going through as a nation, very difficult to predict the next three to six months. I think, once life settles down to whatever normal is going to be, I think then you will start seeing some changes in terms of lifestyles. Some of the habits that people have picked up during lockdowns or during the past 12 to 14 months, some of it will stay, some new habits will kick in and some past old habits could also resurface. So, I think, for us, we remain fixated with that. And frankly, we just want to be one step ahead, that's all.

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Moderator: Thank you. Ladies and gentlemen, that would be the last question for today. I now hand the conference over to Mr. Ram Raghavan for closing comments. Thank you. And over to you, sir.

Ram Raghavan: Thank you. And listen, once again, a heartfelt thank you to every one of you. We truly hope you, your loved ones, near and dear ones are all safe and healthy. Keep smiling, keep that optimistic smile, it certainly helps us as an organization, a group of people go through this with all the courage and optimism that we can. So, thank you once again. Look forward to seeing you soon. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Colgate Palmolive India Limited, that concludes today's session. Thank you for your participation. You may click on the exit meeting to disconnect. Thank you very much.