



COLGATE-PALMOLIVE (INDIA) LIMITED

Statement delivered by the Chairman, Mr. Vinod Nambiar, at the 76th Annual General Meeting of Colgate-Palmolive (India) Limited in Mumbai on Thursday, August 3, 2017.

Ladies and Gentlemen:

It gives me immense pleasure to welcome you all to this 76th Annual General Meeting of your Company. At the outset, I would like to take this opportunity to thank you all for your continued support to your Company.

This year, as you know, is Colgate's 80th year in India. It is a rare honor and a privilege to be trusted by consumers, generation after generation, for whom Colgate is an essential part of their daily lives.

More proof of such implicit trust on our brand is - Colgate being voted once again in 2016 as the Most Trusted Brand in the Economic Times Brand Equity Most Trusted Brand Survey. It gives me great pleasure to mention that we have earned this honor consecutively since the past 6 years.

The trust of our consumers is precious and we have built it steadily, through the quality of our products and the integrity of our actions every day.

Economic Outlook:

India's vibrant economy is one of the fastest growing economies in the world today. The latest International Monetary Fund report maintains a positive outlook on the Indian economic growth projected to rebound to 7.2% in FY 2017-18. India's economy has also benefited from an ongoing environment of market reforms that have improved competitiveness.

The Goods & Services Tax (GST), the indirect-tax reform in India, is a bold step in the right direction in the longer term view. As always, Colgate has complied with the laws of the land and has implemented the transition to GST in an orderly manner.

India is also one of the youngest countries in the world today, with 65% of our total population below the age of 35 years. With an amazing advantage of this demographic dividend, coupled with our growing economy, India is claiming its rightful place on the world's economic stage as a critical player and a strategic partner.

Company Specific Update:

I would now like to talk about your Company's results in FY 2016-17.

Reported Net Sales for the year ended March 31, 2017 were ₹ 4489.8 crore, an increase of 4% over the previous year, in an environment of soft consumer demand especially during the liquidity crunch period.

Gross Margin saw an expansion by 40 bps largely driven by effective cost management and internal operational efficiency.

The year saw a healthy 14% increase in Advertising spends largely behind strengthening our brands, and supporting our new products.

Reported Net profit after tax for the year was ₹ 577.4 crore, a decline of 0.6% over the previous year. Reported Net profit after tax in the previous year included net tax reversals of ₹ 14.9 crore relating to favourable tax assessments. Excluding the impact of these reversals, Net profit after tax for FY 2016-17 increased 2% over the previous year.

The Company has maintained its leadership position in both the Toothpaste and Toothbrush categories in FY 2016-17, with volume market shares for the year at 55.1% and 47.4%, respectively.

Innovation is a key growth driver at Colgate. Our approach to innovation is insight driven. We continue to immerse ourselves in the daily lives of the Indian consumers to stay in sync with the consumers' needs and be in-step with the prevalent consumer trends.

In FY 2016-17, our Toothpaste and Toothbrush launches included - **Colgate Cibaca Vedshakti**, which uses six natural ingredients, and helps to keep your family's teeth healthy and problem-free. We also launched **Colgate Sensitive with Clove**, which helps to protect against sensitivity. These, have further enhanced our existing Naturals portfolio. **Colgate Max Fresh Power Freeze Toothpaste**, a gel toothpaste with cooling crystals that was launched to expand our offering in the freshness segment. To fill the need-gap in the kids' segment, we launched a new range of **Colgate Kids Toothpaste** for children aged 2 to 5, in two delightful flavors with exciting animal cartoon packaging. Toothbrush launches included offerings like **Colgate A1 Toothbrush**, a product that addresses the consumer need for dense and long lasting bristles, **Colgate Star Toothbrush**, a product that comes with a tongue-cleaner. We also launched **Colgate Slim Soft Advanced Toothbrush**, with dual core slim tip bristles, for healthy gums.

In the Mouth-Wash category, we launched **Colgate Plax Spicy Fresh**, which has an intense spicy fresh sensation of Eucalyptus and Clove. It is an alcohol free mouthwash that removes 99% germs and helps to control bad breath 24/7. In the Personal Care category, we launched **Palmolive Body Wash Men's Range** in three exciting variants.

I would like to draw your attention to our **Colgate Scholarship Offer**, another one of Colgate's unique initiatives which is about making a meaningful contribution to the lives of children by giving them and their families a future to smile about. Any consumer can get a chance to win a scholarship up to Rupees One Lakh to pursue their interest in dance, sports, music or academics. Since the launch of this program in 2009, Colgate has, in a small way, tried to impact the lives of Indian families across 100 cities.

Let me now speak about Corporate Social Responsibility. At Colgate, we remain committed to India and continue to give back to the communities where we live and work. Our Corporate Social Responsibility is focused on **Promoting Preventive Oral Health Care, Addressing Inequalities** in the society through programs of Care and Education and last but not the least, **Conservation of Natural Resources.**

As the market leader in Oral Care, we believe that it is Colgate's responsibility to spread awareness and education about oral health and hygiene - an area that needs much attention. Every year, we intensify our efforts to promote preventive oral health care through our Bright Smiles, Bright Futures™ and Oral Health Month - programs, which are both driven in partnership with Indian Dental Association and endeavor to spread oral health awareness and propagate good oral hygiene habits.

Colgate Bright Smiles, Bright Futures™ (BSBF) reached 8.2 million children across the country in 2016-17. Since its inception in 1976, this program has reached 142 million school children across 327,000 schools.

Colgate Oral Health Month (OHM) is our 13 year old program that offers free dental check-ups across the country and uses mobile vans to service under-privileged areas in the Metros and Towns. In 2016-17, Oral Health Month benefited 6 million people across India. Since its inception in 2004, over 30 million free dental health check-ups have been conducted under this program.

To improve Oral Hygiene in rural India we have started an initiative called Pocket Dentist, which is a one-of-a-kind Colgate initiative. Launched in 2016, it aims to benefit the bottom-of-the-pyramid segment of Indian consumers. Driven in partnership with Indian Dental Association, Pocket Dentist is currently live in two districts of Uttar Pradesh. This mobile-ring-back service detects multiple dialects and responds to the 30 most common oral health questions, thereby addressing 91% of the total oral health queries of villagers. While smartphones and data plans are rare in more remote areas, over 80% of rural households at least have access to basic mobile phones. Villagers with oral health queries access Pocket Dentist with a free of charge missed call and receive a no-cost call-back in their dialect within minutes. 'Pocket Dentist' is yet another reinforcement of Colgate's commitment to 'Keep India Smiling'.

Colgate continues to support the education and nutrition of HIV infected and affected children, through **A Positive Step Program** – in partnership with the non-profit community based organization-Network in Thane by People Living with HIV & AIDS.

Colgate's efforts towards promoting education continue through its support of non-profit organization, Seva Mandir. In 2016, the '**Colgate Seva Mandir Education Scholarship**' program was launched. The program sponsors education and hostel stay for 38 children, primarily girls, from disadvantaged families in Udaipur in Rajasthan.

Colgate recognizes that skill building and empowerment of Indian youth is an important need. In 2016, Colgate started the program - **Saksham, in association with SEEDs and Implementation Partner- IL&FS Skills**. This initiative for social and economic empowerment of the underprivileged youth through an employability linked skill development program began in Lucknow – and has, now expanded to Muzaffarpur in Bihar and to Moradabad in Uttar Pradesh.

Looking Forward:

Implementing Powerful Commercial Strategies is a way of life at Colgate:

Colgate's powerful commercial strategies drive profitable and sustainable growth so that we deliver on our commitment to all our stakeholders.

Innovation is at the core of what drives long term sustainable growth at Colgate. In addition to our deep understanding of consumers, we continue to leverage Science and Technology, to deliver the best in class products that delight Indian consumers.

The Colgate brand continues to be one of the most widely distributed brands in the country. Our strong network of distributors, wholesalers and retailers have continued to provide us with outstanding support to make our products available across the length and breadth of the country.

In addition to traditional stores, we see a huge opportunity in the emerging e-commerce segment in India and understand the shift of preferences that buyers have started exhibiting towards buying Online. Our intent is to invest ahead of the curve with the objective of being market leaders Online as well as Offline.

Increasing Effectiveness And Efficiency Everywhere remains a focus area for Colgate: Through our on-going funding-the-growth initiatives, we are generating savings from business simplification and operational efficiencies to fund increased investment to grow our brands.

Our employees are our asset: Your company has the great fortune of having a pool of very talented and dedicated employees. It is the efforts of these talented and dedicated people that has driven our success over the years. In our commitment to nurturing the best talent, we encourage 'diversity of thinking' and 'inclusiveness'. This helps us not only to retain our competitive advantage but also offers our employees opportunities to impact positively and contribute to communities.

Corporate Governance: We continue to follow our strong corporate governance principles. While macro economic and competitive challenges continue to remain each year, what has stood us in good stead over the years in India, is our commitment to run the business with the highest standards of integrity. We will continue to conduct our business with the highest ethical standards while focusing on the basics of our proven business strategies.

In conclusion, I would like to take this opportunity to thank my colleagues on the Board as well as every member of Colgate family for their tremendous effort and commitment which has led to a strong performance in the face of challenges.

And most importantly, I, on behalf of the Board and the employees of your Company, would like to thank you, our valued shareholders, for your continued support and encouragement.

Thank you, Ladies & Gentlemen.



Chairman

Mumbai, August 3, 2017

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