



COLGATE-PALMOLIVE (INDIA) LIMITED

KEEP INDIA SMILING

ANNUAL REPORT 2015-2016



The Building Blocks

Colgate-Palmolive (India) Limited has been the market leader in Oral Care in the country, and the Company manufactures and markets products that make people smile. Everyday millions of people around the country trust Colgate to help care for themselves and their loved ones.

The strong relationship and trust of our consumers, customers and dental profession built over many decades of operations in India has made Colgate, a trusted household name.

The success of the Company is driven by its continued focus on the four strategic pillars :



**Engaging to
build our Brands**



**Innovation
for Growth**



**Effectiveness
& Efficiency**



**Leading
to Win**

The four strategic pillars have helped the Company to create leading brands based on proven strategies that ensure growth. Executing these strategies with focus and creativity, while being guided by the Company's values of Caring, Continuous Improvement and Global Teamwork, is fuelling Colgate's profitable growth in India.

Engaging to build our Brands

People engagement is at the heart of Colgate's strategy for driving Company's strong performance and market share gains. This also helps gaining a deeper and more meaningful understanding of key stakeholders :

With Consumers

Engaging with consumers is at the core of Colgate's focused strategy, and the Company is strengthening this engagement in unique and innovative ways. One of the remarkable examples of this is, the Colgate Scholarship Offer - an initiative to support consumers in their endeavour to provide better education to their children in form of over 200 scholarships of upto Rs 1 lakh. And this year, the offer garnered an overwhelming participation through over 8.4 million calls.

With Customers

Colgate works closely with its trade partners to share expertise and provide shoppers with best value and service. Colgate engages with its customers across the country by sharing unique shopper insights, providing innovative in-store marketing communications and merchandising techniques. As more and more consumers become technologically savvy, it becomes imperative to communicate in the same language. Hence, Colgate brings in technologically superior applications and platforms that accelerate growth while delivering a seamless, user-friendly experience.

With Profession

Colgate constantly drives engagement and builds leadership with dentist professionals of the Indian Dental Association (IDA) to strengthen their endorsement of Company's brand. Colgate closely works with IDA professionals to spread awareness on oral health and hygiene. During Kumbh Mela held in Nasik, in 2015, Colgate, along with IDA dentists, reached out to thousands of pilgrims with an objective of educating a large populace about the benefits of oral health.



Innovation for Growth



At Colgate, developing innovative new products is a key driver of profitable growth. Colgate's Innovation Centre in India is focused on developing insight-driven innovations through breakthrough technology to meet the consumer's needs.

One of the significant breakthroughs, this year, was 'Pain Out' – first-of-its-kind product that gives express symptomatic relief with just one drop, applied directly on the aching tooth. With Pain Out, Colgate has set a new milestone of conceptualizing, creating and marketing a product completely in India.

Beyond new products, innovation is embedded into the Company's culture to encourage new ideas and process improvements through every aspect of the organization.

Effectiveness and Efficiency



Colgate is driving greater efficiency by setting up local manufacturing units in India to meet growing demand in Indian market. Recently, Colgate has set up two state-of-the-art manufacturing facilities at Sanand, Gujarat and Sricity, Andhra Pradesh for toothpaste and toothbrush respectively. The manufacturing facilities boast of best-in-class infrastructure and technologically advanced processes. Foreseeing the growing market demand, these facilities are true examples of how important it is at Colgate to deliver to consumer's needs efficiently. The new facilities not only assure the growth of Colgate but also that of India by generating ample employment opportunities.



Leading to Win

Colgate-Palmolive (India) Limited continues to march towards its commitment of 'Giving India Reasons to Smile' through its values of Caring, Global Teamwork and Continuous Improvement. The Company does this through several programs and initiatives such as :

1. **Bright Smiles, Bright Futures™ (BSBF)** : An initiative for cultivating correct oral health habits and educating children about basic hygiene, to reduce the prevalence of dental caries and promote preventive healthcare habits.
2. **Oral Health Month (OHM)** : An awareness campaign in association with Indian Dental Association (IDA) to establish and promote the importance of good oral hygiene and regular dental check-ups.

The Company also partner with Non-Governmental Organizations (NGOs) with an objective of improving and enhancing the quality of life of people in need :

3. **A Positive Step** : Collaboration with 'Network in Thane by People Living with HIV' to support infected/affected children, with HIV, by facilitating basic needs of nutrition and education.
4. **Seva Mandir** : Partnered with Seva Mandir with an aim to create sustainable livelihoods for individuals and communities, by providing basic hygiene and sanitation. And, helping in facilitating education to children from less privileged families.
5. **Pratham** : Pratham works towards providing quality education to the underprivileged children of India, under their motto of 'Every child in school and learning well'. Colgate supports the NGO in initiatives such as 'Read India' and 'Laakhon Mein Ek'.
6. **Project SAKSHAM** : Colgate has partnered with SEEDS and IL&FS to empower young individuals from rural and less privileged households by facilitating right kind of training, and supporting them in finding employment opportunities, thereby helping improve their socio-economic status.

Board of Directors



V. Nambiar
Chairman (Non-executive &
Non-independent Director)



R. A. Shah
Vice-Chairman
(Non-executive &
Independent Director)



P. K. Ghosh
Deputy Chairman
(Non-executive &
Independent Director)



J. K. Setna
Non-executive &
Independent Director



V. S. Mehta
Non-executive &
Independent Director



Dr. I. Shahani (Ms.)
Non-executive &
Independent Director



S. Gopinath (Ms.)
Non-executive &
Independent Director



I. Bachaalani
Managing Director



G. Nthunzi
Whole-time Director
& CFO



N. Ghate
Whole-time Director &
Company Secretary

Management Committee

| | | | |
|------------------------|----------------------|----------------------|--------------------------------|
| I. Bachaalani | Managing Director | Dr. S. Potnis | India Global Technology Centre |
| G. Nthunzi | Finance | M. Yajid | Supply Chain (Toothpaste) |
| N. Ghate | Legal | M. K. Ajay | Human Resources |
| E. Jumbert | Marketing | V. Ganesh | Supply Chain & Logistics |
| M. Chandrasekar | Customer Development | M. Mehrotra | Supply Chain (Toothbrush) |

Audit Committee

| | |
|-----------------------------|-------------|
| R. A. Shah | Chairperson |
| P. K. Ghosh | |
| J. K. Setna | |
| V. S. Mehta | |
| Dr. I. Shahani (Ms.) | |
| S. Gopinath (Ms.) | |
| N. Ghate | Secretary |

Risk Management Committee

| | |
|--------------------------|-------------|
| P. K. Ghosh | Chairperson |
| V. S. Mehta | |
| S. Gopinath (Ms.) | |
| I. Bachaalani | |
| N. Ghate | |
| G. Nthunzi | |
| M. K. Ajay | |

Corporate Social Responsibility Committee

| | |
|-----------------------------|-------------|
| Dr. I. Shahani (Ms.) | Chairperson |
| I. Bachaalani | |
| N. Ghate | |
| P. Sharma (Ms.) | |

Stakeholders' Relationship Committee

| | |
|----------------------|-------------|
| J. K. Setna | Chairperson |
| P. K. Ghosh | |
| I. Bachaalani | |
| N. Ghate | |

Nomination & Remuneration Committee

| | |
|--------------------|-------------|
| R. A. Shah | Chairperson |
| V. S. Mehta | |
| V. Nambiar | |

Business Responsibility Reporting Committee

| | |
|------------------------|-------------|
| I. Bachaalani | Chairperson |
| N. Ghate | |
| M. K. Ajay | |
| M. Mehrotra | |
| P. Sharma (Ms.) | |

Contents

| | |
|---|-----|
| Ten-year Highlights | 2 |
| Notice | 3 |
| Report of the Directors | 8 |
| Annexures to the Report of the Directors | |
| 1. Corporate Governance Report | 16 |
| Auditors' Certificate on Corporate Governance | 27 |
| 2. Annual CSR Report | 29 |
| 3. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo | 33 |
| 4. Secretarial Audit Report | 35 |
| 5. Extract of Annual Return | 38 |
| 6. Particulars of employees | 44 |
| 7. Business Responsibility Report | 46 |
| Independent Auditors' Report to the Shareholders | 55 |
| Balance Sheet | 62 |
| Statement of Profit and Loss | 63 |
| Cash Flow Statement | 64 |
| Notes to the Financial Statements | 66 |
| Nomination Form | 97 |
| Updation of Shareholder Information | 99 |
| Route Map to the AGM Hall | 102 |

Plant Locations :

- 1) Baddi, Himachal Pradesh
- 2) Kundaim, Goa
- 3) Sanand, Gujarat
- 4) Sricity, Andhra Pradesh

Registrars & Share Transfer Agents

Link Intime India Private Limited (*Appointed w.e.f. 01.04.2016*)
C-13, Pannalal Silk Milks Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078

Solicitors

Crawford Bayley & Co.
State Bank Building
N.G.N. Vaidya Marg
Mumbai 400 023

Statutory Auditors

Price Waterhouse, Chartered Accountants
(Firm Registration No. 301112E)
252, Veer Savarkar Marg
Shivaji Park
Dadar (West)
Mumbai 400 028

Secretarial Auditor

S. N. Ananathasubramanian & Co.
Company Secretaries
(Firm Registration No. P1991MH040400)
10/26, Brindaban
Thane - 400 601

Registered office

Colgate Research Centre
Main Street
Hiranandani Gardens
Powai
Mumbai 400 076
(CIN - L24200MH1937PLC002700)

Ten-year Highlights

| | ₹ Lacs | | | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
| A. Operating Results : | | | | | | | | | | |
| Sales | 1,385,38 | 1,553,21 | 1,758,16 | 2,024,65 | 2,317,40 | 2,736,17 | 3,244,51 | 3,757,38 | 4,211,20 | 4,613,08 |
| Other Operating revenue and Other Income | 67,00 | 84,78 | 107,76 | 98,46 | 106,80 | 120,06 | 129,63 | 84,25 | 60,34 | 69,74 |
| Net Profit After Tax | 160,17 | 231,71 | 290,22 | 423,26 | 402,58 | 446,47 | 496,75 | 539,87 | 558,98 | 576,51 |
| Cash Profits | 175,42 | 251,56 | 313,17 | 460,83 | 436,83 | 485,78 | 540,45 | 590,62 | 634,00 | 687,92 |
| B. Financial Position : | | | | | | | | | | |
| Net Fixed Assets # | 192,03 | 198,99 | 178,59 | 253,14 | 267,31 | 329,91 | 437,46 | 736,62 | 943,66 | 1,092,25 |
| Investments | 133,34 | 72,59 | 38,33 | 21,00 | 38,74 | 47,12 | 47,12 | 37,13 | 37,13 | 30,13 |
| Other Assets/(Liabilities) (Net) | (40,57) | (104,69) | 4,06 | 56,56 | 78,05 | 58,36 | 5,01 | (173,89) | (210,47) | (102,92) |
| TOTAL ASSETS | 284,80 | 166,89 | 220,98 | 330,70 | 384,10 | 435,39 | 489,59 | 599,88 | 770,32 | 1,019,47 |
| Share Capital | 135,99 | 13,60 | 13,60 | 13,60 | 13,60 | 13,60 | 13,60 | 13,60 | 13,60 | 27,20 ** |
| Reserves and Surplus | 144,53 | 148,61 | 202,70 | 312,51 | 370,45 | 421,79 | 475,99 | 586,28 | 756,72 | 992,27 |
| SHAREHOLDERS' FUNDS | 280,52 | 162,21 | 216,30 | 326,11 | 384,05 | 435,39 | 489,59 | 599,88 | 770,32 | 1,019,47 |
| Loan Funds | 4,28 | 4,68 | 4,68 | 4,59 | 5 | — | — | — | — | — |
| TOTAL CAPITAL EMPLOYED | 284,80 | 166,89 | 220,98 | 330,70 | 384,10 | 435,39 | 489,59 | 599,88 | 770,32 | 1,019,47 |
| C. Equity Share Data : | | | | | | | | | | |
| Earnings Per Share (₹) | 11.78 | 17.04 | 21.34 | 31.12 | 29.60 | 32.83 | 36.53 | 39.70 | 41.10 | 21.20 ** |
| Dividend Per Share (₹) | 9.50* | 13.00 | 15.00 | 20.00 | 22.00 | 25.00 | 28.00 | 27.00 | 24.00 | 10.00 ** |
| Number of Shares (in Lacs) | 13,60 | 13,60 | 13,60 | 13,60 | 13,60 | 13,60 | 13,60 | 13,60 | 13,60 | 27,20 |
| Number of Shareholders (in '000s) | 1,40 | 1,33 | 1,26 | 1,24 | 1,26 | 1,22 | 1,29 | 1,32 | 1,35 | 1,81 |

including Capital Advances

* Including one-time special 70th Anniversary Dividend of ₹ 2.00 per share.

** Issue of bonus shares in the ratio of 1 : 1 during the current year. Consequently, number of shares has increased from 13.60 Lacs to 27.20 Lacs that is reflected in EPS and DPS for the year.

Previous year's figures have been re-grouped to conform with current year's presentation, wherever applicable.