



Colgate-Palmolive (India) Limited

Analyst Meet

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MANAGEMENT:

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MR. M.S. JACOB – WHOLE-TIME DIRECTOR & CHIEF FINANCIAL OFFICER, COLGATE-PALMOLIVE (INDIA) LIMITED

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Moderator: Ladies and gentlemen, good day and welcome to the Colgate-Palmolive India Ltd. Analyst Conference Call for the Financial Year 2025-26.

As a reminder, all participants' 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, participants on the webcast may click on the Ask a Video Question, which will be enabled below the media player. Alternatively, you may also post your questions on the Ask a Question tab available on your screen. Participants connected via telephone may enter "*" and "1" on their phone to ask their question. I now hand over the proceedings to Ms. Neethi Nair – Director (Commercial, Finance & Investor Relations) at Colgate-Palmolive India Limited. Thank you, and over to you, ma'am.

Neethi Nair:

Thank you, Rutuja. Everyone and welcome to the Colgate-Palmolive India Analyst Meet for the year ended 31st March 2026. We have here today with us Ms. Prabha Narasimhan – MD and CEO of our organization and Mr. M. S. Jacob – CFO. We will start the session with a brief presentation from Prabha and Jacob. This will take approximately 40 minutes and then we will open up for Q&A. Before we start, I would like to point out that some of the statements made in today's meeting may be forward-looking and a disclaimer to that effect has been included in the presentation. I would now request Prabha to share her thoughts. Thank you and over to you, Prabha.

Prabha Narasimhan:

Thank you very much, Neethi. Good evening, everyone and thank you for joining us at this Colgate-Palmolive (India) Analyst Conference Call on this May, Friday evening. I want to start with a quick summary of what Jacob and I will cover over the next little while.

Here's the picture of our current business:

We have seen over the last quarter a significant acceleration in net sales growth for Q4, our domestic growth now at 9.2%. We continue to be focused on the key pillar of this category. We are the bulk of this Oral Care category, and we continue to be focused on driving consumption.

Our margin profile remains resilient and superior to peers and a source of great strength for us. We continue to invest behind the best-in-class oral health technology. Through this year, we have invested across our entire Core portfolio as well as a whole slew of new products in the Premium portfolio.

We have accelerated investments behind Premiumization and that's giving us some incredible joy, and we are particularly seeing a lot of elasticity on advertising on the Premium portfolio. And we have a strong foundation in place to drive consistent long-term

growth and as we enter the Calendar Year 2026, we feel a renewed sense of optimism and confidence in terms of what this business can deliver. So, this is the agenda for today.

We will talk briefly about the performance, recap our strategy which I hope is familiar to most of you, then get into the financial performance which Jacob will cover, finally ending with a quick summary.

So, starting with the performance:

For the quarter, we have delivered a top line of Rs. 1,583 crores which represents a 9% year-on-year growth. Our domestic growth was slightly ahead of this at 9.2%. We have seen broad-based growth across all parts of our portfolio, Core and Premium, Toothpaste, Toothbrush, as well as Personal Care. Gross margins continue to be strong at 69.6% and EBITDA margins continue to be absolutely best in class at a shade over 32%. The number below that, which is our brand investments, just a shade under Rs. 200 crores represents a significant step up from the same quarter the previous year at 10% increased investment. And like I have mentioned earlier, this is something that we are seeing significant elasticity behind. Profitability, therefore, NPAT is at Rs. 353 crores. And without the one-off, growth of NPAT is in line with the growth of the overall top line.

If you take a look at the full year, the numbers look a little bit more muted. As you would remember, we have had a couple of tough quarters in the previous calendar year. So, the overall year is flat. The margin performance remains roughly in line with what you are seeing for Q4. And profitability also remains slightly challenged given that the top line growth has been flat. We are, however, seeing a significant step up in the second half of the financial year over the first half, the second half growing at shade over 5%.

The key thing which drives our business is obviously the strength of the brand Colgate. And we are really happy to see that we are continuing to have either stable or slightly increasing brand health across all the key measures that we track, which is:

Top-Of-Mind Awareness – when you think of Toothpaste, what is the first brand that comes to mind is that number.

Dentists Recommend – Our partnership with the profession spans almost the entire nine decades that we have been in this country and continues to be a great source of pride and strength for us. And we build upon this relationship year-on-year and so seeing consumers respond to our brand as being the leading dentist-recommended brand is very heartening.

And Oral Care Expertise – There is no Company on this planet that spends more money on Oral Care research than Colgate. And therefore, the best “**Oral Care Expert**” being endorsed at 85% by consumers is therefore not surprising.

One of the things that during this quarter we have doubled down on to continue to build on the exceptionally strong Colgate brand is really to amplify our brand love. For nine decades, Colgate has led the Oral Care category in this country. It is our mission to help every single Indian have better oral health. And to that end, we have a brand-new advertising idea, which is really about real people telling us the real stories which have real impact behind their real smiles. And instead of my laboring the point, I am going to play a couple of the most recent films. *Colgate Brand Love films*.

The two outstanding examples of how there is always Colgate behind every smile.

Before I move into the Company's strategy, I want to just talk briefly about what's actually happening in the market. The last time we spoke, we were having a conversation about how the rural markets were significantly outpacing the urban markets and actually continuing to rise, while urban markets, particularly at the bottom half of the pyramid, were continuing to see pressure. That has changed over the last little while. And if you look at the green line on the right side of the screen, you will see that the urban markets are now beginning to pick up in terms of growth, while there is a slight slowdown in rural, the two of them beginning to converge. We do expect that the urban markets will continue to see a little bit of growth coming as they do off a relatively soft base. And we do expect that rural, while it will grow faster than urban, will continue to be maybe not as much ahead as it was through the whole of 2025. Net-net, the overall market is flat-to-increasing. And in this year, given the impact of GST on pricing from September-October of last year, we really do need to take a continuous look at volume growth because the value growth pickup that you get in Nielsen will be quite distorted, given that MRP pricing has actually gone down.

In this context of what's happening in the market, our strategy remains absolutely consistent. Our first pillar always has been, it is our accountability, it's our responsibility, and actually it's our privilege to lead the growth of the Toothpaste category and to drive consumption, and doing that by driving our Core brands. Our second pillar is to transformatively accelerate Oral Care Premiumization. And this has actually seen a step change since the last time that we were here having this conversation. The third one is for us to continue to lead category growth and win in Toothbrushes. And of course, the fourth one is to continue to build the little jewel in our crown, which is Palmolive and the Personal Care business. And all of these are underpinned by the enablers that you see below, and we will talk through all of them.

Starting first with leading Toothpaste category growth:

Our first pillar, our first joy, **"Driving Consumption"** and we do this across a whole slew of activities. The first one being the **"Bright Smiles, Bright Future"** program. Now in its fifth decade, we have reached over a crore children just in the Year of 2025, across 10 states, 80 districts, and more than 35,000 schools. This program, since its inception, has actually

touched about 190 million children. It remains the absolute cornerstone of what we do in order to drive consumption, because teaching children the habit of how to brush, when to brush, and good habits in terms of the replacement of your Toothbrush, and avoiding tobacco becomes really important when you do it in their foundation years.

The area where we have stepped up beyond BSBF is government partnership. We now have tie-ups with eight states, and we are working with the government, including the health ministry, to see how we can make oral health a national policy priority. Oral health education, of course, comes from caregivers and teachers. And to that extent, we have tied up with the National Nursing Association, or the Trained Nurses Association of India, the (TNAI) that you see on the slide there, school teachers across these 35,000-plus schools that we reach, and in certain states, working with Anganwadi workers to make sure that we can reach out to the most vulnerable with the right Oral Care education.

As I mentioned earlier, the profession has always been a key part of what we do, and partnership with them is one more privilege that we have. We continue the work that we started with the oral health movement by now having a dentist appear on every single pack of ours, and the opportunity for any consumer who buys any pack or actually who scans the QR code to get an absolutely *“Free Dental Checkup”*. This is now appearing across 500 million packs, and we have already, as we speak, it's only been in the market six to eight weeks, we already have close to a million people who have availed of this. And the more we can get consumers to think proactively about their oral health, and the more we build their partnership with dentists, the more we deliver to our mission, and the more we deliver towards driving the category.

The second thing that we have done is to take a long, hard look at what we can do in terms of *“Driving Rural Consumption”*, and we have done a pilot in Uttar Pradesh where we have taken multiple interventions, including wall paintings, very local wall paintings that use the people in that particular village, street plays, as well as our BSBF program. And in combination of these four, tried different initiatives to see what gives us the best outcome. And what we found out of this is that we are significantly able to move attitude by about 7%, get 7% delta in terms of people brushing once, and a significant delta in terms of claimed brushing twice. And what's interesting is that while these are claimed results, and only some of it will translate into behavior, as we all know the best intentions don't always translate into action. The more we do this, the more we think that this will actually become part of the daily life of everybody. And this becomes another pillar that we will use through this year in order to drive consumption in rural India.

I move then to the second part of the first pillar of our strategy, which is really to grow competitively on the Core, starting with our flagship brand, Colgate Strong Teeth. At about roughly this time, or slightly earlier this time last year, we relaunched Colgate Strong Teeth with our best ever formulation, a formulation that was competition beating across

everybody that we tested against. And this product continues to be powered by arginine plus calcium boost, which now has a clinical performance against it, which I will talk about briefly. We then revamped the concept going back to what was our heartland concept and the space on which Colgate Dental Cream, as it was called, was built, which is really “*Superior Cavity Protection*”, and “*24 Hours Cavity Protection*”. And we now have this running across both urban and rural India with a bespoke film for urban India, which talks about a young child who's talking about the cavities that he has, and then a rural film, which is much harder and much more single-minded. And I would like to play both of those for you in just one minute.

Before I go there, “*Clinical Superiority*” is something that we pride ourselves on. We have recently done a test of Colgate Strong Teeth versus another commonly available Toothpaste in India. And what we find, as you look at the graph on the right side, is that Strong Teeth is 8.5x more effective at re-mineralizing, which is really what prevents you from getting cavities and building the strength of your enamel than the competition. This is like hot off the press new information that we have just received. And this is something that we intend to take forward in the market very, very soon. *Colgate Strong Teeth Film*.

Doubling down on the idea that Colgate Strong Teeth is really the first and last word in cavity protection, the partner of the mother as she seeks to protect her children from cavities and the pain that they cause. I am moving from our biggest brand to our second biggest brand, which is “**Colgate Max Fresh**”. I would have mentioned in the past that this has been our fastest growing franchise in the last few years. It continues to be our fastest growing franchise, underpinned by two very strong things. Firstly, a superior product. And secondly, a differentiated offering in terms of the only brand in the country that actually has cooling crystals, which drive this freshness delivery. This year, it's summer. It's been one of the hottest summers that the country has experienced. And therefore, a great opportunity for us to leverage the blue version of Colgate Max Fresh, equating the blue to being significantly fresher delivery, which it actually is even in consumer testing. *Colgate Maxfresh Film*.

And with all of this, the superiority that we have on our Core brands, it's not surprising that the consideration for all of our sub-brands continues to be either flat or increasing from their original levels.

I move now to the second pillar, which is where it says “**Transformatively Accelerate Oral Care Premiumization**”. And this is perhaps where the largest transformation of what we have done over the last little while has happened. And I am going to start by talking about Colgate Total. Colgate Total is the most patented Toothpaste brand in the world. It has advanced technology powered by “*Dual Zinc and Arginine*” and sits on the platform of active prevention that solves dental problems. We have attempted to put Colgate Total into popular culture by linking it to the fact that “**Better Oral Health Delivered by Colgate Total Gives You Peak Performance**”. This is actually an idea that was coined by *Hansi Flick*, who is

the coach of Barcelona, who made every one of his players take an Oral Care test. Because sometimes when you are at peak performance, the little margin of difference between you and the next person can be the difference between winning and losing. We have taken that idea, brought it to life by one of the most credible sports people in India, which is Rahul Dravid, and then taken that on to being used in the IPL. Hard work and the prevention of dental problems seems like a really good combination. *Colgate Total Film*

I move from Colgate Total to our other key Premium brand, which is really Colgate Visible White. As you would know, Colgate pioneered the whitening segment in India a few years ago, starting with the Visible White base. We then added Visible White Purple about 18 months ago to stupendous success. This has been by far Colgate's most successful innovation in the history of Colgate. An outstanding product which is differentiated and sits in a niche space where 42% of Indians actually want whiter teeth. And a category segment that is growing 4x faster than the overall Toothpaste category. The idea of Colgate Visible White Purple is actually very, very simple. Sitting on the color wheel, *Purple Cancels Yellow, Giving You Whiter Teeth*. A really simple idea brought to life by two of India's biggest beauty arbiters, "**Kriti Sanon and Abhishek Sharma**", who both tell you why Visible White is part of their routine. And again, like with Colgate Total, this has been taken to larger than just one television asset. It goes across digital in many, many different ways, making sure that we are reaching across almost the entire population of SEC A, B consumers in India. And the bulk of the incremental investment that you see on advertising has actually gone behind these two brands. *Colgate Visible White Film*

Between these two brands, there have been about 600 million impressions reached just in this quarter alone, about 1.2 billion impressions across both of these brands with over hundreds of creators working on them and giving their interpretation of this idea.

The third leg to our Premium portfolio is really our therapeutics portfolio driven by PerioGard. Unfortunately, 60% of Indians suffer from some form of gum problems. Only about 3% of them actually treat it. And while many people imagine that bleeding gums or swollen gums are actually normal, actually they are not and they do require treatment. And the PerioGard gum system sits squarely in this need space, working with the profession to make sure that we are getting incremental prescriptions for seeing and then treating the gum problem. We have an entire regimen under PerioGard, which includes a Toothpaste, a Mouthwash, and a Toothbrush, all of which are doing really well. And this franchise actually is doubling year-on-year. The PerioGard brand has also been recently recognized by the "**Indian Society of Periodontology**". Quite a mouthful, but really the experts who are on gum care in India. And now this brand carries the seal of that society as the answer to better gum health.

Moving from Toothpaste to Toothbrush:

A significant growth opportunity in India. We play across the entire spectrum of value tier, mid-tier, Premium tier, and kids. Toothpaste represents a significant growth opportunity because on average, the urban consumer replaces his or her Toothbrush once in six months. Rural consumers replace their Toothbrush as slowly as once in 15 months. And a new Toothbrush cleans 95% better than an old, frayed, flared Toothbrush. So, a significant opportunity for us both to get incremental consumption of Toothbrushes as we nudge people to replace their Toothbrush. And as you can see from the price ladder, Toothbrushes start all the way from Rs. 10 and go up to Rs. 350 a pack or Rs. 200 roughly per handle, making it a significant opportunity for expansion and driving people up the value pyramid.

And what we do in this space, we make sure that we have absolutely the best offering in starting from the value tier, which is the bottom of the pyramid. Over here, we are by far the market leader, 1.7x our nearest competitor. In the Premium segment, we have launched a series of new brushes, including two ranges of brushes on Colgate Total, a Base Range and a Premium Range on Colgate Total. As discussed, we have a PerioGuard brush. We have a sensitive brush. We have a full range of brushes that sit here, and we are seeing significant growth in this segment. And of course, if whitening as a segment is growing in Toothpaste, there is most definitely an opportunity for whitening as a brush segment. So, we have a visible white brush that completes the regimen of the visible white paste and a more mastige brush that is *"Brilliant Star"*.

In addition to this, we also have seen opportunities by de-averaging India and seeing whether there are pockets of opportunity for a harder bristle full head brush in some parts of the country, and the fact that there was an opportunity for a Rs. 10 brush in other parts of the country where consumers were looking for an entry price point that was lower than anything else that we had. GST provided us a real opportunity to make sure that we could do the Rs. 10 brush, and we have capitalized on it.

The last pillar, building Personal Care and the Little Mini Jewel that we have called "Palmolive". As we have mentioned before, the focus of Palmolive is to play in Hand Wash and Body Wash. In the Body Wash category, we have had a significant innovation last year through the *"Moments Range"*, which talks about driving wakefulness when you want to be awake, sleep when you want sleep, and energy when you want energy. Our foaming Hand Washes continue to be the absolute Premium Hand Wash and growing very, very strongly across the entire portfolio at double digit across channels. For Body Wash, we are also seeing an opportunity to be significantly more digital first in this year, and we have a partnership that will allow us to take this in a more digital first way to consumers, so watch this space as far as Palmolive is concerned.

I am moving now from the strategy pillars to the enablers. Starting with the one that perhaps underpins the resurgent performance of the Company, which is driving superiority across product and packaging.

Our products are now 100% superior to competition across the core, so every single brand has a formulation that is superior to its eyeball competition as decided by consumers, not as decided by technical testing. We are also superior on all our key *offerings* in the Toothbrush category, and similarly across all of our packaging, so from a strength of mix perspective, this is the strongest that we have ever been. All our products are underpinned by best in class science, whether it be the Colgate strong teeth offering, which is underpinned by arginine plus calcium boost, which is like we showed you the clinicals, the **“best in cavity protection”**, or it is the **“Ultra-Freeze Technology”** of Max Fresh, or the **“Zinc Citrate Plus Fluoride Technology”** of the PerioGard bundle that works for your gum.

And we have future forward innovations that we have put in this year, using the opportunity of the digital shelves to make sure that we can make brushing for kids more fun through the **“Kids Squeezy”**, and making mouthwash, which we were hearing from consumers is quite an on-the-go need, or an in-office need, putting the sticks out there that can be carried in a purse or kept in a drawer, or go with you on-the-go. Not stopping there, we are very excited about our next innovation in this area. **“Harry Potter”** is one of those things that cuts across kids and adults, and seeing a real resurgence with the new cereal that's planned. So, we have a Harry Potter range that's going to hit shelves very, very soon, so this is a sneak peek, not yet available. A **“Magical Clean for Witches, Wizards, and Muggles”**, I love that line. And we have the extension of the **“Max Fresh Sensorials”** range, which you will recall have the rainbow variant and the watermelon variant now also have a berry variant, all powered by the ultra-freeze technology that defines Max Fresh.

And all of this great innovation, great packaging, great product, great advertising really needs to work by making sure that we are getting it to market and to shelves every single day. And therefore, an update on our execution. Our execution has always been exceptionally strong. We reached 1.7 million outlets directly. We added 2 lakh more stores to our overall reach in 2025. Distribution inventory continues to be exceptionally well-managed, and we actually keep decreasing it as we get more efficient and as forecasting gets more efficient, allowing us to make sure that we are not having inventory just lying around with our distributors.

The **“Smile Store Program”**, which has been running now for a shade over three years, is the single engine that powers our assortment, telling us what SKU, what store, at what frequency, and is really doing well to make sure that we are driving assortment constantly, and the whole Smile Store algorithm being aided now by AI to get even stronger and even more predictive.

From a modern trade perspective, we have enhanced planographs where our share of the shelf is working significantly harder to drive competitive growth for us. Visibility has been stepped up, and the quality of our visibility now mirrors the quality of the overall packaging design, and we are expanding our promoter footprint consistently quarter on quarter.

Some impressions of what our premium Toothpastes look like as they get taken to market, and even if we look back over the last three years, we feel like there has been a step change in this and a step change in how attractive the brand looks at the moment of truth, which is on the shelf. And it's not just the physical shelf; it's also the digital shelf where we have made a significant difference. Our product content has got significantly more desirable, our advertising has got significantly more desirable, and our placement has got significantly more appropriate.

And I think all of these are combining to make sure that e-commerce as a channel is growth-accretive, margin-accretive, share-accretive, premiumization-accretive for us, which is absolutely fantastic because as e-commerce grows, we tend to do better and better, especially on our premium portfolio. And of course, no conversation these days would be complete without talking about data and AI. We are partners with Google globally, and we have the entire suite of Google AI technology available to every single person in this organization, right up and down and in a hugely democratic way, and using this to drive ***“Effectiveness, Efficiency, And Capability”***.

We are building capability. I think everybody is learning. It's an exciting space. We are doing a lot of effort to make sure that we are building capability. Of course, everybody realizes that if you are not using it and you are not figuring out AI, then you are going to be a fossil or a dinosaur very soon. So, we have a near universal adoption of AI within the company. We have, as with everybody else, a lot of agents. We are spending time using AI to reduce our time to market in terms of us understanding consumers, the product that gets created, the prototyping, and then those prototypes hitting the market. And that entire process is getting much shorter. And from an impact perspective, we are also able to make what used to be fairly drudge processes like artworks, etc., significantly faster and significantly more error-free.

A couple of examples.

Our plants now get tracked automatically by the digital twin, where there is a twin that runs alongside the main plant and allows us to be proactive in terms of our actions and also make sure that efficiency and throughput remain at the top of the pile. And RGM, this is a real aid in helping us on making sure that we are getting pack price architecture, the utility of our gross to net or trade spends. All of these now get analyzed on a much more frequent basis. And the reams of data that exist can be utilized much better.

And like I told you, using it for innovation allows us to harness the power of the entire internet and all of the things that we are reading and seeing to shorten both the time cycle to innovation and improve the quality of what we deliver. And then, of course, underpinning all of this is the people who work for this organization. I have been here at Shade over three years, and I truly believe that people are one of the absolute strengths of this organization, both in terms of the capability that they have and the culture that has been built over the nine decades that this organization has existed. And we are continuing to build capability as a competitive advantage. We have functional academies which are building technical expertise up and down the organization, whether it is sales, whether it's our professional field force, whether it is supply chain, it doesn't matter. You name the function; we have a functional academy.

We are helping our leaders grow into being bigger and better leaders as all of us have learned to get to leadership positions. Key strategic priorities, including omni-demand generation, the profession, and AI become like peak points for driving capability building. And we have the best partners to work with, whether it's Wharton or IIM Ahmedabad or INSEAD to ensure that the right people are actually making sure that our teams are future ready. And this is married with the fact that we are, in general, a very caring culture and driving well-being and best-in-class practices that allow us to be inclusive as an organization is really in our DNA and something that we continue to do.

With that, I am going to hand it over to Jacob to talk through the financial performance.

M.S. Jacob:

Good evening, everybody. Our basic financial model stays the same, delivering operating profits. And this will be delivered through driving top-line growth, both sales and volumes, and leveraging our best-in-class margin profile, optimizing overheads, and investing in brands to deliver this top-line growth.

You saw the results that came out a little while ago. Quarter 4, we are up 9% at Rs. 1,583 crores. Here, it's Rs. 5,984 crores, which is flat. Margin 69.6% for the quarter, 69.3% for the full year. Shade lower than the prior periods, but still industry-leading margins. Advertising at 12.6 in Q4. And you saw in Prabha's slides, it's up 10% in absolute terms. Full year, 13.7%. And we are seeing good elasticity on the investments. We are moving to premium.

And we should continue to see this will be the trend. In terms of profitability, excluding the one-offs, which is really the restructuring cost, the cost on GST, the tax refunds in the prior periods, and the labor code costs. So, excluding that, we are up 9% and for the full year, down. The GST IDS impact will be an ongoing thing and will come through every quarter. Margin profile, as I mentioned, continues to be best in class. And despite all the headwinds of commodity and currency, we continue to deliver very good margins. And this has been

achieved through the Funding the Growth Program, which is a program which seeks to find efficiencies in the cost. Procurement and manufacturing leads this area, but we continue to leverage automation initiatives and find local sourcing opportunities. All this, we reinvest in product superiority. And you also heard the re-launches we have made. All our products now are vastly superior than they were even a few years back.

In terms of top line, we adopt what we call a revenue growth management strategy. So, this is about strategic pricing, affluent and premiumization. In fact, the premiumization mix is up 35% over the past two years. And this is about driving penetration in price point packs. And to the right, you can see we are now offering more value, 16 grams to 20 grams, for the Rs. 10 strong teeth pack. And in Max Fresh, we have gone from 17 grams to 20 grams.

And the last pillar on revenue growth management is efficient promotional spend. And we continue to use AI to analyze spending and the responses and get more efficiencies in that area. Brand investment, as I mentioned, 10% up in Q4-26. And a lot of it is growing behind the premium sub-brands like Total and Visible White. At the same time, Core continues to receive a fair share of media support.

Operating profit: EBITDA margin for the full year, FY'25-26, is 31.2%. And it includes an 80-bps impact from the GST IDS impact. And for the quarter, 32.2%. And this also includes the 160 bps of the IDS impact. So, these are definitely industry-leading margins. And despite the headwinds we are seeing and the currency challenges, we continue to expect we will deliver very good levels of gross margin, while EBITDA will be calibrated depending on the advertising support and the response we are getting on that spending.

Enhancing shareholder value: Cash is an area we continue to do well. So, despite the profitability challenges and the working capital blocked in GST last year, our cash-in was much better than the prior years, as you see, Rs. 1,806 crores. Our return on capital employed continues to be at very high levels, 121%. And we have today declared the second interim dividend, which takes it to about RS. 48, and follows our strategy of paying out virtually 100% of the NPAT as dividend. Lastly, a slide on ESG.

So, on recyclable tubes, we moved from the 80% you have seen last year to now fully on recyclable tubes. And the last of the small tubes have also moved into recyclable tubes. And we are offering this technology free to anybody who would want to use this. In terms of renewable energy, we have also moved from 40% to 60%. And this is an area we will continue to progress going forward. In terms of BSBF, the school's program and initiating them into dental awareness, at an early age, we have covered 11 million kids. Plastic neutrality, which is the plastic waste management piece, we are at 101%. And in terms of recyclable, reusable, and compostable packaging, we are at 95%. Water positive now at a country level. We have also replenished water at 460 million liters since full year 2019. And all our plants continue to be zero waste certified.

With that, I hand it over to Prabha for the summary.

Prabha Narasimhan:

So, just briefly, I want to keep the summary fairly simple. Our focus continues to be to build category consumption and therefore drive volume on our core, driving premiumization. We are seeing a lot of joy in doing this. And that continues to be a large focus. Steadfast focus on strong governance and value creation. That is like the cornerstone of this organization and something that we value and will remain the focus. We are seeing significant elasticity on stepped up investment and we intend to continue to step up investment to further drive growth. Thank you very much for your attention.

With that, we would be happy to take any questions that you may have.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question on webcast may click on the ask a video question, which will be enabled below the media player. Alternatively, you may also post your questions on the ask a question tab available on your screen. Participants connected via telephone may enter a star and one on their phone to ask their questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Abneesh Roy from Nuvama Wealth. Please go ahead.

Abneesh Roy: Yes, thanks and congrats on good recovery. I have two questions. My first question is when the analyst meet had happened, say around six quarters back, you were doing a big pilot project of connecting with the dentist where the QR code was put wherein customers could connect to the local dentist. If you could update us how that has helped with the premiumization in terms of growth, etc., because all this happens with some level of lag. And related question is on the B2B sales to the dentist in terms of the specialized product. If there is some update you can share in the last few years, how is the movement? That is the first question.

Prabha Narasimhan: Firstly, hi. It's nice to hear from you again. Talking about the oral health movement project, which you are referencing, which we did about six quarters ago, that project actually was a tremendous success. We spent significant money behind it and got four and a half million people in India to take the scan. Our estimate is about 20% of those consumers actually went to the dentist. Almost a million people went to the dentist. When you think about the fact that only 9% of India goes to the dentist, this is actually quite a significant number in terms of the movement. A real win-win partnership between us and the dentist and the consumer because the consumer gets better oral health, the dentist gets more patients, and for us better oral health is absolutely a win. And this is why we are doing that project again this time, the oral health movement.

The dentists come in a slightly different format because one of the pieces of feedback that we got from consumers was that not everybody lives within their ability to travel to a dentist in their vicinity. And therefore, we have used technology to make the dentist visit virtual. So, now the 500 million packs that I talked about that carry the QR code allow you to scan it and set up an absolutely free dentist appointment.

And again, we are grateful to the 50-odd thousand dentists and the Indian Dental Association for partnering with us to ensure that they so generously give their time to do these consultations. How does this help us? Firstly, 4.5 million people have entrusted us with high-quality data on what is their oral health, what's the kind of indications that they could potentially have, along with what are their lifestyle habits that impact that oral health, whether it be tea, coffee, consumption, and stains, or it be their having diabetes or not having diabetes, et cetera. So, this data has been invaluable to us in terms of the products that we create in terms of how we use this data to create lookalike audiences that we can then target in terms of solving for the issues or building on the opportunities that they have. And that's exactly why we are repeating the program as we speak. In terms of the sales to the profession, that channel is doing exceptionally well.

We grow on average over a two-year CAGR of close to 50-60%. We have feet on the street now of about a shade over 150 people, and we do intend to augment that field force. And again, that channel helps us. Of course, it does B2B sales, but that's just one part of it. It helps us to cement our relationship with the dentist. It enables the two-way dialogue between us and the dentist in terms of what's new and what's innovation and what have we learned in the oral care world while we learn from the dentist what is happening with patients in India and what is the need where we could perhaps plug. So, a really critical channel for us, relatively small, growing very rapidly, really critical, and something that we intend to double down on as we make the entire therapeutics play much bigger.

Abneesh Roy: Thanks. My second question has two subparts. One is your Visible White Toothpaste, really very innovative product, industry-first product clearly. Now we are seeing competitors launch an extremely similar kind of product, which looks almost like a Xerox copy in terms of the product and maybe even the packaging. So, does that expand the market? And how has your product done? Second subset question will be, there have been a few D2C companies, startup companies in the toothpaste and broader oral care space. Any learning from there? Any market share loss which has happened for the legacy players? And is that a long-term threat for you all?

Prabha Narasimhan: So, thanks. On Visible White Purple, I guess imitation is the best form of flattery, I guess. But what we are seeing is that the segment is expanding quite dramatically, and we continue to be the absolute, like massively lion's share of that segment.

And we are not at the moment seeing a slowdown. In fact, we are seeing an acceleration in the rate of growth of Visible White Purple and actually the overall whitening play that we have. From a D2C perspective, most of the D2Cs currently are still small. So, are we seeing any share loss? No. In fact, our digital share continues to actually improve, and our shares in Quick Commerce actually tend to be ahead of our shares in the rest of e-commerce, and overall e-commerce tends to be ahead of our overall business. So, we tend to get better and better as that chain evolves.

Moderator: Thank you. The next question is from the line of Mihir Shah from Nomura Wealth. Please go ahead.

Mihir Shah: Hi, thank you for taking my question. My first question is on the pricing growth. The press release says that the volume and pricing were balanced for the fourth quarter. Wanted to understand when the price hike was taken? Was it at the beginning, middle, or the end of the quarter? Also, it seems the price hikes related to the inflation seen post the West Asia crisis have yet to be taken. Can you share what is the inflation that you are seeing due to this? That's my first question.

M.S. Jacob: Yes. So, the pricing that you are seeing, so first of all, the growth is balanced between pricing and volume. It's almost halfway. And all the pricing is the pricing we have taken after the Q1 calendar last year. So, this is just anniversary pricing. As you know, post-GST, we haven't taken any pricing. And this is all old pricing. So, in terms of what we are seeing in terms of inflation, we have visibility into the next two quarters. And we believe margins will be in the range. There are some headwinds in terms of commodities and also the currency coming through. But the funding, the growth program is delivering good savings. And we are also getting a favorable mix, et cetera. So, we do expect it would be in the range in the next two quarters. We are actively assessing pricing opportunities. And we do expect, we have actually put some pricing through. And it should be coming to the market over the next few weeks.

Mihir Shah: Can you highlight the level of pricing that is expected in the next few weeks? And the margin range you mentioned would be around 30-32% over the next two quarters. Would that be a fair understanding?

M.S. Jacob: I need to correct that. The gross margin will continue to be in the range. So, the EBITDA margin will be a factor of the level of advertising. And we have been alluding to that through our presentation that we have been seeing good elasticity to the increase in advertising. And so that piece will continue. So, 12.6% that you saw in Q4 is, Q4 is normally the lowest. So, we would see a step up from those levels. And so that would start eating into EBITDA. But gross margins would stay in the range is what I wanted to communicate. And the second question is pricing. Different categories will see different pricing. Depends on the cost increases we are seeing. But it will be in the low single digit.

Mihir Shah: Got it, clear. Secondly, on volumes, how should one think about volumes going forward? As the base quarters going forward will have, would have seen volume decline. Unlike 4Q where the base quarter was flat on volumes. So, can one expect optimal volume growth to be higher going forward?

M.S. Jacob: Our endeavor is to deliver a balanced growth between volume and pricing. So, similar to what we saw in Q4, that's the kind of volume we are looking at going forward to, and not relying on pricing as much as we have probably done in the past. But also, not relying too much on volume like we have done for a couple of years. So, a balance between the two is what we are seeking to deliver. Got it.

Prabha Narasimhan: I just wanted to add that as our premium mix gets larger and larger, we also get the benefit of the mix going into this growth.

Mihir Shah: Got it, Prabha. That's clear. Thank you for that. And lastly, any thoughts around bringing the international brands or subcategories within India, any work around that? If you can just highlight any few things around those. Thanks. That's all from my side.

Prabha Narasimhan: So, I can tell you that we are doing some work around taking a look at our portfolio and what would be relevant for this market. Nothing that we can share at this moment in this public forum, but work definitely on.

Moderator: Thank you. The next question is a video question. It is from the line of Percy Panthaki.

Percy Panthaki: Yes. Hi, Prabha and team. Just wanted to understand when you talk about premium, first is how do you define it internally? And secondly, if you can share some data in terms of what was the contribution of premium, let's say, a couple of years ago and what it stands today to your overall sales?

Prabha Narasimhan: So, we define premium as anything that is over the 130-140 price index to our base and really in brand terms, that is outside of Colgate Active Salt, Max Fresh, Strong Teeth and Cibac, most of our portfolio or almost entirely all of our portfolio sits in premium. The growth of premium has been actually six times the toothpaste category growth. It has accelerated to double the growth that we had last year. And if you remember on Jacob's slide, actually, the contribution has increased by 35% over the two-year period. So, on any measure that you see, premium is actually accelerating. The rate of growth of premium is accelerating. And the amount of money, as we have mentioned, on advertising and support that we are spending on this portfolio is also increasing. And our feet on the street in terms of building a therapeutic business are also increasing. So, this is a critical pillar of our strategy, one that currently is giving very, very good results, and one that we intend to double down on absolutely.

Percy Panthaki: So, sorry, premium is 35% of sales currently? Did I get that right?

Prabha Narasimhan: 35% delta over where we started two years ago.

Percy Panthaki: So, that's a 35% growth in that portfolio. Is that what you mean?

Prabha Narasimhan: It's a 35% increase in its contribution to our business.

Percy Panthaki: Okay. And roughly, what would be the premium contribution to business currently? Would you be able to share that?

Prabha Narasimhan: We tend not to give the split up between all of our brands.

Percy Panthaki: Okay, understood. Secondly, I just wanted to understand in terms of the demand environment, how is that panning out and what has driven this sales growth? One way to look at it is, of course, to look at the two-year CAGR growth, because there are base effects. If I look at the two-year CAGR growth, that in Q4 is similar to what we saw in Q3. So, this acceleration that we are seeing, is it just a base effect phenomenon? Or is the acceleration here to stay? And if it is here to stay, is it on account of some changes in the overall consumption environment? Or is there some other reason for that?

Prabha Narasimhan: If I break up your question into two parts, we are feeling optimistic about the growth that we are seeing in our business. There are two or three key fundamentals that we believe have changed as we take a look at it. The first one is the performance of our core brand. We invested behind product superiority last year on our flagship brand, Strong Teeth. It takes time for consumers to try that product and then to come back to that product as increased retention rates and increased share of requirement, which is what we are seeing now. So, that's on a good, strong trajectory. And we are adding households to Colgate's Strong Teeth, which really augurs well as a lead indicator of future performance. Max Fresh continues to be exceptionally strong, the fastest growing brand in the portfolio, continues to be so, and accelerates because the segment itself also grows quite rapidly. So, that's on the core. And then like we have discussed, and maybe I am laboring the point, but we are excited about it, so let me labor it. Our premium brands are really responding to the inputs that have been given to those premium brands in terms of the amount of money on media and the way that that media has been deployed, which I think has been extremely intelligent in terms of having ideas that come through from the company and which then get amplified by influencers and key opinion leaders. I think the team has done an outstanding job of delivering a campaign on both of these brands. So, these are the two big things that have shifted, giving us optimism that this is not a base effect.

Percy Panthaki: Right. And last quick question on EBITDA margins. For the full year, you have done 31.2% this year. And how do I look at, I know there will be quarterly variations on ad spends and all that, but if I want to look at it on a full year basis, do you think that the current level of margin is healthy enough? Or would you say that there would be some gradual margin expansion on this base as well? And particularly for FY27, keeping in mind the cost inflation, etc., and more generally speaking over a two, three-year period, would you sort of build in a margin expansion or retain at these levels?

M.S. Jacob: As I mentioned, gross margins, we will continue to keep pushing it with funding the growth program and getting more efficiencies out. EBITDA, we are not looking at any particular level or any particular level of expansion. For us, as I mentioned, we are seeing good response to the step up in advertising, and that would be a key variable. So, we will continue to calibrate between top-line growth and volume-driven top-line growth, which would be a huge priority and which will also be supporting premiumization. And the EBITDA. So, we are not looking to specifically drive a percentage EBITDA here. Top-line growth driven by volume and moving the absolute level of profit would be the key priority.

Moderator: Thank you. The next question is a video question, which is from the line of Harit Kapoor.

Harit Kapoor: Hi, good evening. So, just two questions. One was, if I look at the last couple of quarters, the pricing, the optical pricing growth was probably depressed a little bit due to higher promotional intensity as well. Would we say that this Q4 has seen the kind of real impact of the pricing initiatives that we had taken through this year? And does this also signal that to some extent; promotional intensity has been lower in Q4? And is there any kind of trend or trajectory to make of it? That's my first question.

M.S. Jacob: We are not seeing any let up in promotional intensity. The market continues to be quite competitive. And we have been calibrating in the sense we have used the revenue growth management process and now started employing AI tools to keep culling promotions. But we are redeploying it back. So, honestly, we are not seeing the let up that you are asking about. So, we expect in the short term, it will continue to be at this level.

Harit Kapoor: Got it. And because I was just trying to reconcile between the higher pricing growth in Q4 versus the maybe Q2, Q3 quarters. I think one variable was that maybe promotional intensity may be a bit different. So, that was the source of my question, the second one was on this inverted duty structure bit. So, you mentioned, I think, 80 basis points for the year, if I am not wrong, and 160 basis points for the quarter. Is it fair to assume that one has to absorb this impact into the margins, even going into the FY27? Or do we believe that we can have a pricing offset against the inverted duty structure, which in turn protects the profitability?

M.S. Jacob: So, when the GST change happened, we passed through the entire gross saving, which is about 11%. So, the bulk of our products, GST rates moved from 18% to 5%, we didn't pass it on netting off the IDS. So, that stays in the baseline. We are approaching it in multiple ways. One is there are ways to be more efficient here. And for example, there are transporters who move to 18%, but there are transporters on 5%. So, there are different ways you could find to offset a part of it. And then we are also making representation to the government, to the industry chambers, to requesting that we be allowed to get a refund from all the non-manufacturing states. As you understand today, you are allowed to claim refund in the states where the plants are present and not the other pure warehouse and distribution states. So, that's the other piece we are looking at. And the third piece is some of our key suppliers are also representing to the government to lower the rate, input rate on their material. If they are supplying at 18%, they are saying they are supplying primarily to the oral care industry, which has duties at 5% and they should not be charged 18%. So, multiple ways we are looking at it. We stay optimistic that we will find a more reasonable solution to this.

Moderator: Thank you. The next question is from the line of Latika Chopra.

Latika Chopra: Two questions, quick ones. First was during the quarter, did the volume growth see any benefit from grammage increases for your low unit packs? Was that something which was material?

Prabha Narasimhan: So, maybe I can take that one. As Jacob mentioned, Latika, we have put through some grammage increases as part of the change in GST and passing on benefits to consumers. And actually, we have put through more than 11% on a few of the packs. However, given the pipelines of all of these, this is not the reason for the balanced volume and price growth. That's not the underlying reason. That's taking time to get there. I think even of our latest estimate in March, only about 30-40% of those SKUs, which are already just a small part of our business, are with higher grammage. So, we are not seeing that as the reason for the volume growth, if that's where the question is coming from.

Latika Chopra: No, not entirely. I just thought, was that a material contributor? But I got the sense that it was immaterial. The second bit was as you look at FY27, and you have talked about a lot of initiatives that we are putting underway, is it fair to assume that there's a fair bit of comfort that earlier we used to target and talk about a mid-single-digit volume growth in the business? And is that something that you think is a fair growth outlook for your business for the next few years?

M.S. Jacob: So, we obviously are looking to grow this company fast. Top-line growth remains a huge priority, and the balance between volume and pricing would be the key one. So, beyond that, Latika won't be able to give an indication of what that number is that we are targeting. But obviously we are looking at high numbers, and we are looking at a balance of volume and pricing that should give you an idea of where we expect to land.

Latika Chopra: All right. And the last one was on e-commerce and quick commerce channels. Clearly this is a margin-accretive and a market-share-accretive channel for you. I just wanted to understand, in FY26, what were the feelings of this particular channel or as you exited the year? Thank you.

Prabha Narasimhan: So, Latika, the channel is roughly about 10% of our business now. And like I said, yes, it grows faster, it gains share, it drives premiumization, it drives margin. So, it's a channel that is completely in sync with the second pillar of our strategy, which is to drive premiumization.

Moderator: Thank you. Thank you very much. Ladies and gentlemen, that was the last question for today. I will now hand it over to Ms. Neethi Nair for her closing remarks.

Neethi Nair: Thank you, everyone. With this, we come to the end of our Analyst Meet. Many thanks for your participation and your time. The playback of this event will be available on our company website later on. Good evening and have a nice Weekend.

Moderator: Thank you. Ladies and gentlemen, on behalf of Colgate-Palmolive India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.