

UNIVERSITY OF BURDWAN

Assignment on
Corporate Governance
of
Colgate Palmolive (India) Ltd.

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ROLL NO - 9

DEPARTMENT - MBA (Business Administration)

SUBJECT - Corporate Governance

SEM - 1st

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Company Profile

- ① Introduction : Colgate-Palmolive (India) Limited is India's leading provider of scientifically proven oral care products. The range includes toothpastes, toothpowder, tooth-brushes and mouthwashes under the 'Colgate' brand, as well as a specialized range of dental therapies under the banner of Colgate Oral Pharmaceuticals. The company also provides a range of personal care products under the 'Palmolive' brand name.
- ② History : Colgate-Palmolive (India) Ltd. was incorporated in the year 1937. In the year, the company introduced their successful product Colgate Plus toothbrush in the market. In the year 1988, CPIL received a licence for producing 24,000 tonnes per annum of fatty acids. They also registered with DGTD for production of 30,000 tonnes of toilet soap per annum.

Financial Performance

The share of the company has emerged stronger, as reflected in the strong financial results they delivered. Net sales grew 7.2%, while NPAT grew 26.8% with EBITDA at 31.4%. They also delivered outstanding gross margins at 67.8%. In this year they announced their highest ever dividend at 38 per share.

- Details of changes in key financial ratios as compared to immediately previous financial year:

Particulars	2019-20	2020-21
Debtors Turnover	26.22	38.54
Inventory Turnover	5.77	4.90
Interest Coverage Ratio	0	0
Current Ratio	1.16	0.85
Debt Equity Ratio	0	0
Operating Profit Margin (%)	22	27
Net Profit Margin (%) (after tax)	18	22

- The Company's key financial ratios continue to be very healthy.
 - The return on Net Worth in the financial year 2020-21 has increased to 75% from 54% in the immediately previous financial year due to increase in profit for the year and (lower equity) higher declaration of dividend in the current year compared to previous year.
 - Improvement in debtors turnover ratio is driven by better collection.
 - Inventory turnover is lower due to additional contingency planning measures adopted.
 - Current ratio is lower due to second interim dividend payable as on March 31st, 2021 (declared on March 22, 2021) which was paid on and from April 16th, 2021 and higher payables.
 - Debt and Interest expense appearing in the Financial statements for the current year wholly relate to the lease liability as per Ind AS 116.

Board of Directors

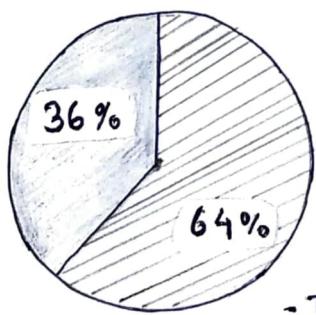
The Board of directors of the company ('Board') has an optimum combination of Executive, Non-executive & Independent Directors including Women Directors.

As on March 31st, 2021, the Board comprises four Executive Directors (Managing Director and three wholetime Directors) and seven Non-executive Directors including the Chairman of the Board. Six of seven Non-executive Directors are Independent Directors. The composition of the Board is in conformity with the SEBI Listing Regulations.

Numbers of -

Non-executive & Non-Independent Directors	-	1
Non-executive & Independent Directors	-	6
Executive Directors	-	4

- Out of eleven Directors, four Directors are Women Directors



- Women Directors
- Men Directors

- The pie chart is showing the ratio of women & men Directors.

Names of the Board of Directors -

(1) Mukul Deoras

- Chairman

Joined the company in 2004 and appointed as the Chairman of the company in September, 2018.

(2) Ram Raghavan

- Managing Director

Appointed as Managing Director on the Company's Board in August, 2019.

(3) Vikram Singh Mehta

- Non-executive & Independent Director

Appointed as a Director on the Company's Board in 2001.

(4) Indu Shahani

- Non-executive & Independent Director • Woman Director

Appointed as a Director on the Company's Board in 2012.

(5) Shyamala Gopinath

- Non-executive & Independent Director • Woman Director

Appointed as a Director on the Company's Board in May, 2015.

(6) Suhanya Kripalani

- Non-executive & Independent Director • Woman Director

Appointed as a Director on the Company's Board in June, 2018.

- (7) Selkhan Natarajan
• Non-executive & Independent Director
Appointed as a Director on the Company's Board in May, 2020.
- (8) Gopika Pant
• Non-executive & Independent Director • Woman Director
Appointed as a Director on the Company's Board in May, 2020.
- (9) M. Chandrasekhar
• Whole-time Director & Executive Vice-president - customer development
Joined the company in 1989 and appointed as a whole-time Director on the Company's Board in January, 2017.
- (10) M. S. Jacob
• Whole-time Director • Chief Financial Officer
Joined the company in 1995 and appointed on the Company's Board in October, 2016.
- (11) Surender Sharma
• Whole-time Director • Vice-president - legal
Joined the Company in October, 2017 and appointed on the Company's Board in May, 2020.

Attendance of meetings

Name of Director	Category	No. of Board meeting during the financial year 2020-21		Percentages of the attendance
		Held	Attended	
Mr. M. Deoras	Non-executive & Non-Independent	5	5	100%.
Mr. V. S. Mehta	Non-executive & Independent	5	5	100%.
Dr. (Ms). I. Shahani	Non-executive & Independent	5	5	100%.
Ms. S. Gopinath	Non-executive & Independent	5	5	100%.
Ms. S. Kripalu	Non-executive & Independent	5	5	100%.
Mr. S. Natarajan	Non-executive & Independent	5	5	100%.
Ms. Cr. Pant	Non-executive & Independent	5	5	100%.
Mr. R. Raghavan	Executive	5	5	100%.
Mr. M. S. Jacob	Executive	5	5	100%.
Mr. M. Chandrasekhar	Executive	5	5	100%.
Mr. S. Sharma	Executive	5	5	100%.

Board of Committee

The Board of Directors of the company has established various Board committees to assist in discharging their duties. These include the Audit Committee, the Nomination & Remuneration Committee, the Risk Management Committee, the Stakeholder's Relationship Committee and the Corporate Social Responsibility Committee.

(i) Audit Committee:

The Audit Committee (AC) consists of six members, all the members are Independent Directors of the Company. The members of the committee are well versed in financial matters, accounts, company law and general business practices.

The constitution and attendance details of the AC as on March 31st, 2021 are as under:

Attendance out of 5

Ms. S. Gopinath — (Chairperson) —	5
Mr. V. S. Mehra — (Member) —	5
Dr. (Ms.) I. Shahani — (Member) —	5
Ms. S. Kripalu — (Member) —	5
Mr. S. Natarajan — (Member) —	4
Ms. Cr. Pant — (Member) —	4

Mr. K. Randhir Singh, Company Secretary & Compliance Officer acts as the Secretary to the committee.

(ii) Stakeholder's Relationship Committee:

The Stakeholder's Relationship Committee (SRC) consists of four members, of which two members are Independent Directors. The SRC met twice during the financial year on October 21st, 2020 and March 22nd, 2021.

The constitution and attendance details of the SRC as March 31st, 2021 are as under:

Attendance out of 2

Mr. S. Gopinath	- (Chairperson) -	2
Mr. R. Raghavan	- (Member) -	2
Mr. M. S. Jacob	- (Member) -	2
Mr. S. Iknipal	- (Member) -	2

The Share Transfer committee constituted by the SRC, meets at regular intervals to approve the transfer of shares and related activities and updates the SRC from time to time. Mr. K. Randhir Singh is the Company Secretary & Compliance officer of the Company.

(iii) Corporate Social Responsibility Committee:

The Corporate Social Responsibility (CSR) Committee consists of four members of which two are Independent Directors. The CSR Committee met twice during the financial year on May 20th, 2020 and January 28th, 2021.

The constitution and attendee details of the CSR Committee as on March 31st, 2021 are as under:

Attendance out of 2

Dr. (Ms.) I. Shahani	- (Chairperson) -	2
Mr. S. Natarajan	- (Member) -	1
Mr. R. Raghavan	- (Member) -	2
Mr. M. Chandrasekhar	- (Member) -	2

The main role of the CSR Committee is to identify and recommend to the Board, the programs to be carried out during the financial year and to carry out evaluation of the CSR activities.

(iv) Risk Management Committee:

The SEBI Listing Regulations mandate the constitution of the Risk Management Committee (RMC). The RMC consists of seven Members out of which three Members are Independent Directors. The Board of Directors have adopted a Risk Management Policy to identify, assess and determine the risks and potential threats to the company and also inform the Board of the procedures for minimization of such risks and threats.

The RMC met twice during the financial year on October 21st, 2020 and March 22nd, 2021.

The constitution and attendance details of the RME as on March 31st, 2021 are as under:

Attendance out of 2

Mr. V. S. Mehta	- (Chairperson) -	2
Ms. S. Gopinath	- (Member) -	2
Ms. G. Pant	- (Member) -	2
Mr. R. Raghavan	- (Member) -	2
Mr. M. S. Jacob	- (Member) -	2
Mr. S. Sharma	- (Member) -	2
Mr. M. L. Ajay	- (Member) -	2
Mr. B. Greenivasan	- (Member) -	0
		1

(V) Nomination & Remuneration Committee:

The Nomination & Remuneration Committee (NRC) consists of four members of which two are Independent Directors.

During the financial year 2020-21, three (3) NRC meetings were held and the following attendance:

Attendance out of 3

Mr. V. S. Mehta	- (Chairperson) -	
Dr. I. Shahani	- (Member) -	3
Ms. S. Kripalu	- (Member) -	3
Mr. M. Deoras	- (Member) -	3

The Committee has adopted a policy relating to the Nomination & Remuneration for the Directors, Key Managerial Personnel and Senior Management Employees.

Management Discuss and Analysis

The company is strongly focussed in the Personal Care business which includes Oral Care that accounts for over 90% of the Company's sales turnover. Within the Oral care segment, the Company continues to sustain its leadership position both in the Toothpaste and Toothbrush categories for the financial year ended March 31st, 2021 despite a challenging business and competitive environment. As a leading consumer products company, they are also deeply committed to advancing technology that can address changing consumer needs.

The company follows a closely defined business strategy to develop and increase its market leadership position in key product categories. On an on going basis, management focuses on a variety of key indicators to monitor business health and performance. These indicators include market share, net sales, gross profit margin, operating profit, net income and earning per share. The monitoring of these indicators and the Company's Code of Conduct and Corporate Governance practices help to maintain business health and strong internal controls.

Conclusion

Here, I have come to the end of the assignment on the topic of Corporate Governance of Colgate Palmolive (India) Limited. It was a wonderful and learning experience for me while working on this assignment and I have noticed a few things about this Company's Corporate Governance (CG).

In the page 7. we can see the attendance of each Directors which is very impressive because it's 100% for all. And when we see page 04. we can see that they have a great combination of Directors where the ratio of men and women Directors is 7:4 which is sign of a good CG. From this we came to know about how they are good in practicing CG. From the page 08, we can get a quick overview about the financial condition of the company which is excellent. In the page 10 we can see that they also have some important committees to practice and to control the overall scenario.

I tried my best to analyse the CG and other important things of the company and come to this point that the Company's Corporate Governance (CG) is healthy enough to hold the leading position in the market in the future, as it is.