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COLG.NS - Colgate-Palmolive (India) Ltd Investor Call

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PRESENTATION

Ram Raghavan - *Colgate-Palmolive (India) Limited - MD, CEO & Executive Director*

Okay. Good morning, everyone, and a very, very warm welcome to every one of you. I certainly hope today finds each and every one of you and your respected and your loved and near and dear ones all safe and healthy.

2020 has certainly been an interesting year for all of us. And I'm sure many of you must be wondering why we're here today. If you recall back in November last year, actually, we spoke to you guys about a very structured approach to growth to fundamentally accelerate in growth and looking at it not just from a quarter-on-quarter basis but strategically over the short, the medium and the long term.

Today is really about a few things, number one, to bring you (inaudible) how we're tracking against those critical milestones in the critical areas of growth we spoke to you about. Second, also to give you a little bit of a glimpse into the future and where our thinking's at and how we believe we want to continue to lead the narrative restoring health in this country.

We've got with us a very structured approach today. Jacob and I will take you through some of the thoughts we have in terms of our accelerating growth strategy and then with our financial discipline, and subsequently, open ourselves up for a bit of a Q&A.

Let me start by showcasing our strategic framework to driving profitable growth. As I mentioned to you earlier, we have an unbelievably and unwavering relentless focus on our consumer. Everything starts and ends with her, okay? Beyond that, we pride ourselves in the (inaudible) when we execute. In other words, we make sure we get done what we committed to getting done.

All of this is done with unbelievable sets of financial discipline. And last but certainly not the least, everything we undertake is done giving back to society and the communities we participate in. What I'm going to cover off today is our strategic framework and how we're bringing it to life across the multiple initiatives we've undertaken and look to undertake in the future.

Let me kick it off with winning with brands. Now you would wonder why I would talk to you about brands. And I think almost every one of you would unequivocally agree with me that, during the pandemic, if anything has come to light, it's the strength of brands. Consumers have gone back to things they trust. While products sell, ultimately, it's brands that win the hearts and minds of our consumers. People consume products, but they buy into brands, and one of the critical hallmarks of our long-term success and continued long-term success is our ability to strengthen our brands and take them to even greater heights, thereby assuring that level of loyalty we've always to continue over significantly longer periods of time.

A few times, you've now seen our overall championing optimism calls or our brand purpose of everybody -- or believing everybody deserves a future that they can smile about, being brought to life with our campaign called smile (foreign). Year in and year out, quarter in, quarter out, we've been strategic in terms of how we've been approaching this, even with our most recent additives, all seen to remanage execution that's been air and across almost every digital platform in the country. We've also just launched our -- another critical campaign in the same genre of solutions. This one, on another topic that's been bubbling under the surface that we've looked to curate and bring to life across our country.

Let me share with you the TVC. (technical difficulty) Sorry about that, guys. We're having some tech issues this morning.

(presentation)

Sorry, again, guys. There's some problems on the tech side here. Yes. Okay. There we go. Hopefully, you enjoyed that. More importantly, hopefully, you've seen it on multiple platforms across the country. (technical difficulty) Just -- sorry, guys, I don't seem to have control of the presentation. So give me a second while we resolve the tech issues. (technical difficulty)

Operator

Participants, this is the moderator. We request you all to please stay connected while we get Mr. Ram Raghavan online. Thank you.

Ladies and gentlemen, thank you for patiently waiting. We have Mr. Ram Raghavan online. Sir, you may go ahead.

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Thank you. Okay, everybody. Sorry about that again. It's a good thing that we (inaudible) optimism and be able to overcome that with a smile. So let me set back again and just recap a couple of points and we get ourselves going again.

As I spoke to you about the first thing that we've committed to do is make sure that we build brands and why brands again, and brands simply make sure that ultimately consumers trust something that (inaudible) familiar with. And it's with that context that we continue to make sure that our brands are top of mind, but more importantly, very close to our consumer hearts at every single point in their lives.

Specifically when there are moments of anxiousness, when there are moments of uncertainty, that's when trusted brands automatically become that much more relevant and important in consumer lives. If you recall, we kicked off our global -- our brand purpose of everybody deserving a future they can smile about into an [immunized] context of smile (foreign).

There were a series of films that we brought to life where we picked on specific subjects that were bubbling under the surface or in conversations that were existing across society. And we looked to use this platform as a megaphone, so to speak, to help bring our philosophy to life. You've seen multiple executions on these, whether it's been about remanage or, more recently, whether it's about the entrepreneurial nature of women and them making the best of these trying circumstances.

What we've also been able to do is look around the entire country and identified some unbelievably inspiring stories. We've again used this platform to make it a megaphone that allows these stories to be brought to life, whether it's been India's first blind paraglider with Divyanshu or more recently, Deepika Mhatre, who, from very humble beginnings of being house help, has now become one of the country's leading standup comedians, talk about an optimistic journey, talk about championing optimism. Hats off to Deepika, and of course, all of them that we just have this wonderful opportunity to connect with.

It doesn't stop there. What we've also been able to do is we've tied up with the India Today Group as a strategic partnership. And specifically, over the last 9 months or so, we've taken even bigger stories, whether they are at a local level or at a national level, and brought these to life. Some examples of these are whether it's been Dr. Iyengar himself, whether it's been Ms. Upadhyay or, more recently, even Ms. Niveda. Each one of them

have had personal stories that they've -- in their own little way, championed optimism and made sure that the smile has been an integral part of how they overcome various challenges, not whether it's personal or whether that a community is facing.

Another critic aspect is when we were thinking about how can the brand help continue to resonate at even greater levels was when we strategically chose to partner, not just 1 team, but 6 teams as the official smile partners for the IPL. Hopefully, you would have seen our presence across all the games. (inaudible) an opportunity where we were able to reflect the optimism reflected by an entire nation and coming back with a sporting event that is so close to our hearts, cricket. This was, again, for us, an absolute no-brainer in which we were able to make sure that the brand continued to remain and resonate extremely high in the minds and hearts of our consumers.

While all of this is brilliant in terms of things that we do, the ultimate deciding fate lies in our -- our fate lies in the hands of our consumers. And when I look at the results coming out of all of these, we're really pleased to see some of the activities or (inaudible) activities translate save themselves into how we win the minds of our consumers if you look at top of mind recall, amongst the most stringent of measures when it comes to how a brand is recalled by our consumers.

Whether it's about hospitality or equity and then ultimately, whether the heart and the mind translates itself into presence at home. A sincere thanks to every one of our consumers across the country. We're now India's #1 penetrated brand at a staggering 88% of households. With the #1 brand (inaudible) sincere thank to every one of our loyal consumers. Your loyalty, your trust, your faith in our brand continues to make us serve you that much harder and better.

The second big bucket that I spoke to you guys about was leading innovation. Again, we spoke about a strategic approach to it. We spoke about a measured and a sustainable model. So it wasn't just about filing many bullets and hoping a few will stick. It was about making sure we start and end with the consumer and strategically look to build solutions that talk about broadening platforms.

So moving from a category approach to a platform model of innovation. The second, coming in with products that ultimately deliver on the key benefits with technological superiority; and third, as the leader in our categories, we always want to look to growing the pie and leading the narrative in the conversation. So I'm also going to share with you some exciting stuff we've got coming up in the next 4 to 6 weeks that's going to be hitting the market soon and how we're creating new categories and segments altogether.

The first one that I know all of you always ask me about is rate shopping. So before I jump into what's next on rate shop, I just want to take stock on how it's doing. Across the board, if you recall, when we spoke last, I spoke about a unique platform and a context of what Colgate's oral care expertise cut double down with the Ayurvedic science and the magic that the 2 can do together and a very distinctive proposition of a pure mouth equaling a healthy (inaudible) That was the platform we undertook. While it started with toothpaste, and you've seen the results already, we already got 2x in terms of the distribution reach. We've gained 70 bps of household penetration with high levels of stickiness amongst our consumers.

And even when you look at our market shares, both in modern trade and in e-com, we're seeing significant increase on that front as well. Beyond that, I'm very, very happy to say that we're not stopping here, right? You're all familiar with this pack. We spoke to you about this as we launched a few years ago. We continue to invest and grow it strategically.

But now what we're looking to do with it is also genuinely look at it from a very unique and ownable proposition. You could call it the contemporization and making sure that we leverage the best of Ayurveda and the best of the oral care expertise that Colgate brings to the table. And the combination of the 2 continues to deliver an unbelievably clean mouth that delivers a healthy and a better you.

More importantly, it starts going beyond toothpaste. I know there was a lot of excitement, and I certainly wish this could have been done live when we launched the phenomenal first-of-its-kind mouth spray in the entire country. Early results look extremely positive, and we are very, very pleased with how it's doing. Today, I'm even more excited on how we're broadening this platform again with another thought-leading solution in the category.

Before I do that, I want to make sure that we brought how the spray was very intelligently brought to life. And again, playing to very significant culture (inaudible) so beyond the IPL sponsorships and making sure that those moments where the mouth is wide open that we participate and

give you that protection that you need. More importantly, if you think about it, right from childhood, the first time where anyone of us, whether you went for a dental checkup or whether you went for a regular doctor checkup, and sometimes even at home, the first thing, guess what everyone asked you to do in India, [AA karo]. And for us, this was the perfect place to say, AA karo or germs could [na karo]. So the brilliance with which the cultural fit was brought to life has only strengthened the proposition that much more. And like I mentioned, we're (inaudible)

I'm extremely pleased to announce again for the first time, and it seems to be getting to be a habit here to be announcing things at this forum more than anyone or anywhere else now is we will be broadening the Vedshakti platform with the launch of a first-of-its-kind Vedshakti oil pulling, again, an age-old practice that's been amplified by the who's who of our nation. We have been able to channel that practice, amplify it with our oral care expertise by bringing together a brilliant solution of sesame oil blended with eucalyptus, basil and clove for a wonderful flavor. So it's not just about the removal of impurity because it's packed with antioxidants, but it gives you a very, very different flavor profile. This is yet another model through which we are broadening the Vedshakti platform to truly own the space of a pure and clean mouth equaling a healthier you.

In another 4 weeks or so, you will see this in the market, and this is what the future Vedshakti lineup will start looking like. Exciting times, certainly ahead of us. Once again, delivering to what the consumer wants and, in some cases, creating (inaudible) because we know these are the potential unmet needs that only a brand like ours in driving a narrative that, again, is about growing the pie more than anything else.

While we've been doing all this, we haven't forgotten the core of our business, right? And if you recall, we spoke to you about the models where we're looking to make sure we're renovating as well as getting into the new territories. This was something we had done a year-or-so ago, and where we had relaunched our flagship brand Strong Teeth with the best technology available today against cavity protection or delivering that strength of teeth.

I'm pleased to stay, given all the efforts we've put in as an organization and, once again, thanks to our consumers, we've seen unbelievably powerful results coming out of this with 130 bp increase in household penetration. Even during tough times such as COVID, we saw continued growth at 115 index on this brand and, finally, translating itself into even market share results, which continue to strengthen as we go along the year.

What's even more exciting is the digital elements to what -- how we're continuing to engage our consumers. I've already spoken to you about the fact that Colgate is, by far, the most penetrated brand in our country. And we felt this was a phenomenal asset and an asset that we felt could amplify on engagement and an almost constantly always on engagement model with our consumers.

Very soon, you'll start seeing (inaudible) QR codes on almost all our packs and tubes. What this allows is for a simple and everyday engagement. Scanning the QR code will tell you a lot more about the product, will give you a lot more insights about how to look after your own health and various other solutions. So yet another way in which we're pioneering the off-line/online integration. You'll see much more to come on this subject over the course of 2021.

Having said that, we continue on to toothbrushes. We've launched an entire lineup called Gentle ranging from INR 30 all the way up to INR 130, again, bringing technology across every price point such that consumers in respective of their abilities can participate in the best solutions possible when it comes to gentle yet unbelievably thorough cleaning of their mouths.

Once again, making sure that we keep the core in mind, Zig Zag amongst the most recognized brushes in the country today was relaunched with the antibacterial bristles. And yet again, we played to a very cultural analogy of the taxi saying that is your toothbrush a taxi? And what do we mean by that? Is it constantly picking up germs? Given the conditions and where more often than not the brushes are actually kept, the antibacterial bristle on such a large brand, yet again, was a first in the market.

We haven't stopped there. Across the core of our business, which is Super Flexi, by far, the single brush that we just rush the market today. We've launched -- we had already launched a charcoal. I'm extremely pleased to also announce the large Super Flexi Salt. This, again, goes back to our idea of building larger platforms. Colgate Active Salt is one of the -- is the only player in that particular segment. This allows that franchise to get even more strength as we go beyond toothpaste.

We're not stopping there with this idea of blending science plus naturals. We're taking Zig Zag from Neem and charcoal and amplifying it now with a (inaudible) as well. All of these value additions at these marginally increased price points that allow consumers the affordability with which they can participate in these exciting segments.

The third big pillar we spoke to you about was whitening. (inaudible) remains India's #1 searched oral care concern. Despite the pandemic and despite everything else going on, the search levels did not slow down, and it still remained the #1 need of that consumer every time we were having conversations with them.

I'm more than excited to talk to you about our new portfolio of Visible White. We've now got 2 variants, 1 which is called sparkling white; and the second, a very, very recent launch, Visible White Instant. Let me talk to you a little bit about Visible (inaudible) Instant, yet again, bringing new technologies into the country, making sure that our consumers get the best of oral health possible. Instant has optic brighteners that exfoliate, stain and polishes the teeth service. It's got advanced particles that removes it, and the most interesting part, all this, that gets into effect from the first brushing itself.

All this is great, but if you're unable to connect with our consumers effectively in a language, in a manner with the right level, the right kinds of influencers, you're not going to be able to get this right. On that front as well, we're making sure that we've got (inaudible) and carry forward the story of making sure that you have a dazzling white set of teeth every time you (inaudible) time you need it.

As you can imagine, the campaign comes to life -- actually just went live a couple of days ago, featuring Kiara Advani, in this case, is largely digitally driven, given the audience that they're going to go after. Hopefully, you will have an opportunity to not just see it, but more importantly, try the product as well, and you can come back and tell us how dazzling white and bright your teeth are.

Let me give you a glimpse into the future and, yet again, showcase something where we talk about leading the category growth overall. I'm sure we probably know this fact in India. There are 73 million identified diabetics, 1 in 6 adults with diabetes globally, unfortunately, belong to our country. You would be wondering what has this got to do with oral health? So the fact that you probably did not know was that, as a diabetic patient or as a diabetic, you have 3x more risk of gum diseases, and we all know where gum diseases eventually lead up to. So presenting to you again, a first-of-its kind, the first -- the world's first toothpaste for diabetics, the Colgate toothpaste for diabetics, yet again, in our philosophy of reimagining a healthier future for every one of our consumers. This has amplified, again, opportunities that no one ever tapped into, solving genuine consumer problems through expertise and technologically superior products.

So when it comes to the product itself, we have proven technology that makes sure you get at least a 50% reduction in gum bleeding, 22% reduction in plaque, and again, a proprietary technology that allows us (inaudible) to build sustainable models, not just for today but heading into the long term.

What I'm particularly excited about in this launch is the completely different go-to-market model that we're looking to build. The approach we're taking is that of personalization at scale. It's entirely a data-driven model right from understanding the consumer journey to the engagement process and looking at it as a complete ecosystem. Whether it's about identifying the diabetic, making sure that we're understanding their journey and then offering the right set of solutions that help continue to improve their lives. Whether it's unique things that's in the product itself. If you actually open it, there is a leaflet that allows for the [education] and understanding of what is different or what is -- how [it] connected with overall diabetic condition.

Similarly, as I mentioned, you'll start seeing QR codes on our pack. This, again, allows consumers the opportunity to just scan the QR code and understand much more. So whether you're digitally savvy or you like analog solutions, we still have both options available for you to continue to be educated on how you can lead a healthier life.

As I mentioned, even the entire go-to-market process on this is radically different. We see this as a solution that better people's lives. We want people to have healthier futures. And in the context of that, we've tied up with not just the Indian Periodontal Association but with also the Indian Diabetic Association. Along with that, we're very sharp and targeted in our approach through strategic partnerships, online and off-line medical

and pharma stores, making sure that we are able to target this consumer intelligently and manage their lives or help them manage this condition. Like I said, our simple desire is that they have as fulfilling a life as anybody else.

The third critical part of our strategic framework is our go to market. It's always been one of our hallmarks, our strengths, and it's something we continue to make sure that we stay ahead of the curve. If you recall, I spoke to you about e-com. And in e-com, we spoke to you about the fact that we have invested in putting a structure together from a 3-member team or (inaudible) and this was done in record time way, about 12, 13 months ago.

We are putting a team in place and making sure we have the investment model. We took a strategic outlook to what it takes to win in this environment, whether it's about the principles of driving traffic or building traffic to drive conversion or increasing (inaudible) it's been available in, whether it's strategic partnerships with all the leading platforms in the country, or it's an amplification of our entire digitization and analytics journey and, last but certainly not the least, is about making sure product availability or what we offer defined as brilliant basics. These are the 4 foundational stones or the 4 critical pillars of our success when it comes to e-com.

The results speak for themselves. So not only in terms of the internal growth but, more importantly, when you see our e-com toothpaste market shares, we've got a significant uplift in terms of from where we are to where we are today. Again, hats off to the entire, not just our team but, more importantly, to our partners as well, who've been critical in helping us drive this narrative of leading oral health in the country.

It just doesn't stop at (inaudible) we made sure that the core of our business, whether it's an emerging modern trade environment, continues to grow. We saw outstanding presence and, in fact, almost strengthened our presence even during the COVID periods, making sure our consumers always had a product available at arm's length at any point in time that they wanted. Yet again, shares not only grew but has now started indexing higher than our all-India shares again, showcasing the fact that we're driving the right assortments and the right bundles in each of these retail environments.

The opening door part of our business is the indirect trade. It's still a critical part of the business and specifically the entire middlemen of the wholesale plan. We did not lose sight of this, in fact, strengthened it. We bought the life of a program called Muskaan, which was once again on how we bought our brand purpose to life this time with our trade partners. This strategic capability became a strength that served us even more during the last 6 to 9 months, where we've seen some unbelievable growth and presence with our wholesale partners, who continued to fight hard irrespective of the challenges around them and, in fact, saw a large level of resurgence over the course of the pandemic.

The fourth pillar of our growth is caring for our communities. Like I said, it's all about we want to make sure that we give back, and it's about reimagining healthy futures. I'm pleased to announce the philosophy under (inaudible) the future or what we call the SMiLE, if you can read the acronym that it's built out. How do we drive social impact? How do we help millions of people in our country? And how do we make sure we preserve the environment.

To keep India's Smiling Foundation is something that's a critical foundation stone of what we continue to. We've had almost 80,000 applications, and we (inaudible) scholarships offer to-date. Beyond that, in terms of making sure that we continue to help the millions of consumers we serve across the country, whether it was our initiatives on the COVID front or, more importantly, other mechanisms of amplified or leveraging digital capabilities to give amplified scale and reach to our consumers (inaudible) This was bought to life with the Dentists For Me campaign where we've now clocked in more than 86,000 plus and counting phone calls and patients.

Whether it's our flagship program, Bright Smile, Bright Futures and the digitization of the same, and what was really interesting is, as we digitize our entire e-BSBF program, it was very interesting to see that parents actually started participating. So in a strange way, while we were improving that -- we were looking to develop good oral health behaviors early in a person's life. Interestingly enough, parents also started participating. And we're seeing a lot more on that front as well, which again, is only going to be beneficial to every single consumer we have out there.

From a point of view of the environment, we now have solar and wind installations across every one of our facilities. Our lead certification has been amongst the first few in the country, and we remain very, very proud of that. And we continue to reduce water across every one of our plants at stellar base (inaudible)

With that, I'll hand over to Jacob, who can then walk us through the financial metrics.

Madukkakuzy Sebastian Jacob - Colgate-Palmolive (India) Limited - CFO & Whole-Time Director

Hello, good morning, folks. Hello, is the audio clear? So I'm going to just use the audio to connect in. So the financial strategy remains unchanged. It's been a bedrock on which we've developed all our plans. It stood us in good stead in good times and not too good times either. So sales volume driving it up, margins up, costs down, advertising investment up and operating profit up.

So this remains unchanged. Next slide. So you're familiar with the second quarter results. [Certainly] we reported a fairly good set of numbers. Domestic sales was up 7.1% to about INR 1,278 crores. Gross margin, very good improvement there 340 bps to 67.9%. Advertising, we've been calibrating as the recovery happened over the quarters. We got it to 12.9%. EBITDA also sharply up to 32%, and our after-tax profit was up double digit at INR 274 crores.

Next slide. A few charts here on the financial metrics. So gross margin has (inaudible) as we combine pricing, judicious promotions, better mix, and razor-sharp control on costs, and we continue to see good trends on that with 67.9% in the last quarter. Advertising, as I mentioned, it's a very critical piece of building our business. And so we have been investing back. And as the businesses come back, you've seen it get back to normal levels, and you will continue to see this in (inaudible) EBITDA percentage been the best ever, and we think we are at very good levels (inaudible) next.

Another very key area, which is received razor-sharp focus has been the cash management, the working capital piece, the capital investment piece, et cetera. So you can see our cash is at record levels, and we continue to be very vigilant in this area. We know this will be a drastic time, and this is an area which there's been a lot of attention. So that's all I had on the financial section.

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Thank you, Jacob. Once again, this was our prepared set of remarks. Like I said, I think it's becoming a (inaudible) that we seem to be launching a lot of exciting things with this group. Hopefully, you don't keep expecting it from us. It just so happens the last 2 times, there's been -- coincidentally, we've had the opportunity to showcase some genuinely category-leading and category-defining innovation, and we continue down that path. So hopefully, you are all as excited as we are about a wonderful future ahead and a future that most certainly all of us look forward to keep smiling about. So with that, I'll open the floor for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We take the first question from the line of Manoj Menon.

Manoj Menon - ICICI Securities Limited, Research Division - Research Analyst

Am I audible because I'm actually speaking from the audio from the phone.

Operator

Yes, sir. You are audible now.

Manoj Menon - *ICICI Securities Limited, Research Division - Research Analyst*

Okay. Sure, sure. Yes, what I was just saying was Ram and Jacob and team brilliantly made presentation. It was extremely pleasing to see some of the new product launches, which otherwise was looking quite logical. You should have done probably why now? It would have been earlier. That's been the thoughts actually. So brilliant to see that. Just a couple thoughts from my side. One, your thoughts on Naturals as a segment. Where are we in the journey? Because it's been one of those upcoming few years back and probably kind of industry-led, so just wanted to hear your thoughts on Naturals, understand your play within that. Now that there are a lot of priorities to focus on, whether it's diabetic or whether it's oil pulling or whether it's kids, I just saw relaunch recently or even Naturals. So just 2 questions there on Naturals. One, your perspective on what percentage of the industry is natural's today, what's the trajectory? And your thoughts on that versus the other priorities you have on other segments.

Ram Raghavan - *Colgate-Palmolive (India) Limited - MD, CEO & Executive Director*

It's exciting times, indeed. I like you rightly called out, I think some seemingly logical and some -- like, I think we would like to call it category-defining solutions. So I think, first, let me take the Naturals questions. I think when you step back, we look at Naturals way bigger than perhaps that's often defined by a lot of people, right? So we look at Naturals from the prospect of 3 fundamental areas. One is what you would call a philosophy or a philosophical approach to Naturals, whether it's a typically Ayurveda piece in India, it's looked at from point of view of Ayurveda, right? And it's the outlook there for us, our lead is the franchise, which looks to make sure that we take best of Ayurveda, amplify it or couple it with the best of oral care science and as that solution. The first pillar is there.

The second pillar of macros is what we offer defined as an ingredient-based model. And what do I mean by ingredient-based model is these are familiar or sometimes unfamiliar ingredients that have known properties to perform good stuff or give genuine benefits to you, whether it's a Colgate, it's oil can actually be pioneered back in the mid-2000s, or whether it's a very unique and millennial-esque solution like a Colgate Charcoal today, right? So I think the second pillar for us is what we call ingredient-based solutions. And you see the same thing then laying itself off -- playing itself out across categories as well. So you see that I showcase some of the toothbrushes as well at which we can bring those ingredient solutions to life.

The third area, which you'll hear us talk about more as time goes by, is what we call the sustainability area. And sustainability means to many people (inaudible). So the way we see it is it could have 2 facets to it, which is, fundamentally, it

could be about a philosophy where it is about minimal stuff that is required to deliver the benefits consumers look for, right? So it doesn't have a certain set of things or reduced levels of certain things, while still performing the ultimate benefits. You'll see more from us in that area, what we call the sustainable area of choice.

So first of all, we're seeing Naturals on that. And I think when we look at Naturals from that much broader narrative, it allows you genuinely as a brand to be able to drive net incrementality, number one. Second, it allows you to get a far broader reach with different target audiences because different people want to buy into different things. But it offers you unbelievable flex in terms of pricing capability. [Consumers] who are looking for absolutely pure, pure products free from just about anything and everything will be also willing to pay a little bit more for that. So what this outlook allows us to do is gives us that breadth in terms of pricing participation as well.

The second question on priorities. I think, again, to the answers, do we feel like we're -- we've got too many? I don't think so. Short answer is that. And let me tell you why.

Number one, again, the platform model helps in driving a halo effect, right? So when we talk about Vedshakti and anchoring Vedshakti not just to the toothpaste today, but anchoring Vedshakti with the mouth protect spray and with oil pulling, fundamentally solving for a much bigger problem.

And I think that platform model offers tremendous levels of halo. So even if you're advertising Vedshakti Mouth Spray, there is a definite halo on the toothpaste as well. Similarly, when you advertise the toothpaste, you get the benefit across the other parts of the business in terms of that platform. That's one.

Second, when you start looking at things like whether it's diabetes, kids, even Vedshakti or any of the other businesses and brands we drive, the radical shift in retail environments in India and the digitization of the country itself actually offers you multiple channels and solutions on how you can effectively reach the consumer. So in the past, you had no choice and you had to be on television and blast away. Today, you can be as individualistic as you want to be to as mass as you want to be.

So I think our sharpness has been in about how we balance the priority in terms of a very defined target audience and how we go about reaching that.

Manoj Menon - *ICICI Securities Limited, Research Division - Research Analyst*

Okay. Understood. Ram, I have only 1 question, and then I'll come back in the queue, that's the second one. So just wanted your thought perspectives with the real medium-term 3, 5 years or even beyond on Colgate India's thought process on the outside of oral care. I know that this question probably would have been asked many times in the past as well. But the context is that you've got a certain size with a lot of scale in 1 large category, even maybe recall value, as you rightly mentioned, it's unparalleled.

And when I look back at the history, it was the conscious choice made by the company at that point in time, probably 20 years back when you had a halo, Palmolive was still around, Axion. So I still remember a lot of those brands.

The simple question, is there a road map for outside oral care diversification with the medium-term thought process? If yes, could you just talk about some milestones thought process it will be very helpful.

Ram Raghavan - *Colgate-Palmolive (India) Limited - MD, CEO & Executive Director*

Sure. I spoke about last time also when we chatted about and I said that absolutely. So are we committed to making sure we can build a multi-brand business in India? Yes, the commitment remains. And Palmolive, by all means, has -- even if you remember last I spoke about having a wonderfully strong residual memory structure still with a lot of consumers across the country. So we are being -- we are very thoughtful to enter with Palmolive in the right categories with the right product solutions that deliver and service the needs of the consumer.

So I think absolutely, we're looking at it. We're just going to be doing it, like I said, choicefully and intelligently because we want to look at it from a longer-term point of view. It's not about a flash in a quarter here or there. But it's more a medium to long-term view to make sure that we can leverage, as you rightfully said, the broader go-to-market strengths that we have and the overall reach we have as an organization, how does one that -- leverage to build on this.

Operator

Excuse me. This is the operator here. Mr. Raghavan, we can't hear you that well. Your voice is breaking.

Ram Raghavan - *Colgate-Palmolive (India) Limited - MD, CEO & Executive Director*

Okay. So let me try again. So I said -- what I was telling Manoj is (foreign language) Palmolive has a strong residual equity in the country and we are -- what we're going through is the exercise of being choiceful in terms of which categories would we like to enter or create, how would we do it, making sure that the brand has a distinctive proposition and something genuine to build in terms of the hearts and minds of our consumers. And then, of course, making sure that we have the product portfolio that helps ultimately deliver those unbelievable experiences that they're looking for. So yes, it is very much on our agenda as we look into the medium and long-term outlook for the country.

Operator

The next question is from the line of Harit Kapoor. (Operator Instructions)

Harit Kapoor - *Investec Bank plc, Research Division - Analyst*

Yes, yes. I had 2 questions. So my first question is on the new launches in the toothpaste portfolio. If I look at the launches, whether it's Visible White variant, and whether it's Colgate Diabetics or even in the pulling oil, it seems like they're more on pace (technical difficulty). If you look at the past last few years, we have had challenges in some parts of the mid-premium and the premium end of the portfolio. So I just wanted to know, given that these new launches are happening slightly in the premium end, is there a thought process that in the market the consumer is once again looking for premiumization journey in oral care? Is it where it's coming from? Or is it just certain gaps that you're willing to fill?

Ram Raghavan - *Colgate-Palmolive (India) Limited - MD, CEO & Executive Director*

So let me start with (technical difficulty) thanks for the question. I think I'd step back and the way I'll answer the question, I think it's about how we've looked at pacing on innovation correctly over the years. And like I said, it's about striking the balance on 3 things: number one, the balance between the core of our business, so renovation, so to speak, and then, of course, new segments and new opportunities. The second is just making sure that it's a balancing act between the core -- on new initiatives on the core itself, across the categories that we operate in and the new. And then the third is where we believe we can lead the narrative, right? And honestly, the consumer also looks to us in most of the circumstances to be driving that conversation. So let me step back now and give examples under each.

In 2019 Q3, we relaunched CDC, our flagship, with the world's greatest technology. Actually, it was launched in India first. The world's latest technology when it comes to anticavity. And we did it on the biggest part of our business for us. Similarly, when we went with Vedshakti, we knew we were slightly late in the game. So we knew we had a catch-up to play. Having said that, we've accelerated what it is that's unique would bring to -- what's Colgate's unique (technical difficulty) having to amplify the platform and we've now moved from a catch-up to a lead, to broaden the platform more than anything else. So the way consumers can participate in this very dramatically significant level. So even if I extend our argument into toothbrushes, I showcased you innovation all the way from INR 25 all the way up to INR 130.

And then the third component is premiumization. And premiumization, as you rightly said, you're seeing a lot of those initiatives, whether it's whitening, diabetes, they are certainly in the premium space. So I think our approach is about striking the right balance between the 2 and it's not about an either/or strategy. We are very, very clear that our product portfolios must cater right down to -- from whether it's rural India to the most economically strongest folks in the country as well.

We want to make sure we offer a portfolio to all and every price point across as well as in terms of benefit segmentation. So I think if you -- if I want to draw a 4-quarter or a 6-quarter outlook, you would see that our thought process on innovation is very balanced across this.

Harit Kapoor - *Investec Bank plc, Research Division - Analyst*

That's very clear. Just 1 last question, was on -- you speak about profitable growth. And from an operating margin perspective over the last few years, Colgate has done an extremely well, you've been able to drive profitability. I just wanted to understand from the next 3- to 5-year perspective goal, would you believe even from these levels of operating margins, if you want to even drive growth in line or ahead of the market, is there scope to improve profitability here? And if yes, is it from mix? Or is it from just very strong cost control?

Ram Raghavan - *Colgate-Palmolive (India) Limited - MD, CEO & Executive Director*

I'll let Jacob take that and to respond. I'll jump in if there's anything else.

Madukkakuzy Sebastian Jacob - Colgate-Palmolive (India) Limited - CFO & Whole-Time Director

Yes. You can hear me, right? So I mean gross margins, we believe has to keep going up because the level of investment that will be required as we get into launching this new premium portfolio for the new categories getting into multiple REs like e-com, above the line is going to -- keep going up. So for us, gross margin, getting it up would continue to be a focus. But again, balancing volume and pricing and making sure our price -- our promotional strategy is competitive. Above-the-line support is competitive.

So we calibrate all this, make sure we balance all this, but we believe for our business to be healthy the way it is and continue to build on the momentum, the gross margin piece still continue to have opportunities. And as you rightly pointed out, mix is a good piece of it. We launched Charcoal in this year, Visible White because we're getting all those bundles, which are premium-priced at premium margins.

So part of it would be this, but partly also, remember, a good part of our portfolio lies in the INR 10 pack, which is lower margin than the rest of the portfolio. And as rural affluence improves, we have seen the INR 5 consumers all shifted to INR 10. So the INR 10 will move to INR 20, which are better margins. So a bit of better SKU mix, better brand mix. We will continue to be able to deliver better gross margins going forward.

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

If I just add 1 more point also. We've been running revenue growth management strategy principles, and we've got a very robust 7-lever outlook that we put in place about 12 to 14 months ago, which allows us to make sure that we take different aspects of the business, like Jacob said, whether it's about mix, whether it's about competitiveness of our promotional grids and how we manage that investment strategy across REs and SKUs, whether it's about the innovation. And more importantly, the incrementality of the innovation that we bring to the table. So revenue growth management is behaviorally one of the foundation stones we run the business by.

And I think that outlook always balances us to make sure that we balance volume and pricing, one. Two, we remain competitive. There is no way we will back off in terms of any competitiveness that we need to bring to place. But at the third point in time, we have that a little bit more of a futuristic outlook to making sure that the health of the business and the funding, frankly, of the business is looked after as well.

Operator

We take the next question from the line of Arnab Mitra from Crédit Suisse.

Arnab Mitra - Crédit Suisse AG, Research Division - Research Analyst

Thanks for the presentation. My first question was on growth can be driven. And I think you had in the past mentioned, it's not just about double brushing, it's also about everyday brushing, which is also not there in many parts of rural India. So a lot of the campaigns that you showcased, they do not seem to focus on that element. So is it something which you think is a slow burn and which will happen on its own? Or are you -- have you, in the last 1 year, put some incremental efforts on both these aspects of frequency of brushing?

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Great question, Arnab. We couldn't agree with you more on the opportunity that frequency of brushing operates -- offers. I mean sadly, even the bulk of urban India still only brushes once a day. So forget rural, even urban -- the opportunity in urban India is just absolutely tremendous. India sadly ranks amongst the lowest in terms of per capita brushing today. All I can tell you is watch the space. Coming to theaters very soon in terms of how we're looking at it on many levels, whether it's about awareness generation, whether it's about behavioral change or whether it's about grassroot partnerships.

You'll see a very powerful narrative come from us, which we are looking at it from a long-term point of view. As you well can imagine, behaviors don't change overnight. So watch the space is all I can say. It's very high on our agenda. The team is working diligently to get it right. Behavior is

amongst the toughest things to change. Having said that, we believe we've got some very interesting models that allow for this to happen. And like I said, it's a combination of awareness, the right level of (technical difficulty) and then getting it right at the grassroots level.

Arnab Mitra - *Crédit Suisse AG, Research Division - Research Analyst*

Second part question was on brushes, where you actually, in the last few years, put a lot of efforts, a lot of innovation has happened. This seems to be a very commoditized category, probably still is in the way it is sold and trade. Are you seeing some shift in how the consumer is seeing this category due to those efforts in the last few years? Some of the imported Chinese products not coming into India as much. Is that something which kind of tells you that the next 3, 4 years could be somewhat of inflection in the brushes premiumization?

Ram Raghavan - *Colgate-Palmolive (India) Limited - MD, CEO & Executive Director*

So while that -- this category is amongst the most -- you could argue a little bit of what is defined as a delayable category. So unlike a tube of toothpaste, unlike a shampoo sachet or a bar soap, which (technical difficulty) over and you don't have a choice but to go and buy a new one. Toothbrushes is a delayable category as unless literally, your brushes breakaway, bristles fall off and sadly Colgate -- the quality of Colgate is so good, either of those 2 things aren't going to happen. So that brush is going to lie with you for your lifetime at least.

I think, again, it goes back to part of our exercise on how do we trigger the behavior to change. And if I answered your earlier question, it's in the same context. As we talk about the overall opportunity of per capita consumption, we look at it in the context of 2 things. One is the brushing or the adding a second brushing or adding one more brushing to your routine. And the second is triggering a change in your toothbrush. So both of those are specific focus areas.

Having said that, Zig Zag, by the way, is the most recognized brush in the category in the country today interestingly enough. So actually, it was (technical difficulty) Zig Zag, right? So that's why we chose to do a lot of the innovation that I focused today on that franchise, whether it was a relaunching of the core variant itself with antibacterial bristles or the addition to its lineup with Turmeric, Neem and Charcoal. The entire outlook was making sure that we took a franchise that has inherent consumer memory structures and making sure that we amplify reach and availability of the same.

So 2 answers to that question. I guess the first one, yes, absolutely, it's part of our overall (technical difficulty). And second is in the aspect of making sure that the big franchises are extendable so you have consumers looking to come in more often.

Operator

The next question is from the line of Shirish Pardeshi. (Operator Instructions) We take the question from the line of Amnish Aggarwal from Prabhudas Lilladher.

Amnish Aggarwal - *Prabhudas Lilladher Pvt Ltd., Research Division - Head of Research*

Thanks, Ram, for the detailed presentation. My question is regarding the growth rate because we are predominantly an oral care player. If you look at, say, the period between 2010 to '15, Colgate's top line is growing in double digits. Within the last 5 years, the growth rates have been low to mid-single digits. Now the new launches which the company's -- company has displayed, whether it is Diabetics or some of the other ones, so there seems to be again more add-on in the oral care category. So in this backdrop, what kind of growth acceleration are we looking at in the coming years? That is the question number one.

And the second is, in the last, say, year or 2, we have tried to go into nonoral care categories. We have launched new products in -- for example, shampoos were there and then body wash was there. So how is the performance there and what is the way for the same?

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Thank you. So 2 things. I think first, let me step back and answer the first one. On 2010 to 2015, a large part of our growth was actually driven, even earlier from 2008 all the way through to '15 was driven by a radical improvement in household penetration. So the country fundamentally upgraded, so to speak, from a point of view of toothpaste penetration being barely in the early 60s going all the way up to 90%. And obviously, as category leaders, we drove that significantly.

And as I answered Arnab on the earlier one, the second phase of growth will now shift towards per capita consumption, whether -- and fundamentally around the frequency of brushing opportunity. And like I said, you'll hear us come back to you with much more on that one.

The second option, which is public information and everyone's well aware, is that in '15, '16, '17, we were also hurt by certain competitive entries. And that did slow down our progress. So if you -- we know we got caught offguard, part of that. I think we came back quite strongly. And if you see our results, frankly, over the last couple of years, we feel quite confident in terms of the pacing at which we've come back.

On your second question, I already answered our ambition, so to speak, with Palmolive. But more importantly, how is it doing? Actually, Palmolive continues to do extremely well. When you look at it, we're -- like I said, we've been choiceful in terms of the portfolios, in terms of the categories we've chosen to participate with and the retail environments. So it is not going to be -- we're choicefully making sure it's not available just so at every kirana across the country. But we want to make sure that we have a model where the brand is built first. There is continuous and sustained demand that then allows us to amplify and accelerate our distribution rate. So in the retail environment, specifically e-commerce and modern trade, actually, Palmolive is doing exceedingly well for us. So that bodes well in terms of our long-term outlook on it.

Amnish Aggarwal - Prabhudas Lilladher Pvt Ltd., Research Division - Head of Research

Yes. Sir, just a follow-up, given the high penetration because oral care is one of the most penetrated categories, so what sort of category growth in toothpaste are you looking at for the coming few years? And secondly, have we gained any market share in the Toothpaste segment in the coming year, 1.5 years?

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Coming year -- hopefully, we will continue to gain shares over the coming years. I think that's the way I would phase it. I didn't get the first question. Sorry, you broke up a bit.

Amnish Aggarwal - Prabhudas Lilladher Pvt Ltd., Research Division - Head of Research

Sir, my question was that looking at the high rates of penetration of the oral care or toothpaste as a category, so what sort of the category growth rates are you looking at for the coming few years?

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

I wish I was a soothsayer, but I'm not. You've asked the question, I think 2 parts to it. Like I said, if I look at per capita (technical difficulty) consumptions of the world, I think we would, unfortunately, rank in the bottom 3 or 4 on a worldwide basis, with our per capita consumption being somewhere in the 200 or 220 gram mark per person. Even if I compare emerging markets like Brazil, Brazil stands almost close to 700 grams of consumption. So obviously, there's a huge delta opportunity on, as was rightly pointed out, in amplifying or adding that one more brushing ritual (technical difficulty) entire world is processed today.

Our outlook is, as category leaders, we believe it's our responsibility to be driving that. Now what -- where the number falls is a function of so many variables. So I think very difficult for me to give an outlook to say where the number will fall. But I think the way we see it is it's our job to drive the

category. So if you notice, almost anything and everything we've spoken about, over the past 12 months or so has been about how can we grow the pie. And whether it's about the renovation of the core of the business to improve oral health, whether it's about the innovation across price points or whether it's about per capita consumption and, frankly, driving an oral health agenda or elevating oral health in India, in our country altogether, I think that's the way we see it.

Operator

The next question is from the line of Abneesh Roy. (Operator Instructions)

Abneesh Roy - Edelweiss Securities Ltd., Research Division - SVP

(technical difficulty) handling the distribution. So in chemist channel, for example, now competitive intensity will be higher versus when GSK was selling it. And second, for diabetic toothpaste, which you've launched, it looks very good on paper. So now again, this will be sold more at the chemist channel. And how will you educate customers that this will work because he's not eating it. I understand that linkage between (technical difficulty) diabetes linkage. But it is too technical. And so how will you create this category? And how will you fight in the chemist channel given (technical difficulty)

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

I didn't get -- your voice is very choppy, Abneesh. I didn't get it. Let me try to recap the question, and hopefully, I've got it right. One is how do we manage the competitiveness in the pharma or the chemist channel? It was the first question. And second, how do we make sure that the consumer has as an understanding and therefore, participation in the new launch of the diabetic toothpaste? Is my understanding correct of your questions?

Operator

Abneesh Roy, may we request you to, please, acknowledge the question?

Abneesh Roy - Edelweiss Securities Ltd., Research Division - SVP

Yes. Question is (technical difficulty)

Operator

Excuse, this is the operator, Mr. Roy. Your voice is breaking.

Abneesh Roy - Edelweiss Securities Ltd., Research Division - SVP

Yes, yes. The question is correct. Ram can go ahead.

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Okay. Thanks, Abneesh. Your voice was breaking, so I just wanted to make sure I'll answer the right questions. So let me take these both very valid questions and obviously, think that the team has, it's not unique. We certainly think that came up as we were in the process of development and putting our go-to-markets together.

So on the first question on pharma, I think India has changed substantially. And I think 3 things for me. Number one, we've traditionally been under-indexed in terms of the chemist channel. So by definition, solutions like these are opportunity to accelerate our underperformance in that segment or that retail environment, specifically, number one.

Second, in today's day and age, 2 things have happened, which is second and third, I guess, right? The second thing is whether it's in the context of change that you see in Western India or even if you see the third aspect, which is the radical growth of the entire e-pharma side of things. I think actually, these give us phenomenal strength and advantages because we can participate intelligently both whether it's a strategic partnership, whether it's a more targeted approach, and therefore, we don't have to go into classic mass media solutions and look at wastage overall, we can be very specific.

So I think the combination of the under-indexation or the historical under-indexation, coupled with the growth of this channel itself, both off-line and online actually makes us even more optimistic in terms of our outlook on how we would like to tackle it more than anything else. I think historically, our biggest challenge (technical difficulty) we have the right horses for courses. And then we have the right portfolio to play effectively in this retail environment. And I think with some of the recent launches that I spoke about, absolutely, we believe that we're fulfilling that gap quite intelligently.

The second question is the marketers' dilemma, right? How do you take any product category for that matter or any launch and simplify it now to how a consumer actually understands it and realizes what an essential ingredient it is in part of their lives? And I think if you noticed when I spoke about the model, I spoke to you about the fact that it is a very different go-to-market. It is genuinely about personalization at scale. And that personalization is going to start with education and awareness building.

On the diabetics, you would know, their ecosystems are unbelievably well managed, right, from the way they look at food labels, to the way they control their diets, the way they are monitoring insulin, they live very, very regimented lifestyles. And our biggest opportunity and challenge, I guess, is about helping that process to say, look, while you're looking at all other aspects of your lifestyle, one missed element is your mouth. And coming from a brand like us, where we have the credibility to talk to you as a consumer about oral health, we believe education and awareness building is route number one.

The second part of it is leveraging credible endorsers. What do I mean by that? So classically, we've always had brilliant partnerships, whether it's the IDA, the DCI or the dental profession at large. In this case, we're not only (technical difficulty) publishing papers with the Indian Diabetes Association. So we're moving it out of a classic realm of just toothpaste or oral care and taking a broader influencer outlook to how we're going about making sure that the consumer is made aware of the solution and why and how this will improve their lives.

The third aspect, as I said, is the personalization at scale. It is going to be a data-driven model. Again, the good news is, behaviorally based on all the digitization that the country has really seen, it allows us to actually target and build cohorts and lookalikes that we can then scale at pace. So actually, when you look at the 3 things, we think it's education and awareness, the credible -- amplifying this with credible endorsers and then making sure that we are talking to you at the right (technical difficulty) personalization at scale. That's broadly how we're looking at it, Abneesh. And that's how the entire plan is structured. So it's actually a very different go-to-market from anything else we would have ever done.

Operator

(Operator Instructions) We take the question from the line of Richard Liu from JM Financial.

Richard Liu - JM Financial Institutional Securities Limited, Research Division - Research Analyst

So can I request -- I know you spoke about gross margin and EBITDA margin a while back when Jacob was talking. But I just -- can I request you for your perspective here? Isn't 67.9% gross margin and 32% EBITDA margin a little too high in today's context, especially in the context of very weak absolute volume growth, and also relative to some of the key competitors in this space?

And then again, in the same light, if I can just ask a related question on the price hikes you took in February, March without any input cost pressures per se. Do these types of period-based price hikes still work in the current context? We have not seen a lot of price hikes in any other consumer category, especially ones where there are no cost push per se. So if can you just help explain your perspective out here, that would be very useful.

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Sure. So let me start by saying our outlook, Richard, is about striking the right balance between volume and price goal. We are very, very clear about that. Jacob also already spoke to you, the business still reside in the INR 10 and INR 20 pack. So by no stretch of imagination are we losing the focus on the attention in what we believe will be continued growth on that front. And frankly, even if you look at our -- over the last 9 months, rural growth continues to outperform urban growth. So I think we feel quite good about the balance that we have. And I think we're going to continue to remain focused on that effort to make sure we strike that balance.

Okay, 1 quarter maybe, this went 1 quarter maybe in other ways. I think that happens. That's just a -- that's a function of so many other variables. So I often -- I always look to have a broader and a longer-term outlook to make sure we're striking that right balance, number one. Second, from a gross margin and EBITDA, let me talk EBITDA first. I think as we keep calibrating advertising investment, you see the EBITDA play up and down a little bit based on that. I think when the pandemic hit, we made -- we learnt our lessons, even if I go back, we learnt lessons with demonetization, for example. When demon first hit, we actually went dark and the lesson was -- was to say, we shouldn't have done that.

So this time around, we chose not to. But what we did do was we went back and spoke to every one of our media partners and said, listen, while there were a lot of other brands pulling out, can we recalibrate how we structure our deals. So we were able to get significantly more value for the amounts of money we had, number one. Second, interestingly enough, as more people unfortunately got stuck at home (technical difficulty) went up. So we had that tailwind in our favor as well. So I think from an EBITDA point of view, you'll see some up and downs constantly happening because we have to keep calibrating our awareness goals, our reach goals, our overall engagement goals that we want to have with our consumers. So I think you'll see that getting calibrated across the board.

On gross margins, like I said, we've besides the broader balance that we bring -- look to bring to the table in terms of volume and pricing, we -- RGM is a fundamental discipline, Richard, for us. And when you look at the levers of RGM, at least the way we see it, there is -- there are aspects of mix. There are aspects of volume growth and promotional management. There are aspects of innovation. There are aspects of the specific RE and channel-related initiatives. So I think we leverage each initiative intelligently enough to make sure that we're not compromising volume growth at all. And volume, trust me remains a critical priority for us, So by no stretch of imagination is (technical difficulty) what you do see, for example, if I quote calendar quarter, Q2 and Q3. So I'm talking about April, May, June, and July through September, what was really interesting from a consumer behavior point of view, the consumer moved to larger packs.

We had both being offered. The consumer made a choice to move to larger packs. So contrary to popular belief the consumer made a choice to say, "hey, let me go after some of the larger packs." I think we continue to calibrate our models on that basis more than anything else.

On gross margins beyond the volume, value mix and the RGM principles that we abide by, it remains a critical variable that allows us to invest in the long-term sustainability of building brands. And I think we remain -- we've taken pricing intelligently and that's why I go back to RGM again. INR 10, INR 20, we have not taken repricing. I can't, it's INR 10 and INR 20 pack. But what we've done is we broadened our portfolio there. So in the past, if you just had a Colgate and a Cibaca, today, you have Colgate, Cibaca, MaxFresh, Active Salt and even Vedshakti. So we give consumers broader choices. Mix helps us. So I think it's about calibrating based on RE, SKU and geography. But again, like I said, value mix is (technical difficulty) not by any stretch of imagination is -- you can't operate in India if you don't have a volume priority, right?

Richard Liu - JM Financial Institutional Securities Limited, Research Division - Research Analyst

Yes. Yes. And some perspective on this period-based price hikes that you all have been following, especially in the context where post GST, we have not seen too many price hikes coming in from FMCG companies, except in cases where there've been huge cost push. In that context, do you

think this strategy of taking price hikes periodically just because the year has passed or whatever period has passed? Do you think they will still work in today's context?

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

I think it's not value. I think the conversation for me is always with the consumers about value propositions, right? Consumers are willing to pay as long as we provide value and I think we remain unbelievably undeterred in that outlook in terms of making sure that the value we provide our consumers is always there.

So I'll just talk about lack of pricing, we've been unbelievably judicious in terms of which SKU it's done on, which geography it's done on, so granularity with which it's done is -- you should see us operate. I would tell you, it is down to that level of SKU by geography sometimes, right, one. I would argue that with the advent of modern trade and e-com exploding at the pace at which it is, interestingly enough, if you take a look at a lot of other categories, you'll see a lot of premium brands that have actually grown. And just take a look, if you go into any one of the e-com platforms and search for certain categories and you'll see, again, a large number of high-priced brands actually growing significantly faster. Now they grow because they have a value proposition and they genuinely deliver against that value proposition, one.

Now the second aspect as we take pricing, like (technical difficulty) is done on retail environment in an SKU and a variant basis. We also make sure we give back. So if e-com or modern trade requires us to create special packs, to create branded solutions to all, to create value by giving free grams or reduced pricing on larger pack sizes or whether it's free toothbrush, et cetera, we offer those things in. So we balance that pricing with the right promotional strategy that allows for us to not sacrifice the volume, get the right ASP, as we say, internally right, again, keeping the consumer in mind. The last thing we want to do is outprice ourselves out of the market, right? We want to do it intelligently.

Operator

Ladies and gentlemen, we take the last question from the line of [Ashit Desai.] (Operator Instructions)

Unidentified Analyst

Yes. So I had a question on your Muskaan program. If you can share further details on it and also give some trends on GT growth and market shares?

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Let me talk to you. Yes. Sure. So let me start with Muskaan. We've always -- there's always been questions associated with wholesale being a significant component of our overall business. And I think we've said it quite a few times, we see it as one of the strengths and advantages we have, specifically when you look to translate that into depth of distribution reach and ultimately, the solution that translates itself into household penetration reach. I think that was it. So what we were trying to do or what we're trying to still do with Muskaan, it's not done with, just begun the initiative for about 12 months now. The (technical difficulty) is that if we think about it, how do we create a loyalty kind of a program with partners that have been with us and often the middlemen or even to many extent the small stores (technical difficulty) put is an effort for us to make sure that we maintain the relationships by strengthening the loyalty aspect to our brands. Why do we do this? Wholesaler...

Operator

Excuse me, this is the operator. Sir, your voice is breaking.

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Sorry. Okay. I was saying wholesalers typically hold very few SKUs, right, in any category. It's not limited to just toothpaste or toothbrushes or stuff like that. It's in any category. So we want to make sure that our (technical difficulty) a stronger share of assortment with them. And that comes when you look at their best interest in mind. What we're also conscious about is we don't want it to end up becoming a price bash. So by creating more programs like Muskaan, it allows you to build relationship and offer value of different thoughts and kinds to the wholesale partners.

The third aspect is in today's day and age with digital the way it is, the digitization angle allows for the management of these programs at scale. In the past, we would have been able to do this with perhaps 500 stores or 1,000 stores. Today, thanks to mobile phone, we can talk about scales of 100,000, 200,000, 0.5 million without a problem. So I think that's the broader outlook to Muskaan.

On GT, we are -- the good news is that overall resurgence of that channel. That's great news for us. We continue to be very pleasantly surprised with how GT has come back. It varies, obviously, by different parts of the country. So in certain parts of the country, they're coming back. Now they're coming (technical difficulty) and they expect us to participate in that evolution with them.

So let me give you anecdotally Bombay City, right? So as certain large customers had challenges in Bombay, we were seeing a shift of SKU purchase behavior from the GT stores surrounding those stores that were challenged. So we proactively reached out to them and said, look, the consumer profile in this area tends to buy SKUs like this. We can work with you to build your assortment on the same. And funny enough, they came back with open arms. So we're seeing a resurgence of GT, so to speak. Now like I said, this varies across pockets. In the south, the GT is coming back more in the context of what we would call a stand-alone modern trade. So it's an upgrade in GT where the consumer has an opportunity to [relate] with the pack as in you can touch and feel solutions across the shelf versus standalone in a (technical difficulty).

Our market shares, they remain extremely healthy. We're still in the -- very much in the 50-plus club without a problem. And you saw some of the numbers I showcased where we were under-indexed traditionally in the past, whether it was modern trade or even e-com where we were classically under-indexed. We're now actually not just growing market share, but we've actually over-indexed ourselves above the all India averages, yes.

Unidentified Analyst

Got it. And just a follow-up question on market shares. Everyone seems to be showing a gain in market share. So I understand there could be differences in Nielsen and Kantar reporting. But in your internal assessment, are you happy with the recovery in market share that Colgate has seen? And can we see a renewed aggression in new launches and the innovation that you are doing?

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Sorry? Can we see...

Unidentified Analyst

Can we see a renewed aggression in the new launches and innovations that you're doing?

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

So I think we've scaled -- so like I said, our outlook to innovation is that of sustained and -- it has to be at sustained levels and it must offer incrementality to us in all forms, whether it's in the form of market share or household penetration or volume or even pricing for that matter. I think from -- our outlook to innovation remains more strategic. It's not just that we're not going to do things just because a competitor has done something. Our focus is unwaveringly on the consumer.

From a market share point of view, I think we feel good. I mean you've seen some of the numbers. And frankly, we also get a lot of scan data, which is direct. It's not extrapolated on any sorts. But we see those trends, we continue our category partnerships and our category captaincy approach with a lot of our partners and they actually look to us to make sure that we have the right narrative to building a broader category. So I would -- in a nutshell, I would say yes, I think we are heading in the right direction. Are we I think at 100 market, maybe 105 market share, I will be really happy. So there's obviously -- there's always room for improvement and at Colgate, we often say success is never final. So we continue that journey nonstop.

Unidentified Analyst

Okay. One last suggestion is if you can share the volume growth data also in your quarterly releases.

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Good suggestion.

Operator

Excuse me, this is the operator. Mr. Raghavan, we can't hear you.

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

I said -- all I said was good suggestion. I think that was the last question, right?

Unidentified Analyst

Yes.

Ram Raghavan - Colgate-Palmolive (India) Limited - MD, CEO & Executive Director

Thank you once again to everybody. Listen, hopefully, we were able to add some excitement to everybody and lots more smiles to everyone before they went off into a holiday season. Our heartfelt thanks to every one of you for all your continued support both as stakeholders as well as consumers. Keep smiling. Continue to be champions of optimism. Wish you and your families a phenomenal holiday season. A safe, healthy and prosperous holiday season ahead. Thank you so much, everyone.

Operator

Thank you very much. Ladies and gentlemen, on behalf of Colgate-Palmolive India Limited, that concludes today's session. Thank you for your participation. You may now click on the exit meeting to disconnect. Thank you.

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