



Statement delivered by the Chairman, Mr. Derrick Samuel, at the 70th Annual General Meeting of Colgate-Palmolive (India) Limited in Mumbai on Friday, July 22, 2011.

Ladies and Gentlemen:

I extend a very warm welcome to all of you at this 70th Annual General Meeting of the Company on behalf of the Board of Directors and on my own behalf. It is a great pleasure for me to address all our distinguished stakeholders.

Growth in the global economy slackened under the impact of high oil and other commodity prices. However, the Indian economy has shown great resilience and has been on a sustainable growth path. During the financial year 2010-11, the economy posted a robust GDP growth of 8.5 per cent with a discernible moderation in the fourth quarter. This growth was largely due to the improved agricultural production and accelerated service sector contribution. There is no denying the fact that India is confronted with high level of food inflation alongwith the firming up of commodity costs which has led to an inflationary business environment.

In this challenging environment, your Company achieved a healthy double-digit sales growth during the year 2010-11. Sales for the year increased by 13 per cent at ₹ 2,221 crore as against ₹ 1,962 crore during the previous year. The toothpaste category registered an impressive volume growth of 13 per cent during the year. I am pleased to inform you that your Company's continued investment in the brand and equity building activities has resulted in a consistent double-digit volume growth over the last twelve quarters.

The profit before tax for the financial year 2010-11 was ₹ 520 crore as against ₹ 485 crore during the previous year. Despite your Company significantly increasing its commercial investments during the year in the brand and equity building activities by 17 per cent at ₹ 50 crore and lower deduction under the income-tax regulations on the profits of the Baddi manufacturing facility resulting in higher year on year tax payments of ₹ 56 crore, the profit after tax for the financial year 2010-11 at ₹ 403 crore constituted 18 per cent of sales – a healthy profit after tax to sales ratio.

Considering the Company's business performance and strong cash generation, your Board declared a dividend of ₹ 22 per share for the year 2010-11 as against ₹ 20 per share in the previous year.

Your Company ended 2010-11 with an impressive business performance and began 2011-12 with positive business momentum. In view of the Company's strong cash generation and positive growth momentum, your Board was pleased to declare a first interim dividend of ₹ 8 per share for the year 2011-12 and this dividend was paid to shareholders on June 24, 2011.

In the wake of inflation accentuated by rise in prices of petroleum crude, foodgrains and other industrial inputs, the Management of your Company continues to drive efficiency and effectiveness across the

organization by adopting various cost-saving measures to effectively fight rising input costs. Your Company's successful Funding The Growth Program is an integral part of your Company's efforts in generating substantial savings. This program reflects the efforts of your Company to create savings that fund the Company's investments in growth building activities and offset rising input costs.

Your Company's continued success in achieving impressive business results is primarily on account of its sharp focus on other clearly defined strategic initiatives, namely, engaging and succeeding with consumers, the dental profession and our customers, driving innovation across the organization and strengthening of personal leadership. The benefits of focusing on these strategic initiatives are clearly reflected in the business results of the Company. Let me now speak on each of these initiatives in brief.

Succeeding with Consumers:

Your Company's objective is to strengthen its connection with consumers as a key element of your Company's growth strategy. To learn more about consumers' tastes, preferences and desires, your Company goes beyond traditional consumer research by spending time with consumers in their homes and in stores, observing how they use products and how they shop for them. The Company has designed its product portfolio in such a manner that its products are available at different price points to cater to the requirements of consumers across all segments. The most important competitive advantage of your Company is the brand – "Colgate" – an iconic brand which enjoys unrivalled loyalty with consumers and has been ranked India's Most Trusted Brand and it is the only brand to be in the top three for the past ten years.

Another means of connecting with today's consumers has been by utilizing integrated marketing communications that include a mix of traditional and non-traditional media. The launch of Colgate Sensitive Pro-Relief toothpaste leveraged multiple digital touch points, including information product websites and online media featuring powerful consumer testimonials. These activities, combined with non-traditional media and promotional events, are contributing to the Company's market share gain.

Succeeding with the Profession:

Your Company's strong relationships with dental professionals has contributed to making Colgate the most recommended brand by dentists. Professional endorsements build credibility for Colgate's brands and drive product trial. By educating the dental community about the science behind Colgate's latest products at dental conventions, your Company helps build professional recommendations for the Colgate brand and most recently for your Company's latest offering Colgate Sensitive Pro-Relief toothpaste in the important sensitivity segment.

Succeeding with our Customers:

Another key strategic initiative of your Company is to work closely with its customers to share expertise and grow category sales. In small shops where space is limited, your Company's representatives work closely with shop owners to achieve the ideal assortment of Colgate products with the most advantageous visibility. Special packaging that serves as a self-display unit such as toothbrush dispensers and hanger displays is just one of the techniques that provide merchandizing flexibility for shop owners and superior visibility for Colgate products.

Your Company has a versatile distribution network capable of effectively managing both traditional and modern trade. The distinct and critical competitive advantage in distribution, which has been built over many years, has resulted in Colgate toothpaste being one of the most widely distributed brands in India. Today, Colgate is available in over 4.5 million retail outlets in the country. The emergence of the modern trade is a reality in India and your Company will continue to give priority to this emerging channel by dedicating resources and building productive partnerships with them.

Driving Innovation:

Your Company's growth strategy includes emphasis on innovation in everything it does; from product development to business processes, from effective advertising and promotion to valuable partnerships with the dental community, suppliers and research firms. This approach has led to continuous strengthening of our brand leadership position and market shares in the oral care category. The recent launch of Colgate Sensitive Pro-Relief toothpaste is a good example of our innovation – it is the first and only toothpaste which is clinically proven to provide instant and lasting relief from the pain caused by tooth sensitivity. Unlike most other sensitive toothpastes, which primarily numb sensitivity pain, Colgate Sensitive Pro-Relief toothpaste works differently by plugging the exposed dentine tubules to block the pain caused by tooth sensitivity and thereby addresses the root cause of tooth sensitivity.

Your Company has also launched a range of clinically-tested mouthwash under the brand Colgate Plax which fights germs for 12 hours and gives long-lasting fresh breath. These have been well received by consumers and our market share of mouthwash has gone up from 7.5 per cent (Year To Date May 2010) to 20 per cent (Year To Date May 2011).

In addition, your Company has launched a range of new Colgate 360 degree toothbrushes which is clinically proven to clean the teeth, inner cheek and tongue – a prime source of odour causing bacteria. They have a unique tongue cleaner that helps remove up to 84 per cent more bacteria than brushing with an ordinary toothbrush.

Organizational Leadership:

The outstanding personal leadership of employees at all levels of the organization is a significant factor in the Company's ongoing success and strong business results. Incorporating the Company's global values of Caring, Continuous Improvement and Global Teamwork, your Company develops leaders through a formal, multi-faceted process that includes thorough communication of the Company's strategies, setting personal objectives and an understanding of how each individual's work contributes to the overall goals of the Company. Your Company has a formalized Business Leadership Program which helps identify and develop leaders and this Program is supplemented by the Individual Development Plans to build leaders of tomorrow.

Looking ahead, the fundamentals of your Company are very strong. India continues to be one of the most exciting emerging markets in the world. The Company has clearly defined business strategies in place. The year ahead is bound to be yet another one full of challenges. However, your Company is well positioned to address these challenges through its experienced management team, dedicated employees and, of course, with the support of Colgate global Company.

At this juncture, I thought that I should also share with the shareholders Colgate's policy on the Environment, Occupational Health and Safety (EOHS). Your Company is committed to maintaining world class safety performance and our goal of Zero Accidents. Our Caring Value means Colgate people are committed to maintaining healthy and safe working conditions in our facilities and keeping our business operations environmentally sound. For the benefit of shareholders, I am giving below the global policy of Colgate on EOHS adopted by your Company :

The protection of our environment and the health and safety of our Customers, our people and the communities in which we live and operate is an integral part of Colgate-Palmolive's mission to become the best truly global consumer products company.

Colgate people around the world are committed to maintaining healthy and safe working conditions in our facilities and keeping our business operations environmentally sound. We will seek to continuously improve our practices in light of advances in technology and new understandings in environmental science, health and safety.

It is our worldwide policy to manufacture and market our products and operate our facilities so that we comply with or exceed applicable environmental, health and safety rules and regulations. The health and safety of our customers, our employees and the communities in which we operate must be paramount in all we do.

On a final note, I would like to sincerely thank all my colleagues on the Board for their continued assistance and wise counsel.

I would also like to express my appreciation for the outstanding services rendered by our Company's employees at all levels. Without their daily efforts and contributions, our success would simply not be possible.

I must also express my gratitude to our many business partners, our stockists, distributors, retailers and suppliers for their continued support for our mutual success.

More importantly, I want to thank, our shareholders, personally and on behalf of the Board for your sustained support and confidence in the Management of your Company.

We remain, as always, committed to serving you and we will continue to do our best to deliver superior value to all stakeholders.



Chairman

Mumbai, July 22, 2011

Registered Office:

Colgate Research Centre
Main Street, Hiranandani Gardens,
Powai, Mumbai 400 076

(This does not purport to be the proceedings of the Annual General Meeting)