



KEEP  
INDIA  
SMILING



ANNUAL REPORT 2017-18



**COLGATE-PALMOLIVE** (INDIA) LIMITED

Your  
It's what helps us



trust.  
keep India smiling.





## Our Products at a Glance



Toothpastes



Toothbrushes



Mouthwashes



Personal Care

# Table of Contents

Ten-Year Highlights	01
Notice	02
Report of the Directors	09
Annexures to the Report of the Directors	
1. Corporate Governance Report	17
- Auditors' Certificate on Corporate Governance	28
2. Annual CSR Report	31
3. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo	37
4. Secretarial Audit Report	40
5. Extract of Annual Return	43
6. Particulars of Employees	49
7. Business Responsibility Report	50
Independent Auditors' Report to the Shareholders	59
Financial Statements	66
Nomination Form	118
Attendance Slip	121
Proxy Form	123
Route Map to AGM Hall	125

Registered Office	Statutory Auditors	Registrars & Share Transfer Agents
Colgate Research Centre Main Street Hiranandani Gardens Powai Mumbai 400 076 (CIN-L24200MH1937PLC002700)	S.R.B.C & Co. LLP Chartered Accountants (Firm Regn. No. 324982E/E300003) 12th Floor, The Ruby 29 Senapati Bapat Marg Dadar (West) Mumbai- 400 028	Link Intime India Private Limited C- 101, 247 Park L.B.S. Marg Vikhroli (West) Mumbai 400 083 (CIN- U67190MH1999PTC118368)

Solicitors	Secretarial Auditor
Crawford Bayley & Co. State Bank Building N.G.N Vaidya Marg Mumbai 400 023	S. N. Ananthasubramanian & Co. Company Secretaries (Firm Regn. No. P1991MH040400) 10/26, Brindaban Thane 400 601

## Colgate: India's Most Trusted Brand





# Colgate: India's Most Trusted Brand

Colgate has been voted as India's #1 Most Trusted Brand across all categories for seven consecutive years, from 2011-2017, in The Economic Times Brand Equity Most Trusted Brands Survey - an annual consumer survey conducted by Nielsen.



# Board of Directors



**Vinod Nambiar** - Chairman

Mr. Vinod Nambiar joined Colgate-Palmolive (India) Limited (CP-India) in 1999. In 2004, he became the Customer Development Director of CP-India and in 2005, rose to be the General Manager of Colgate-Palmolive, Romania. He then served as Vice-President & General Manager of Colgate-Palmolive, Italy. In 2011, he was appointed Vice-President & General Manager of Global Personal Care, New York, post which he led Colgate-Palmolive, China in 2012. In 2014, he took on the position of Vice-President & General Manager of Colgate-Palmolive, Greater China Hub (which includes China, Hong Kong and Colgate-Palmolive, Sanxio). Mr. Nambiar currently serves as the President of Colgate-Palmolive's Asia Pacific Division. He was appointed as a Non-Executive Director & Chairman of CP-India in 2015.



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

Mr. R. A. Shah is a leading Solicitor and a Senior Partner of M/s. Crawford Bayley & Co., a firm of Solicitors & Advocates. He specialises in a broad spectrum of corporate laws. He is also the Chairman/Member of audit committees of a number of public limited companies in India. He was appointed as Vice-Chairman on the Board in 1983.



**Vikram Singh Mehta** - Non-executive & Independent Director

Mr. Vikram Singh Mehta was the Chairman of the Shell Group of Companies in India from 1994 till 2013. Mr. Mehta began his career as a Member of the Indian Administrative Service of the Government of India and was Advisor to the Public Sector "Oil India". He was awarded Asia House's "Businessmen of the Year" award for the year 2010. Mr. Mehta is on several Boards including Mahindra & Mahindra Limited, L&T Limited, Apollo Tyres Limited and Vodafone India Limited. He received Asia Centre for corporate governance and sustainability's Award for "Best Independent Director" for the year 2016. He was appointed as a Director on the Board in 2001.



**Shyamala Gopinath** - Non-executive & Independent Director

Ms. S. Gopinath is the part-time Non-Executive Chairperson of HDFC Bank. As Deputy Governor of RBI for seven years and member of the Board and several Committees of RBI, she guided and influenced national policies in diverse areas of financial sector regulation and supervision, development and regulation of financial markets, capital account management, management of government borrowings, foreign exchange reserves management and payment and settlement systems. During 2001-03, she worked as senior financial sector expert in Monetary Affairs & Exchange Department of the IMF (Financial Institutions Division). She was on SEBI's Corporate Bonds & Securitization Advisory Committee (CoBoSAC). She served as Chairperson Advisory Board on Bank, Commercial and Financial Frauds during 2012-14. She was an independent Director on the Boards of Clearing Corporation of India, IOC and GAIL. She is also Chairperson of the Board of Governors of IIM, Raipur, besides being an Independent Director in some other Companies and Not-for-Profit entities. She was appointed as a Director on the Board in 2015.



**M. S. Jacob** - Whole-time Director & Chief Financial Officer

Mr. M. S. Jacob joined CP-India in 1995 in the Continuous Improvement Group. Over the course of 21 years, Jacob served through leadership roles in Finance at Colgate-Palmolive Company's subsidiaries in Thailand, Vietnam and Malaysia as well as at the Asia Pacific Division Head Quarters at Hong Kong. His last assignment was as the Finance Director of Colgate-Palmolive-Malaysia. As Finance Director of CP-India, Jacob provides overall financial leadership including on Investor Relations matters. He was appointed as Whole-time Director & CFO in 2016.



**Issam Bachaalani** - Managing Director

Mr. Issam Bachaalani has been the Managing Director of CP-India since October 1, 2014. He joined Colgate-Palmolive in 1991 as part of the Global Marketing Development Program and later moved to the US Household Surface Care in New York. He has since held a series of significant positions in various divisions and subsidiaries within Colgate-Palmolive globally. In 1996, he joined the Central Europe/Russia Division as Marketing Manager, then in 1999 promoted to Associate Director, Household Surface Care for Colgate-Palmolive - Mexico, and then moved as Marketing Director, Colgate-Palmolive - Dominican Republic. In 2002, Mr. Bachaalani was promoted to Marketing Director of Colgate-Palmolive - South Africa. In 2006, he was promoted as General Manager Colgate-Palmolive - Hong Kong. In 2009, he was promoted to General Manager Colgate-Palmolive - Malaysia, Singapore and Brunei. From 2012, he was Vice-President & General Manager of the Global Toothbrush Division till he joined CP-India.



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

Mr. P. K. Ghosh is a Fellow of the Institute of Chartered Accountants of India (ICAI) and a former Managing Director of CP-India. Since 1974, he served the Company in various capacities. Mr. Ghosh brings to the Board his rich experience and understanding of the consumer product business. Appointed as Deputy Chairman on the Board in 1993.



**Indu Shahani** - Non-executive & Independent Director

Dr. Indu Shahani is the President and Chairperson at the Indian School of Design and Innovation (ISDI) and Founding Dean of Indian School of Management and Entrepreneurship (ISME). Formerly Sheriff of Mumbai, Dr. Shahani served as the Principal of H.R. College of Commerce and Economics in Mumbai from the year 2000 till July 2016. She is on the board of several Indian Companies. A doyen in the field of academics, Dr. Shahani has over three decades of teaching experience at the College and University level. Dr. Shahani was awarded an Honorary Doctor of Letters degree by the University of Westminster in London. She is acknowledged worldwide for her significant contribution to education and value-based leadership. She was appointed as a Director on the Board in 2012.



**Ms. Sukanya Kripalu** - Non-executive Independent Director

Ms. Sukanya Kripalu is a graduate from St. Xavier's College & the IIM Calcutta. She is a consultant in the fields of marketing, strategy, advertising and market research. Her experience includes working with leading corporates like Nestle India Limited, Cadbury India Limited and Kellogg's India. She was also the CEO of Quadra Advisory, a WPP group company. Ms. Kripalu is presently on the Boards of various companies, namely Aditya Birla Fashion and Retail Limited, Huhtamaki PPL Limited, Ultratech Cement Limited and Aditya Birla Health Insurance Co. Limited. She was appointed as an Additional (Non-executive Independent) Director on the Board in 2018.



**M. Chandrasekar** - Whole-time Director & Executive Vice-President - Sales & Customer Development

Mr. M. Chandrasekar joined CP-India in 1989 in Sales. During the course of his 27 years at Colgate, he progressed through increasing levels of responsibility in the Customer Development & Sales function in different regional roles of CP-India, leading to the position of Executive Vice-President - Sales & Customer Development. He was appointed as Whole-time Director on the Board in 2017.



## Message to Shareholders



### Dear Colgate Shareholders

We are pleased to have delivered strong sales and profit growth in F.Y. 2017-18 despite a challenging macroeconomic environment and heightened competitive activity. Net Sales on an adjusted basis\* for the year were ₹ 4,159.4 crore, an increase of 5.3% over the previous year. Reported Net profit after tax for the year was ₹ 673.4 crore, an increase of 17% over the previous year. Excluding the impact of tax reversals and exceptional items, Net profit after tax for F.Y. 2017-18 increased by 15% over the previous year.

During the year, we maintained our strong leadership position in both the toothpaste and toothbrush categories, with volume market shares for the year at 53.4% and 44.8%, respectively.

A core component of our commitment to maximizing shareholder value is maintaining a healthy level of dividend payouts.

Considering the Company's surplus cash position and foreseeable capital requirements, in May 2018, your Board of Directors declared a special interim dividend of ₹ 11 per share, bringing the total interim dividend for F.Y. 2017-18 to ₹ 24 per share.

In 2017, for the seventh consecutive year, Colgate again ranked as India's #1 Most Trusted Brand in the Economic Times Brand Equity Most Trusted Brands Survey, a consumer survey conducted in collaboration with Nielsen.

*"In 2017, for the seventh consecutive year, Colgate again ranked as India's #1 Most Trusted Brand."*

While external conditions remained challenging, F.Y. 2017-18 was a year of strong investment behind our brands and we deployed that investment sharply focused on our long-standing business strategies of Engaging to Build our Brands, Innovation for Growth, Effectiveness and Efficiency, and Leading to Win.

### Strengthening Consumer Engagement To Drive Growth:

We are focused more than ever on strengthening consumer engagement to drive growth. We strive to make our brands relatable and valuable to our consumers' lives through our brand communications.

For many years, we have been engaging consumers with the Colgate Scholarship Offer on the packs of our flagship offering, Colgate Strong Teeth toothpaste. This past year, we have strengthened this engagement by partnering with BYJU's, the popular learning app. In addition to receiving a chance to win an education scholarship, consumers received a coupon code for a free one-month subscription to BYJU's course materials. For consumers who lacked access to a smartphone or tablet, special audio lectures were also made available.

This past year we also launched an innovative initiative to celebrate the legacy of Tamil poet -Thiruvalluvar. We introduced special-edition Colgate Active Salt toothpaste packs with Thirukkural inspired stories printed inside the carton.

*"We are focused more than ever on strengthening consumer engagement to drive growth. We strive to make our brands relatable and valuable to our consumers' lives through our brand communications."*

### Focused On Innovations:

We continue to focus on delivering innovation across our portfolio, with particular focus on the 'Naturals' segment. We launched Colgate Swarna Vedshakti which blends the goodness of Indian natural ingredients of Aloe Vera, Clove, Honey, Tulsi, Neem and Amla with Colgate's Oral Care expertise, effectively delivering holistic Oral Care.

*"We continue to focus on delivering innovation across our portfolio, with particular focus on the 'Naturals' segment. We launched Colgate Swarna Vedshakti which blends the goodness of Indian natural ingredients of Aloe Vera, Clove, Honey, Tulsi, Neem and Amla with Colgate's Oral Care expertise, effectively delivering holistic Oral Care."*

Based on the insight that today's millennial generation wants their personal items to be distinctly reflective of their individuality, we launched Colgate Neo toothbrush. Colgate Neo comes in premium packaging and is available in 6 exciting and differentiating handle-bristle colour combinations.

We also relaunched Colgate MaxFresh toothpaste with Cooling Crystals. The New Xtra Fresh MaxFresh gives intense cooling and super freshness like never before. Our MaxFresh Brand Ambassador, Ranveer Singh, remains the face of the brand to continue driving high levels of relevance and engagement with younger consumers.