



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

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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 2021-2022.

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

As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. At that time, you may click on the audio question tab below the media player or you may type your questions and submit via text. Participants connected via telephone call may enter '*' and '1' on your touch tone telephone to ask a question. Should you need assistance during the conference, please signal an operator by pressing '*' then '0' on your touch tone telephone. Please note that this conference is being recorded.

Joining us today from Colgate-Palmolive (India) Limited team is Mr. Arvind Chintamani - Vice President, Marketing, Mr. M.S. Jacob - Chief Financial Officer and Ms. Sujata Nairi - Associate Director (Commercial Finance & Investor Relations).

Today's session will begin with a brief presentation by the speakers sharing their views on the overall company's performance and strategy. This will be followed by the Q&A session. I now handover the proceedings to Mr. Arvind Chintamani. Thank you and over to you sir.

Arvind Chintamani: Thanks Inba and good afternoon, everyone. Hope you're all doing well. You had a good day and you and your families have been keeping safe and healthy. Welcome to the call. I'll begin by drawing your attention to the safe harbor statement.

Before I go into the presentation, remind us all that we are in the midst of a leadership change. Here at Colgate, we're extremely proud that Ram has been promoted to lead the newly set up global enterprise Oral Care for Colgate-Palmolive, another feather in the cap for us at Colgate India as talent continues to do well. We are equally excited to welcome Prabha Narasimhan, who will join Colgate India as Managing Director and CEO effective September 1st. We're looking forward to having Prabha with us. She brings a rich and diverse experience and understanding across categories in this country. We are looking forward to the new perspective to drive our growth ambitions. So welcome to Prabha.

With that I want to highlight some of the key things that we are looking at across our business; starting with 'Brand Health' which of course is the most important thing for us to be focusing on to build a sustainable business.

The first measure is top of mind 'Awareness'. This is a really critical measure for us. It's a measure of which brand are people thinking of first when they think of the category and our top-of-mind brand awareness for Colgate stands at 71% in Quarter 1 of 2022, this is 700 basis points above where we were a couple of years back. And if you think about our trade structure

in India which is a mom and pop trade structure, the self-service trade structure where you can see the product, what is in the mind becomes the most important factor in what people ask for. Top of mind awareness is an extremely critical measure and we are going strength-to-strength. In fact, these numbers are the highest we've had in the last 5 years. So very strong 'Brand Health' over there and this reflects in behavior. If you look at the next number there, which is 'Penetration' which is the percentage of people who bought us. Our penetration as Colgate at 88% is not only the highest in the Oral Care category but it's in fact the highest across all brands in India. Colgate is the most penetrated brand in this country and that makes us really proud. So strong 'Brand Health' is the first key highlight.

In terms of financial metrics – you've seen these numbers but we're also very proud that we've crossed the Rs. 5,000 crores threshold for this calendar year. It's a big moment, with very strong gross margins at 67.1% and strong EBITDA above 30%.

On digital and analytics – we wanted to highlight the fact that Colgate is driving basket penetration for Oral Care on e-commerce. On the new and growing RE, we are showing leadership and we have driven the category forward across various e-tail portals.

On 'Sustainability' which is a very big commitment for us. We are extremely proud that this year saw Colgate launching recyclable tubes, the first not only in the world but also in India. We launched with recycling toothbrush, the first fully recycled toothbrush in the country as well. I'll speak to both these a little more as we go forward.

These were the highlights and we will use our strategic framework as a framework for the conversation today. You've seen this before. It's our consistent framework to drive profitable growth with six pillars and we will start with winning with brands. When it comes to building brands our master brand Colgate has a positive philosophy which in Hindi is said as, '*Dil Me Ummeed Jagao, Smile Karo Aur Shuru Ho Jao*' and of course we translate this into all the regional languages and our rallying cry as a brand is to be a catalyst for optimism.

We want to encourage people to think positively and to believe that they can get over their hesitations and doubts if they can focus on the optimistic view. We've been telling stories from around the country on optimism. I want to share with you our latest story which is the story of Kiran Kanojia, India's first female blade runner who went on to complete a marathon. It's a remarkable story. I'm really excited to start the presentation off by sharing this story. Can we please play the video?

'Smile Karo Aur Shuru Ho Jao', what an incredible story of an incredible person who reminds us again that if you can look at the bright side and persevere - anything is possible.

Moving from Colgate the master brand to India's #1 toothpaste Colgate strong teeth. Seven out of every ten households in India purchase a Colgate strong teeth product every year. In terms of market share, it is more than two times the market share for any other toothpaste. For us this is the flagship brand and continues to be. If you go back in history, Colgate strong teeth started

its journey in 2000 and we relaunched it once in 2007 and then more recently in 2019 where we saw double digit growth on the back of the relaunch. I'm really happy to announce that we are in the middle of another relaunch for Colgate Strong Teeth in Quarter 2 of this year. We are bringing to life the fact that strong teeth are the starting point of good digestion and good nutrition. If your teeth are strong, you're able to chew your food better. That gives you the best from the food. So strong teeth make a strong you and our new reason to believe is calcium boost which helps your teeth get stronger. This is the new packaging that's out in the market, rolling out across the country. We're also very happy to announce that we have two fantastic stars partnering with us on this journey - Shahid Kapoor and Rana who are bringing this message to life across different parts of the country.

With that let me share with you one of these pieces of communication that we will be playing in parts of the country. Can we please play the video? Only if your teeth are strong, you get the best nutrition from your food and Colgate Strong Teeth with calcium boost makes your teeth stronger like no other toothpaste. I hope you enjoyed that.

Moving from India's #1 toothpaste to India's #1 toothbrush and that's Colgate Super Flexible which is #1 selling and the #1 distributed toothbrush in the country by a large margin. In fact, it's more than 1.7 times the market share of the next toothbrush brand. As you can see on screen Super Flexi is now in the market as of Quarter 2 of this year in a new Avatar. At the bottom you see the new toothbrush in the dynamic new look, in exciting new colors and a very contemporary modern packaging with the reminder that the ultra-flexible technology continues to power the toothbrush and critically at the same price point of Rs. 20 which is the heart of the category, making it accessible for so many people across the country. Not only is the packaging exciting, the product inside has superior technology with a new bristle profile for enhanced cleaning and of course, the handle technology that reaches all corners of the mouth. We are very excited about this relaunch and we are putting behind it the might of the Colgate system. This will be our largest ever in store activation in the toothbrush category in terms of distribution and in terms of visibility. So huge initiative in this quarter with Colgate Strong Teeth and with Colgate Super Flexible toothbrushes.

Moving on from Super Flexi to another critical part of our portfolio which is Naturals. Talking about salt, we all know that salt as an ingredient is the first ingredient that comes to mind in this country, in our culture to take care of Oral Care problems, at home we have all been told by our parents and our grandparents about the power of salt and Colgate Active Salt for the last two decades has owned this space and we've gone from strength to strength and our brand strength continues to grow. In fact, Colgate Active Salt is a #1 natural ingredient toothpaste in this country. To extend the strength of Colgate Active Salt, we have got new avatars of Colgate Active Salt Neem for healthy gums and Colgate Active Salt Lemon to fight yellowness, these are again available across channels as we speak, very exciting innovations powering the salt franchise. Of course, we continue to support the Colgate Active Salt franchise as we've always done with top celebrities, we've got Samantha, continuing the partnership with us in parts of the country and we've got Raima in parts of the country, bringing to life the proposition that the Colgate Active Salt to prevent your dental problems.

We continue to grow from strength to strength on this brand. Staying with Naturals, we are also continuing our growth journey on Colgate Vedshakti with a new product and a new piece of communication. This is our best ever Colgate Vedshakti product. I will presently share with you the new communication but we're backing this initiative with a lot of activity including aggressive sampling across the country. Like you know we have a regimen under Colgate Vedshakti with a mouth protect spray which is the #1 selling on the go Oral Care solution in the market today. We have Vedshakti Oil Pulling which brings to a modern format, the ancient ritual of oil pulling together with Colgate scientific expertise. Let us now please see the video of the relaunch for Colgate Vedshakti. Germs from your mouth can enter your body and Colgate Vedshakti stops them in the mouth. That was a section on winning with brands.

Now I'm going to dive into leading innovation and share with you some of our most recent launches. Our philosophy on innovation is three-fold; bring technological superiority to the products that we launch, think platform out when we think innovation and not just singular product and to look for new opportunities to innovate again. And to start on technological superiority we have put out a really exciting launch on toothpaste into the Indian market on whitening. Remember that whitening as a benefit is the most searched benefit in this country when it comes to searches. People are looking to whiten their teeth and we have with Colgate Visible White O2, launched the most revolutionary technology into the Indian market. This product has active oxygen technology that releases small bubbles of oxygen as you brush your teeth to lift away stains and to restore the natural white of your teeth, in fact making your teeth whiter in about three days. We have exciting communication that is out now across touchpoints. Let's see this video that features Dolly Singh, Toshada Uma and Prarthana. Let's please play the video. Whitens teeth in just three days, revolutionary technology and an encouragement more than anything for young people to follow their own code on beauty and not fall for social norms and be confident of their smiles and be themselves. And it's not just television advertising we have put out there's host of communication as an integrated brand experience that we're doing on Visible White O2 and across social media with influencers. We've seen some incredible feedback coming our way on this campaign and on this launch, a really exciting launch for us in this quarter. It will continue to be supported throughout the year.

Moving from whitening to the space of therapeutics, the space of addressing problems in the mouth, conditions in the mouth and the biggest problem in the mouth in India according to the Dental Council of India is gum problems. Not many people realize but 9 out of 10 Indian adults have some form of gum problems through a year and to which Colgate has launched Colgate Gum Expert with turmeric extract which gives you relief from gum bleeding which is a big problem. If not corrected can eventually lead to tooth loss. So an exciting launch on Colgate Gum Expert with turmeric - the only product out there of this kind and there seems to be some really strong early response on the product as we are rolling this out in the country. It's a launch that we are supporting and let's see the communication that is going out and let's play the video please. The communication, as you saw, highlights the fact that people tend to ignore their gum problems including bleeding gums and we are encouraging them to take care of the problem early on with Colgate Gum Expert.

On therapeutics, we also launched as you recall Colgate toothpaste for diabetics. We all know that diabetes is a big concern, we have 70 million diabetics and growing. But what most people don't realize is that diabetics unfortunately tend to suffer a high incidence of oral health infections. This product has been specially designed for the mouth which is suffering from these infections. Again, very strong reviews. We're getting very solid repeat feedback on this. We are encouraged now to scale this up even further. We've tied with R. Ashwin and his dad who has been a long-time sufferer of diabetes and we are taking the message in partnership with the two of them across the country and educating people about the link between oral health and diabetes. It's a two-way link to take care of the problems in your mouth. We have a positive impact on diabetes management. Let us see the video on this please. Again, emphasizing the link between diabetes and oral health conditions and the special solutions that Colgate exclusively has brought to market. We're really proud of this innovation.

Moving from toothpaste to platform innovations and another iconic brand Palmolive; the brand has very high aided brand awareness, about 67% of people recognize the brand, a number that many brands will be really envious of. When we ask people about what they think of Palmolive, they say it's natural, it's premium, it's sensorial. This has made Palmolive a leading brand in body cleansing. This has given us the confidence to take the brand from body cleansing into the much larger category ; in fact 13 times larger - face cleansing. This year we have entered with Palmolive the face cleansing category with a portfolio of products which goes from foaming face washes to gel face washes to scrub and masks and has some very unique ingredient combinations like Multani mitti and Lavender oil, we've got Chamomile oil and got Tulsi and really excited about the premium look, the packaging that we have brought and the extraordinary quality of the products that we have launched into the Indian market. Not only are the products fantastic as you will see as we take you through the communication, the brand is speaking in a fresh voice to the young modern Indian woman. As we've realized that Indian women very often end up placing themselves at the bottom of their to-do list, right? We are reminding them that self-love is not selfish. Palmolive as a brand is telling them to say yes to you, encouraging them to put themselves on the top of their priority list. So, let's please play the video. Say yes to you with Palmolive face wash. We've seen some strength in certain key customers who have done the lead launch and is giving us the confidence as we go forward and continue to build the Palmolive face franchise.

Moving from Palmolive to another platform innovation; this time on toothbrushes with Colgate Gentle which is a specialized, very advanced manual toothbrush for different parts of your mouth, whether it's for sensitive teeth or for enamel or for gum. You've got a range of products under the Colgate Gentle line that we launched over the last few quarters.

We are seeing continued traction, Colgate Gentle has now become the #1 brand of toothbrushes within the sensitive segment of the toothbrush market. We're really proud of this growth trajectory. As we take this forward, we are communicating Colgate Gentle on different touch points where the new piece of communication that talks about the advancement of the toothbrushes that you don't need to make your toothbrushes hard for them to clean better. They can be gentle and yet give you superior cleaning. Let's ask Brainy how that works. Let's play

the video please. Your mouth is 80% soft skin, so get yourself Colgate Gentle. That was the piece on innovations.

Let me move on to digital acceleration which is a key priority. We have been putting out a lot of communication around the smiles in social media, on occasions like Republic day or Rakhi where we remind people of the importance and the value of smiles. What we've seen over time in social media is that people are increasingly organically talking about the Colgate Smile, right? On the left of the screen are organic mentions of people mentioning Colgate Smile in their posts. When we started looking at the reach of these posts we are finding that we are getting the potential reach of more than 250 million people from these organic posts in earned media every quarter. And it fills us with just immense pride that we are playing this role of owning smiles in our country. This is really something to feel excited about as we look ahead at the brand and our business. It's not just what we're doing on social media, with marketing brands but also our partnerships with the large digital players on driving performance marketing through full funnel marketing or driving incremental rural reach. We know that there are many media dark parts of the country where we can now reach people with our brand messaging. We are doing that or driving regional content, right? This is something that is exploding. We are able to tap into local influencers, partner with them and build local insight-based communication as we grow these partnerships. Beyond that on digital we continue to also experiment and D2C as a channel is an experiment that we've been running. We started with electric toothbrushes with epbrush.co.in and we've seen some very strong early success for us. We've got orders from every state in the country in the last few months as we've rolled this out and our business is growing from strength to strength and we're seeing a really positive future for this D2C and others as we go forward, both from an effectiveness and from an efficiency point of view.

All this of course to drive strength in our businesses. This is the trend on our e-commerce business which over the last 5 years you can see for Colgate on the left has grown 10X and continues to grow strongly. It's about 5% of our business now and we are confident of the contribution of growth and our shares in e-commerce are ahead of our offline shares and over the last few years have grown about a 1000 basis points. Great strength for the brand and for the business across e-commerce platforms. Apart from the strength of the business it's always really nice to see recognition coming from the outside, lots of awards from very recognized industry bodies. We're really thankful for these awards and the recognition for the content work, the strategy work that we've been doing on digital within the company.

Going from digital acceleration to go to market and how we're strengthening this pillar; starting again with digital transformation. Now if you look at the right on smile store, what we've been doing is using AI tools to get the right product in the right store. We collect so much data from the direct stores that we are reaching that we found that optimizing the assortment at a store level is giving us very solid incremental revenue gains and over the last few quarters smile stores has become a real positive contributor to our business and we're going to roll it out and scale it up. Apart from store level assortments we are digitizing distribution naturally to drive profitability for distributors. We're also rolling out retailer

loyalty programs to drive retailer loyalty across our categories, so a lot is happening on the digital front. But a lot is happening on the traditional front in rural, our Muskan program continues to give us solid results in driving engagement and in driving visibility for our brands in wholesale. Of course, at the other end of the spectrum we continue to grow in strength in modern trade, drive engagement, drive assortment, drive premiumization and as a result drive our shares in this extremely important RE that continues to grow. We continue to drive a lot of advantages from.

Not to forget our partnership with the dentist profession. We don't often talk about this but we have an exclusive range of products that we sell with the profession and that business is growing strongly. We are the #1 prescribed Oral Care brand by dentists in India. We have very strong partnerships with the Dental Council of India and the Indian Dental Association and many of the regional bodies. So very proud of this as well.

And being consistent with our focus on being a catalyst for optimism, we are committed to reimagining a healthier future. On this front you've seen our strategy of driving social impact at scale in millions of homes and preserving our environment. We want to remind you to look out for our ESG report which will be out in June this year. I've spoken to you and want to repeat it again that recyclable tubes are a reality after many years of serious experiments. We've got them on part of our portfolio and we'll roll them out across the whole. With recycling toothbrushes we've got a fully recycled toothbrush, handles, bristles, everything is the first of its kind and it's available in stores in our country now. Very exciting work on both these fronts.

We've also tied up with Mission Smile, who're doing such amazing work with cleft surgeries and we are committed to support them in growing support for doing more cleft surgeries. We are targeting to reach 1,000 children in this calendar year. We continue our partnership with Seva Mandir in supporting digital and financial literacy for rural women and the target there is also very strong 12,000 women in the calendar year.

Water is a strategic focus for us in our sustainability program. We know that we are a water-stretched country and with solid numbers, we are again working with Seva Mandir and Water for People. Lots of 128 million liters of water replenished 43,000 people benefited and scaling up that activity now to 77 villages. Our Keep India Smiling scholarship program that we're really proud of and walking the talk. On the optimism program, we launched in 2018 together with Shiksha Daan, our NGO partner and the Buddy for Study, our tech partner, we are now upwards of 1,650 Keep India Smiling scholars across sports and education and community work. With that I'm going to hand over to Jacob to take us through the rest of the presentation.

M.S. Jacob:

Thank you, Arvind. Before I jump into the financials, I would like to make a mention of this wonderful award we received recently, Best Audit Committee award conferred by the Asian Center for corporate governance, testimony to the high standards of governance at the company. On the financials; our financial strategy remains unchanged driving top-line and

volume, driving margins up, non-variable overheads down, advertising investment up and operating profit up. This is the Q4 results that you would have seen in the morning today. We delivered about Rs. 1,293 crores in net sales, up 1.4% mainly driven by toothpaste, toothbrush declined given it's a little more discretionary category in terms of consumption. Gross margins 66.6%, down 90 bps but we are pleased given the level of inflation that we are seeing in costs. Advertising continues to be at healthy levels as we calibrate between quarters, 11.3% for the quarter. EBITDA at 33.2% marginally ahead of last year and profit after tax up 3% at 324 crores.

On a full-year basis we finished at Rs. 5,066 crores. That's a growth of 5.3%. We are pleased to have crossed the milestone of Rs. 5,000 crores in sales during the year. Gross margin again healthy 67.1%, Advertising 12.7%, EBITDA 30.9% which is 50 bps lower, that is driven by the lower gross margin and profit after tax about Rs. 1,078 crores which is up 4%. If we look, one of the things that's been helping us deliver reasonable levels of gross margin is what we call the RGM mindset. The five key pillars we use for that pricing, promotion, debt, mix, pack size, new products and we have a team who works and continuously look for opportunities to squeeze out benefit from each of those pillars. Net sales trend, healthy trend longer term. This year 5.3 coming over the 7.2 last year.

Moving on to the next slide; gross margins, so we've been able to retain most of the uplift we've seen in gross margin over the recent few years. It stays at 67% - 68% levels and similarly advertising sales at a healthy 12.7%.

Going to the next slide. EBITDA, PAT, following the gross margin trend at very healthy levels and similarly we are seeing profit at Rs. 1,078 crores. EPS Rs. 39.6 and our stated strategy is to give away most of the dividend unless we have better use for the cash and we declared a dividend of Rs. 40 per share. That brings us to the end of the prepared slide. We will now move on to the Q&A session. Thank you for your patient listening.

Moderator:

Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session. To ask a question please click on the audio question tab below the media player, click on okay to the pop-up to mute your webcast to proceed with the live Q&A session. The operator will announce your name when it is your turn to ask a question. You're requested to please unmute your microphone to proceed with your question. Participants if you wish to ask a text question, please type your question in the text box and click submit. Your question shall be addressed by the management team. Participants connected on a telephone call may enter '*' and '1' on their telephone keypad. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Management members, we have received a question via text. I'll just read it out to you. It's from Nillai Shah from Moon Capital. His question is since the past few quarters Colgate (India) has been talking about accelerating volume growth with innovations, brand strength etc. However, growth over the past many quarters have been even below that of the parent and indeed peers in India. Through the period margins have been rising, what is the reason for this and how should investors view growth and margins over the next 1-2 years?

M.S. Jacob: As a company we continue to stay focused on growth. That's a big opportunity in the country. So, Arvind took you through all the innovations we are delivering in the category. We are offering newer-new innovations on the premium side, you saw O2, saw diabetics, gum etc. We've got major relaunches of CDC, opaque toothbrush, Super Flexi etc. We have continued to focus on delivering top-line growth but it's also a reality that the category is not growing right now so that's one challenge we are confronting with. A lot of it is to do with the macro impact of higher inflation, lower growth etc. But we think we are in a good place. We are doing all the right things. The margin is not a function of a higher price or unreasonable pricing or pulling out advertising etc. Our advertising levels continue to be very competitive, at the same time remember a big chunk of our sale comes from Rs. 10 and Rs. 20 packs where we are not changing the pricing. The pricing is restricted to the higher sales where elasticity is a little bit lower than for the lower packs. So, and you would also have realized that we have not passed on all the cost inflation. We've been very carefully calibrating the price increases also to make sure consumption is not impacted but as we go through this period, we stay very optimistic and positive that as things get back to more normal levels, we will see that uptick.

Arvind Chintamani: I'll just add that. When we think of growth, we must always look at the strength of the brand and where that's headed. And as growth returns to the category, we feel really very good because our brands have been strengthening. As long as we continue to innovate ahead of the category as you see we are clearly, whether it's going into wide spaces and building them and leading growth in segments like whitening or in lifestyle related therapeutic conditions like diabetes or in new places like face etc. combined with solid brand strength and playing in new innovative spaces while keeping the core business solid. We are well placed to exploit the growth as it comes going forward. Brand strength is very important to evaluate as we look at growth as well.

Moderator: We'll take our next question that's an audio question from the line of Richard Liu from JM Financial.

Richard Liu: I just want to check one aspect because what I noticed is that in terms of the growth that you reported for the quarter. I mean your growth is actually lower than what the parent company reported at the global level and we are supposed to be a high growth emerging market. In this context if you can throw some light on the kind of conversations that you typically have with the parent company, in terms of the operating parameters that are most important for them, is it absolute growth, is it relative market share or does a good growth and profitability makes up for everything? If you can give us some insight on that will help us appreciate the performance better in that context? What according to them is a good performance from your side, what are the bad performances, that's one? So, that's really the question here.

M.S. Jacob: In terms of the priority for us clearly, we've been identified as a country that's expected to contribute to the overall growth of the corporation. Yes, the recent quarter was not the most encouraging one but you will have to look at it a little bit longer term. We delivered ahead of corporate growth for many years. The discussion with local teams, of course, we the local leadership team that runs it on a day-to-day basis have always been driving top line growth.

Sustainable profitable growth is a key pillar of the way we drive the business but it comes with the assumption that the top line growth will be reasonable. So, we press all the right levers, we talk about innovation, we talk about advertising investment, we talk about pricing not being unreasonable, we talked about being competitive in every area in the market. That's been the strategy. At no point do we say that it's that profit number is a sacrosanct number and that's above everything else. Clearly the top line is the bigger priority for an emerging market like us.

Moderator: Our next question comes from Percy Panthaki from IIFL. His question is naturals/ayurvedic as a category has gained market share over the years, probably at the cost of the plain white toothpaste. Do you see the share of the natural/ayurvedic category continuing to grow or has it now stabilized?

Arvind Chintamani: What we've seen now for the last few quarters is that the share of the Natural segment has begun to ebb a little bit, declined a little bit so is a flattening and a slight reduction. In fact, what we call the Family Toothpaste segment of which Colgate Strong Teeth is player has become the #1 segment again in Nielsen. We're not saying and we are not feeling by any stretch that naturals as a phenomenon, across categories is going to go away, it's here to stay but the very strong growth that we saw that was fueled further by COVID, we are beginning to see it wane for now. That said you've seen we are continuing to play in naturals both with the ingredient naturals through Active Salt as a franchise and through ayurvedic-naturals and we think of both of them because we look at regional preferences and we find differences but also, we continue to look at the entire portfolio and we look at our family segment. You've seen the big relaunch on Colgate Strong Teeth coming through and we think that whether it is naturals or whether it is family or whether it's therapeutics it's going to have to be innovation, constant innovation and communication within the cultural codes of different regions that are going to gain going forward. We can't be doing the same thing and expect to grow and that's our core philosophy.

Moderator: Our next question is from the line of Amnish Aggarwal from Prabhudas Lilladher.

Amnish Aggarwal: My question is regarding the you can say volume growth because our top line has grown by say 1.4%. What kind of volume growth we have you can say posted in this quarter and for the full year, that is one? Secondly, what is the quantum of price increase which we have undertaken because I believe some of the products like for example Colgate Total have seen sharp increase in the price say at least at the MRP level? The third question is what is the trend in the market share for our core categories?

M.S. Jacob: In terms of the quarter, we've taken price increase in the mid-single digit and, so you can do the math to track that out. On a full-year basis it's more evenly balanced between the two. That's the kind of numbers we are looking at. On your second question mentioned the price increase, the kind of levels so we won't comment on specific brands and what the pricing should be. We have models that show the elasticity at different price levels for different sub-brands. We use the output of that study to make those calls. Did you have a third question?

Arvind Chintamani: On market shares Amnish we are holding to the levels on household shares that we've seen in the previous periods.

Amnish Aggarwal: And so, what's your volume growth? Can you please repeat if I have missed?

M.S. Jacob: For the quarter what I mentioned was we had pricing in the mid-single digit and you can do the math on volume.

Amnish Aggarwal: Finally, you can throw some light on what's the demand trend and what sort of outlook we can expect in the say coming, you can say quarter or two at least?

Arvind Chintamani: Amnish you've seen across categories there's a definite impact of the inflationary environment that we've seen more in rural than in urban. We've seen that for a quarter now. We do expect this to come back. We are optimistic about what we've heard on the harvest and on the monsoon and the efforts of the government on the investments through CAPEX. So, our belief is that we should in the back half of the year see demand strengthened for our category.

Moderator: Our next question is from the line of Akshen Thakkar from Fidelity Investments. His question goes as, are you comfortable with the level of gross margins? If one were to take a 3-5 years view, is there scope to increase this, while increasing penetration levels? He has another question which is peers are growing faster now. What is the extent of market share loss? Could you quantify current market share?

M.S. Jacob: I mean a gross margin is a result rather than a target I would say of doing all the right things. So, you know our pricing is competitive. The environment in trade continues to be quite competitive. We've been matching all that happening in the market. At the same time, we have a very successful program called the Funding the Growth program where we have cross functional teams looking to take costs out of the system and we continue to find innovative and smart ways to drive cost lower. The combination of that and what we call our revenue growth management or RGM that I referred to in during my prepared slides has helped us to grow margins just by pricing being as I mentioned on a full year basis or volume and pricing cuts half and half. It's quite moderate levels of pricing. I wouldn't say that we are working on a target level of gross margin. It's to do the right things that will help grow top line and the margin will be what it is. That's on the gross margin piece. On the share piece....

Arvind Chintamani: I think we just said so we are seeing on household panel shares, our shares holding at levels that we've seen in the previous quarters. Different segments go up and down but at an overall category level we're holding shares at levels we've seen in the previous quarters.

Moderator: Our next question is from Devchandra Ramani from Clovek Wealth Management Private Limited. His question is, if you can provide your comments regarding the penetration of Oral Care products i.e. toothpaste and toothbrush at an industry level - classifying the same within urban and rural areas? Since the revenue growth has been tepid over the years, what would be drivers for top-line growth in medium to longer-term?

Arvind Chintamani: On penetration Dev at an annual level there has been no change; that it's a highly penetrated category in urban, fairly highly penetrated in rural parts of the country where it's still sort of in the 80s but in most of the countries high 90% levels of penetration. Penetration at an annual level still holding at very high levels no change and we don't expect that to change. It's hard to read penetration at a quarterly level because if you don't buy within a quarter you could buy in the next and you won't get registered but we're not seeing any penetration declines. Toothbrushes we've typically seen slowdown because people are able to delay their purchase but eventually even a toothbrush runs out. People do end up changing the toothbrush. We see it recovering in the future quarters and that's what we expect will happen on toothbrushes as well. In fact, right after COVID we saw this trend, after the first lockdown we saw people pushing out their toothbrush purchases but in the following quarters once things opened up a little, we saw a surge in demand and thought no real alarms on the penetration level. Growth as we go forward, I think we've spoken to it. We see growth coming at different ends of the price benefit spectrum. We will continue to focus aggressively in this environment on the low unit packs the 10 and 20. We will focus on our brands like Cibaca which are very strong in parts of the country where outlay sensitivities are very high and we are going to consistently stay aggressive at that end. In the mainstream mass of the country where Colgate's Strong Teeth from a toothpaste point of view and Super-Flexible from a toothbrush plate, you've seen that we are being really aggressive. We are taking actions within quarters at unprecedented levels. Continued focus on the core of our business and then on premiumization. We've got to keep realizing that in times like this we got to be even more granular, even more analytical. There is no one Indian consumer, there is no one economics across the country, they're not one preference, so we got to be analytical and granular with our portfolio at the premium end or whether it's with Visible White O2 or with Charcoal Clean or with Colgate for Diabetics or Colgate Gum Expert or with the Palmolive range or with the toothbrushes like gentle and electric toothbrushes we've got a constant stream of innovation that's going to drive it. We have a very simple philosophy that you're going to grow either if you get more people to buy you or people to buy you more often or people to spend more on you. What I just told you between the LUP focus, the premiumization focus and the innovation focus we try to address these three parts of the growth equation.

Moderator: We'll take our last question from Siddharth Bhattacharya from Anvil Wealth Management Private Limited. His question is, what is your view on changing oral habits in India (urban & rural)- primarily twice a day brushing?

Arvind Chintamani: If we step back on oral health habits in India, it's very interesting to realize that between 2010 and 2016 approximately in that range, the penetration of toothpaste in this country grew between anywhere between 10 and 12 percentage points. The growth was driven by Colgate where we did a lot of things we did from an education perspective in rural India and from a portfolio perspective. One of the key things was the free toothbrush that we drove across the low price point portfolio. And so, driving behavior change is something we are very familiar with; not just in this country that we've done enormous penetration building but across the world where we have done consumption building or brushing at night or brushing twice a day. This is a space that we've been working a lot of pilots on in India. COVID did disrupt our

plans but we've been working with a few state governments and we've been testing a lot of plans. We continue to drive our Bright Smiles, Bright Futures program and continue to communicate the importance of night brushing along with good healthy eating habits and using the right product and having the right way to brush. Even through COVID when we couldn't go to schools, we reached children digitally and educated them. Education continues to happen on this front and we are looking for other ways in which we can add to that piece of the puzzle by doing other things. So, plans are ongoing. Some activities are on and others will get added as we go forward on these important initiatives.

Moderator:

Thank you very much. Ladies and gentlemen that was the last question. If you have any further questions, we would request you to reach out to Colgate-Palmolive (India) Limited, Investor Relations team. With that we conclude today's Colgate-Palmolive Analysts Meet for 2022. Ladies and gentlemen thank you for your participation. You may now click on the exit meeting to disconnect. Thank you.

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