



emami\* limited

10<sup>th</sup> February, 2022

The Manager - Listing  
**The National Stock Exchange of India Ltd.**  
Exchange Plaza, Plot No. C/1, G. Block  
Bandra Kurla Complex, Bandra (E)  
Mumbai - 400 051  
Scrip Code: EMAMILTD

The Manager - Listing  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001  
Scrip Code: 531162

Dear Sirs,

**Sub: Transcription of Investor's conference call held on 3<sup>rd</sup> February, 2022**

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith copy of the Transcription of Investor's conference call held on 3<sup>rd</sup> February, 2022, subsequent to declaration of Unaudited Financial Results of the company for the Third quarter ended 31<sup>st</sup> December, 2021.

The aforesaid information is also available on the website of the company [www.emamiltd.in](http://www.emamiltd.in)

This is for your information and record.

Thanking You,

Yours faithfully,

For Emami Limited,

**Ashok Purohit**  
Assistant Company Secretary

Encl: a/a



“Emami Limited  
Q3 FY2022 Earning Conference Call

**February 03, 2022**



**ANALYST: MR. PERCY PANTHAKI - IIFL SECURITIES**

**MANAGEMENT: MR. MOHAN GOENKA – DIRECTOR – EMAMI LIMITED**

**MR. VIVEK DHIR – CHIEF EXECUTIVE OFFICER-  
INTERNATIONAL BUSINESS - EMAMI LIMITED**

**MR. VINOD RAO - PRESIDENT – SALES - EMAMI  
LIMITED**

**MR. GUL RAJ BHATIA - PRESIDENT - HEALTH CARE -  
EMAMI LIMITED**

**MR. RAJESH SHARMA - PRESIDENT (FINANCE AND  
INVESTOR RELATIONS) - EMAMI LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Emami Limited Q3 FY2022 Earning Conference Call, hosted by IIFL Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Percy Panthaki from IIFL Securities. Thank you, and over to you!

**Percy Panthaki:** Good afternoon everyone, it is a great pleasure in welcoming you to the Q3 FY2022 conference call of Emami Limited. I have with me from the management Mr. Mohan Goenka – Director; Mr. Rajesh Sharma - President - Finance and IR; Mr. Vivek Dhir - CEO - International Business; Mr. Vinod Rao - President – Sales; and Mr. Gul Raj Bhatia - President - Health Care. Without further ado I would like to hand over the call to Mr. Goenka for his initial remark. Over to you, Sir!

**Mohan Goenka:** Thank you Percy, very good afternoon friends. I welcome you all to this Conference Call on Emami's Result for the third quarter and nine months ended December 31, 2021.

The beginning of this year is not what we had expected to be going to the onset of the third wave of the pandemic. But I hope that all of you and your loved ones are safe and keeping good health.

As by now you must be aware of the board restructuring that has been announced today. While both Harsha and I have been responsible for day-to-day running of the organizations for many years now, our new roles with additional responsibilities define the new leadership of Emami Limited, which we respectfully accept. However we humbly and sincerely seek your support, blessing and partnership as we move forward.

Coming to our quarterly performance, this quarter was characterized by high inflationary levels leading to a deceleration in consumer demand. Despite this demand moderation coupled with high base of 15% growth in previous year, our consolidated revenues at 972 Crores grew by 4% over previous year, and at a two year CAGR of 9%. Since the last six quarters post the pandemic we have mostly delivered two year CAGR growth of around 6% to 9%, and our quarter 3 performance is also in line with the same.

During the quarter our India business grew by 3% with flat volume growth. This performance is over a high base of 14% growth in previous year, which translates into a two-year CAGR of 9%.

On a domestic level BoroPlus range grew by 2% due to sales phasing and pre-loading in September. However considering sales of last four months that is from September to December BoroPlus range grew by 9% over previous year. Other brands like pain management range grew by 7% Navratna grew by 11% and 7 Oils in One grew by 5% during this quarter. Kesh King was



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more or less flat while male grooming range declined marginally by 3%. While, Health care range also declined by 6% it grew by 2% excluding the immunity range.

On a two-year CAGR basis both BoroPlus and Pain Management range grew by 10% respectively. Health care range grew by 14%, Kesh King by 7%, 7 Oils in One by 18%, and Male Grooming Range by 1%. However Navratna was flat on a two-year CAGR basis.

During the quarter modern trade grew by 14% and e-commerce continued its robust run growing by 75% over previous year. I am happy to share that we are now capturing more than 14% of our domestic revenues through these new age channels, which is 310 basis points higher than the previous year. CSD revenues grew by 16% during the quarter.

Our distribution initiatives continue to progress with additional 5800 rural towns being added in the last 9 months through Project Khoj. Our revenues and presence in Standalone Modern Trade outlets has also increased with our coverage expanding to 40 cities and more than 3400 outlets. We have also activated more than 26000 additional outlets for our healthcare products by focusing on Ayurvedic bhandars and chemist outlets.

Coming to our international business, I am happy to share that sales have grown by 7% during the quarter, which translates into a 2 year CAGR of 16%. If we exclude sales from Hygiene & Immunity range, International Business grew by 14% during the quarter. Growth in the international business was led by key geographies like Bangladesh and Sri Lanka, whereas MENA posted flat growth and CIS declined on account of high base of hygiene sales in previous year.

If I look at profitability this quarter I believe we have performed well despite strong inflationary pressure and a high base of previous year. Gross margins at 67.4% contracted by 300 basis points over previous year due to steep inflation in key raw material prices. Our EBITDA at Rs. 342 Crores was flat over last year, but grew by 14% on a two-year CAGR basis despite these challenges.

The raw material inflation seems to have peaked, and we do not foresee any major gross margin pressure in Q4. PAT at Rs.220 Crores grew by 5% over previous year, and PAT margins at 22.6% expanded by 20 basis points. On a two-year CAGR, PAT grew by 23%. Similarly cash profit at Rs. 304 Crores were flat over previous year, but grew at a two-year CAGR of 15%.

For the first nine months of the year our consolidated revenues at Rs.2422 Crores grew by 13%. EBITDA at 788 Crores grew by 9%. PAT at Rs.483 Crores grew by 31%, and cash profit at Rs.734 Crores grew by 13%.

In view of availability of net cash of over 700 crores and our stock price is being traded at a significant discount compared to overall FMCG market which we believe is not the true



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representation of the company's market value, the board of directors has approved a buyback of shares up to a value of 10% of our share capital and free reserves at a price not exceeding Rs. 550 per share. This step also demonstrates our confidence in the company's fundamental strength and its future prospects. Further I am also pleased to inform that the board of directors has declared a second interim dividend of 400% that is Rs.4 per share for FY2022.

The business environment for the last two years unfortunately has not been too conducive as we all know. The pandemic and its ever changing variants personal losses, high cost of raw materials, loss of jobs, sluggish rural demand, reduction in discretionary spending, etc. has affected business across. There have been many learning's too, ability to adapt to newer ways of doing business, opening up of newer channels, boom in e-com, dearth of D2C brands are some of the positives that we have witnessed and will focus in the coming days.

Digitization will continue to play a large role in the business in every sphere we will take every step and invest wherever required to fuel the engine of growth and charter a new growth trajectory.

With this brief, I now open the score for Q&A. Thank you.

**Moderator:** Thank you very much, Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Abneesh from Edelweiss. Please go ahead.

**Abneesh Roy:** Thanks. My first question is on the e-commerce marketing. You have given good examples of what you are doing. So wanted to understand this PharmEasy Barter Deal what kind of response you have seen and have you tried these kind of media batter deals earlier and similarly in Nykaa for example the Kesh King Onion range commotion etc., so in both these sites and maybe even on Amazon what kind of portfolio are you getting a good scale up versus the GT in terms of consumer response.

**Vinod Rao:** So the media barter, I will just take that first. The media barter is essentially what we do is we tie up with the account and in lieu of our reach. So, what the test is look at the reach what we would gain out of any of our print communication and you do some kind of an exclusive arrangement with either the Flipkart or Amazon and it is an exchange of logo in view of the reach Flipkart gains on the back of our brands through print media they give us requisite equivalent slots on their e-com pages, and that helps us participate into events. So it kind of brings our cost down cost of visibility and e-cost down in purchasing with an account and one it is mutually satisfying because it gives them reach too it helps us bring our cost down visibility and makes us participate in larger and larger events and that helps us drive consumption for our brand and we have seen success in all the initiatives we have taken whether it is Fair & Handsome or whether it is Onion Oil or lately we did a tie up with the Zoho, and we see multiples of 4x, 5x numbers during these periods, which are even sometimes non-event-led which is the larger events like republic day, etc. and that helps us drive growth. In fact strategically we are looking at that as a revenue stream



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to drive visibility on e-com portals where as we move forward, and regard to the portfolio and e-com we have seen the mix, the core growing, we see, we have gotten into combo operations and the right kind of composition with the right kind of value per unit that is driving growth for us and we have seen a complete portfolio growth whether it is the seasonal driven through lotions and the entire hair care range, onion range and the new digital brand, we have seen tremendous practice traction around that and our entire portfolio is aligning to what the e-com customer wants in terms of value per unit as well as the latest trends and that is the entire endeavor to grow in e-com side.

**Abneesh Roy:**

My second question is on Chyawanprash. So, it is the hardly 8% penetration category, but when I see you, Dabur, etc. keep launching differentiated products you have come out with Jaggery, Chyawanprash, similarly Dabur has got Avaleha, Kesar Prash, Ratnaprash and all that. So for the 8% penetration category why you think that is it because when COVID waves die down then to make the customer buy these kind of innovations are needed. So is that is that the main reason because penetration is very low.

**Gul Raj Bhatia:**

So, I think you raised a very valid point as to whether with the lower penetration does it make sense to have variants which are sort of what the purpose of the variance is. Yes, while the penetration might be low but as a category it is a fairly large category on overall terms. So it is a category which is around currently around Rs.1200 Crores as a category at company sales price. So in that sense what has happened in terms of the broad variants which have been launched over the last few years is that there are many people who have a sugar problem their diabetes many people may not be aware but Chyawanprash contains about 60% to 70% sugar as part of its population. So we had launched Chyawanprash had about five, six years back, we got a very good response in fact in related market share terms we are much more over indexed in terms of this category versus the regular Chyawanprash and then we launched jaggery Chyawanprash about one year back we have got a fantastic response for that also. So in a sense both at the consumer level where there is need for sugar free products or products which would not have refined sugar and at a category expansion or a market share growth level some of these variants do make sense, yes, in the past there have been variants launched by some of the market leaders where they have not done well maybe Chyawanprash for children, now Chyawanprash containing chocolate, etc. but what we are focusing in on is very clearly in a large market which has done very well over the last couple of years or for the last six seven months it is not performing because of the high based we want to obviously grow our market share and offer to consumers differentiate their value of this and we were the first organization to launch the Jaggery Chyawanprash and it has become a surefire winner in terms of consumers accepting. So the idea is to see how we can offer differentiated offerings which make sense and obviously to work on growing the penetration also for the overall category. So penetration has gone up by about 50%, 60% over the last two years, earlier the penetration was about 5% now it has gone up to 8% and we do see this continuing with overall interest in ayurveda increasing in the coming months and years.



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- Abneesh Roy:** That is useful. My last quick question on Bangladesh your competitor Marico has come out with Cooling Hair Oil how does this impact you and what would be the plan for Bangladesh.
- Vivek Dhir:** See as far as we are concerned our Navratna is growing very rapidly in Bangladesh and we have not got any hits from their actions or their activities at the moment. They are at very marginal distribution at this stage and I think impact is very, very miniscule but we are very watchful and continuing with our activities and our promotions for the brand in Bangladesh. So Navratna is doing well for us in Bangladesh no worries over there.
- Abneesh Roy:** Okay thank you that is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Chanchal Khandelwal from Aditya Birla Capital. Please go ahead.
- Chanchal Khandelwal:** Hi! Thanks. Only on this changing role for both you and Harsh can you define how does it play and how will it play out going forward.
- Mohan Goenka:** So by and large, see the roles are more or less the same I would say, but definitely as you get a designation your responsibility becomes multi-fold. Mr. SK Goenka who was the Managing Director, now Harsh is taking up the responsibility and I have also become a Vice Chairman. So definitely it is towards the succession planning I have been saying that there are other family members also in the team, but two of us would be driving from the front seat, so overall responsibility lies on both of us to drive the growth of the company. It just brings an added responsibility.
- Chanchal Khandelwal:** Okay so it is just a change. On the succession plan and Mohanji it has been time we have been hearing this I mean I know it is a difficult thing to change, but I mean we have been hearing this, this pre-COVID and it has almost been two years now, I mean, any thoughts or any timeline you would like to give it to us as to when and by whatever steps you are doing to, if you want to get someone from outside the family office if at all.
- Mohan Goenka:** We have been continuing with the same answer that as of now this is part of the succession planning the two of us have taken a bigger responsibility and as I said we are not averse of getting anyone from outside but when the right time comes then only we will be appointing somebody from outside.
- Chanchal Khandelwal:** But still the dominant reason of asking only is that any and if you work with a timeline or if you have some planning in the back end just to give some role then it becomes more clarity to us as an investor. So that was the point I was trying to understand if you could, I mean, you have a thought in mind but any timelines or anything which you can publicly share.



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**Mohan Goenka:** There is no particular timeline you would see that we have appointed very, very senior resources we are moving towards a direction where we want to be very clear what would be the role of the new person who comes in. So definitely the move is towards that, but there is no clear timeline of that.

**Chanchal Khandelwal:** So second on the male grooming category I mean the two-year CAGR to 1% again male grooming would define the space now Nykaa is entering into male grooming space I mean since you have defined this category in the past year bigger right to win but whatever investment you are doing now the numbers are not you may say nine months numbers it is better but that is also on a lower base, but two-year CAGR is still 1% how do you want to create this male growing categories and what are the things you are doing here.

**Mohan Goenka:** So male grooming has been mostly hit due to the pandemic you would have noticed that all the social events were cancelled all the school colleges were closed people were not stepping out of their houses. So the male grooming fairness market degrew by almost 40% in Nielsen. So even though we try to maintain our numbers, we try to maintain our market share. Now once the market opens up completely I think then we would bring enhanced ad spends into Fair & Handsome we signed up Salman Khan, we could not do much because of this pandemic, but now we would get very, very aggressive as far as the male grooming is concerned.

**Chanchal Khandelwal:** Thanks. That is from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Harit Kapoor from Investec. Please go ahead.

**Harit Kapoor:** Hi! good afternoon. So, if you could just give us a little bit of your sense on how you are seeing the revised you know demand pan out obviously there have been multiple calls where companies have said that there is a slowdown Nielsen has also pointed it out, but if you can just give a sense only of how things have been for you guys and given your ice aliens how are you, what is the on-ground picture like and outlook going forward.

**Mohan Goenka:** I cannot give a specific timeline when the market would revive even the month of January was subdued I would say as far as the rural demand is concerned so the kind of inflation that we are seeing we really do not know when it would improve, but now that we would enter into the season of summer hopefully once the summer season starts we will be able to sell some of our Navratna Oil in the market. Let us wait and watch and we have to wait for another I think month or so to give you a correct picture.

**Harit Kapoor:** And for us how is rural versus urban doing for the quarter how are those trend sir.

**Mohan Goenka:** For us rural was slightly better than urban, urban was almost flat, rural we grew very marginally.





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**Harit Kapoor:** And from a general trade expansion strategy perspective or better throughput perspective also is there something that we can do to kind of mitigate some of this demand led pressure in terms of higher throughput more outlets is there a GT plan there for the next say six to five months which can kind of partially mitigate this stress.

**Mohan Goenka:** We are very aggressive as far as the project Khoj is concerned we are investing a lot of money, but see overall when markets are so weak it does not move the needle unfortunately, but these are long-term strategies we need to continuously invest on our rural distribution expansion plans, but they really do not mitigate the kind of slowdown that is there in the market right now.

**Harit Kapoor:** The last thing just two things one was on the digital brand if you could give some sense on the digital brand that you have space in how the kind of decent performance etc., has been that would be very helpful.

**Mohan Goenka:** Harit we have launched digital brands in almost all our products to start with we imported Crème 21 from Germany we have started rolling it out in Indian markets then secondly we launched Kesh King Onion Oil that is another digital first brand we also launched Navratna Therapy which is again digital we have launched some salon specific products that is Fair and Handsome it is again digital first brand we have just entered this space though the uptake is a little slow I would say at this point of time but once the market becomes normal once everything is, we would definitely try to strengthen this portfolio but overall I am very happy to report that over the last two, three years the way we have progressed on the modern trade and e-com side today the contribution is almost 14% of our domestic business which is quite remarkable I would say.

**Harit Kapoor:** And last thing was on the margin side so obviously you have done extremely well the first half about nine months of this year at a time where you have seen significant inflation just wanted to get your sense on the going forward any commodities in your basket where you are seeing incremental pressure which could see an incremental impact on margin or that is something that you still can maintain in a ban on a Y-o-Y basis.

**Mohan Goenka:** So as I said in my opening remarks is we are not seeing much pressure on Q4 as far as input cost is concerned. The only thing to watch out is the crude prices how they perform post the elections what is the kind of increase in petroleum prices we will have to see, but by and large I am not worried too much on the margin front for Q4.

**Harit Kapoor:** That is it from me Sir and congratulations on the additional role. Thank you.

**Moderator:** Thank you. The next question is from the line of Shirish Pardeshi from Centrum Capital. Please go ahead.

**Shirish Pardeshi:** Mohan ji congratulations for the new role. Good afternoon and thanks for the opportunity. Two, three questions. The first question comes on line on the BoroPlus we did a good job in the start of



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the quarter, but however the winter has not panned out a way I was more interested how the core BoroPlus Antiseptic Cream has performed is there a growth or is there a decline and when you say that the growth has come primarily is because of the product extension or the core has really grown.

**Mohan Goenka:** So in BoroPlus the antiseptic cream has not grown most of the growth has been led by BoroPlus lotion and BoroPlus Vasocare and some of the other extensions that we did for BoroPlus. So the BoroPlus antiseptic cream is by and large flat.

**Rajesh Sharma:** Yes, we have degrown by 2%, 3% in this quarter, but if we look at from September to December period we are almost flat on that.

**Shirish Pardeshi:** Thank you. Though the reason why I am asking that we have now launched 48 gm price point Rs.10 is it the price correction or is the new SKU what we have launched.

**Rajesh Sharma:** No, that is on the soap side Shirish. That is BoroPlus Soap which we have launched.

**Shirish Pardeshi:** No, I got that. But why did you need a Rs.10 is it that a penetration led strategy which we are trying to try and drive the trial generation or I mean not many people have a Rs.10 soap and I mean Rs.10 soap is not a regular soap which people would have.

**Mohan Goenka:** So the idea is that the way we are expanding our rural reach we need a price point where we can enter rural markets particularly with soaps because most of our categories you would see they do not really penetrate to those outlets soap is the entry point so we launched a Rs.10 soap and where we are getting good results.

**Shirish Pardeshi:** So basically we are targeting a larger audience.

**Mohan Goenka:** Absolutely because soap is quietly hugely penetrated.

**Shirish Pardeshi:** Second question on Pain Management although last four, five quarters has been really boon for Pain Management but if you can split the growth how the core general portfolio is done in terms of distribution penetration and largely it has come because of distribution the efforts what we are doing in rural or there is a real volume growth which is shown in this number.

**Mohan Goenka:** So Zandu has grown by almost 22% for this first nine months and this is purely to do with the pandemic I would say. As I have mentioned that we have added more than 45 lakh new consumers into the balm category also the household penetration the per capita consumption of balms have gone up by almost 15% so overall, there has been a huge increase in terms of penetration as far as balms are concerned both are for Zandu Balm and for Mentho Plus Pain Balm.



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**Shirish Pardeshi:** That is exactly a good point but I was saying because it is a traditional category it is more of a deep rural category showing a growth I think something is going really right. So whether this kind of growth continue.

**Mohan Goenka:** No since we have actually capitalized on this pandemic I would also say because in the last six quarters we have launched more than five to six new campaigns. So every time the new variant and we have addressed the needs of the consumers with our new campaigns so which has really helped into the penetration into newer households per capita consumption as I said has also gone up and honestly in the month of January also we have seen supernatural growth as far as the Balms are concerned it is really entered into a new households.

**Shirish Pardeshi:** I have two more questions one is on the international business we have seen a recent growth in the challenging environment but when can we see a high strong double digit growth because if I if I look at your commuter last four to five quarters we have seen a lot of challenges in this business so is the challenges are behind because you did mention that, yes there is some problem of the high base but I think in terms of penetration and distribution rigid what we have done in CIS should my sense is that should have started showing into the numbers.

**Vivek Dhir:** So when you see the international business the 7% growth which we delivered this quarter is on a very high base where we have grown by close to around 30% in last year in the same quarter so that has led to a slightly lower growth, then I look at two-year CAGR in this quarter we have grown by around 15% most of the countries we are up on track except GCC where we still see some trouble and the troubles are over in MBC the January data and the discounting which is happening in the market has all been corrected by large and now we are back on track and we should be having a good double digit growth from now onwards.

**Shirish Pardeshi:** My last question on the margin front we have seen that you have managed very well the margin but if you can give me a sense because what I see that the ad spend has remained flat, marginally 2% up but in the context if the demand is not coming so what is your position are we going to invest more on advertising and keep the brand going up or you will cut the expand and maintain the margin.

**Mohan Goenka:** By and large we would not disappoint on the margin front as I said that the markets are not very conducive for growth what looks like that is what we have seen it in the month of January also. So we would be very wise in terms of our spends we would only spend at the right time.

**Shirish Pardeshi:** Thank you and all the best.

**Moderator:** Thank you. The next question is from the line of Percy Panthaki from IIFL Securities. Please go ahead.



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**Percy Panthaki:** I just wanted to ask on the pricing that you have taken I think you have taken a 3% to 4% price growth on a Y-o-Y basis so two parts to this question one is with such a small price increase and commodities are inflating 40%, 50% how is it that you are able to manage with such a small increase all the other consumer companies have taken a price increase of anywhere between 5% to 8% on a portfolio level so that is the first part and the second part of the question is that is there a corollary to this is that therefore do we have some more head room for price increases since versus the overall sort of FMCG industry our price increases are less so even if we were to benchmark versus the industry and take up 2%, 3% it would be possible without having a volume backlash. So is my understanding correct on that.

**Mohan Goenka:** So on a two-year basis our price increase have been more than 3% that is very important we have to be very careful in our price increases because we have to balance between volume and value growth also what happened is due to the mix of our sales we are not seeing the kind of margin erosion because some of the brands are have very high gross margins which have performed well during the pandemic time that is why you are not seeing the kind of pressures. So we balance that out we would not really want to be too aggressive as far as price increase and pass it on to the consumer and overall there is so much of inflation, but as I said we would definitely try to see that our margins are intact if we see there is tremendous pressure on our margins we would definitely be aggressive on our price increases but as of now I said that quarter four seems to be fine you would wait and watch for a aggressive price increase.

**Percy Panthaki:** Understood secondly to see on Kesh King I just wanted to check cause over the last several quarters Kesh King as a brand has done very well even on a two-year CAGR basis I think it was the best performing brand in at least the listed companies the data that we get but this quarter there has been some slow down even if I look at the two-year CAGR I mean it is still okay but there is a slowdown in the two-year CAGR versus what we have seen earlier so is there something that you can do to make sure that we remain fast growing I mean there were several initiatives taken earlier on shampoo there were several things done in you have taken a price certain volume went up etc. I think in hair oil you have given the applicator etc. Now those big ticket initiatives have sort of I think been digested and s because it has been two three years since we implemented that there are some smaller initiatives on premiumization like Onion Oil etc. but that will of course remain quite small right now. So is there anything else you can do which is material in nature which will push up the growth of this brand.

**Mohan Goenka:** So you have summed up Percy I think by and large, large ticket changes have been done in Kesh King you are right over the last three, four months in this slowdown particularly the rural slowdown we have seen a dip in the Kesh King numbers also which continues in the month of Jan so let us wait and watch Percy honestly there are not much changes that we are doing right now we of course signed up Shilpa Shetty as a new brand ambassador for Kesh King once the markets are good we would just get more aggressive that is it.

**Percy Panthaki:** Thank you, Sir.



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- Moderator:** Thank you. The next question is from the line of Amnisha Agarwal from Prabhudas Lilladher. Please go ahead.
- Amnisha Agarwal:** Congrats Mohan ji on your elevation I have a couple of questions. My first question is regarding the raw material inflation can you give us some idea that which all raw materials we are facing inflation and where now the impact of inflation is actually getting say more somber or cooling down.
- Mohan Goenka:** So two of the raw materials which have really gone up are one is the LLP and LLP has really gone up I think by about 30%, 35% which is with our margins and secondly is the oil, Rice Bran Oil. So Rice Bran Oil the prices had really gone up significantly over the last eight, nine months. These two raw materials really disturbed our margins.
- Amnisha Agarwal:** Sir, my second question is regarding the hair oil as a category and this is regarding the industry itself that when I compare the growth of hair oil across companies then this is one category where there seems to be your volume pressure and demand pressure more than some of the other segments. So is there anything inherently wrong with the category or why do you think there is a category suffering more that is question part one and the second is that how much of Kesh King sales are from the rural areas.
- Mohan Goenka:** So Amnisha you are right that hair oils over the last few quarters have not done so well but see for us Navratna is our biggest contributor as far as Hair Oils is concerned 7 Oils in One has done pretty well Kesh King also has done well, but what was pulling us down was Navratna, and Navratna primarily because of its cooling properties and during the pandemic people were averse of using cooling products because of the fear of getting more cold and that is why we saw a dip in Navratna Oil. Once this pandemic is over I am sure that Navratna would also bounce back.
- Amnisha Agarwal:** Pressure on the slow growth for the industry as a whole because every company which was into hair oils is reporting a pressure which is relatively more than others you can say personal care or FMCG products.
- Mohan Goenka:** Not for us you would see our numbers for 7 Oils in One we have grown phenomenally well same is for Kesh King what has pulled us down is only Navratna and I told you the reason and as far as Kesh King rural contribution is concerned I think it is almost more than 70%.
- Amnisha Agarwal:** And the how much of it is selling in small packs.
- Mohan Goenka:** We do not have small packs, large pack sells in rural areas.
- Amnisha Agarwal:** Okay thanks a lot.
- Moderator:** Thank you. The next question is from the line of Kunal Vora from BNP Paribas. Please go ahead.



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**Kunal Vora:** Thanks for the opportunity. Sir, just wanted to get a sense on the revenue outlook you mentioned that you managed 6% to 9% CAGR in last few quarters and while this is better compared to what you have done in the past I was satisfied with these numbers so you think getting to double digit consistent growth is possible in like if not like say in next couple of quarters but FY2023-2024 how are you thinking about double digit revenue growth.

**Mohan Goenka:** No one is happy with single digit growth everyone aspires to get double digit growth and whatever we plan, whatever initiatives we take is to get a double digit growth always you have seen that our brands are still less penetrated we want to get into the rural areas with most of our brands taking directly to rural areas. Once the market is good presently see we are in the midst of a slowdown and we cannot do much in these times what we can do is only keep on expanding, keep on maintaining our shares and not disturb much equally through that. So let the new year start we are of course now focusing on our budgets for next year where we would definitely internally take a double digit target but for that the markets have to slightly bounce back honestly.

**Kunal Vora:** Yes, but like I am not talking about say in the last few quarters even if I look at like last five, six years it has been the same story in big mid single digit growth maybe going up to high single digit growth I think is it and we are expect that double digit growth for the categories now considering that some of them are like mature or I mean I understand that penetration levels are still low but many of them are niche categories and might not have potential to get to very high level of penetration.

**Mohan Goenka:** I would not see it from that lens you would see some of the categories even we have performed extremely well double digit growth for a lot of categories what has really pulled us down is Navratna Oil or some of the categories unfortunately. In the same market balms have grown, Chyawanprash, lot of categories, 7 Oils in One those categories have grown at double-digit growth. So if there is no conducive market what can we do.

**Kunal Vora:** Second one you had a strong launch pipeline for Zandu Healthcare products can you talk about the response have you done like launches and how is the response and also if you can update us about the Zandu Health Care Portal, Zandu portal.

**Gul Raj Bhatia:** Over the last one and a half years we have launched many new product segments such as in health juices, single herb tablets, health drops like Tulsi, Haldi, as I mentioned earlier we have also launched the Chyawanprash Jaggery variant so we are seeing a good scale up happened in the jaggery variant definitely for Chyawanprash we are also doing well on the health juices like Aloe Vera, Amla, Etc., and we have also done a few launches in the last few months and the Zanducare direct to consumer D2C portal. So in some of the categories such as single herb tablets we have seen a high scale up happen on the platform so we believe we are in the right direction and we have many more NPD digital first brands planned for the next year which should be launched both at the D2C level and some of them in the retail market basically. So we



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are looking at understanding the consumer need gaps and what are the gaps in our portfolio versus what our potential category in terms of size and growth potential and we are looking at an Omni-channel approach where there will be some which are launched with the right support on GT, some in the modern trade and some in the online spaces.

**Mohan Goenka:** So what has really done well Gul Raj I think is the Cough Syrup.

**Gul Raj Bhatia:** Yes Cough Syrup has also done extremely well. We had launched it about two and a half years back and from the middle of 2020 we started investing with the right communication strategy on it. Month-on-month, Quarter-on-quarter has been doing very well and we saw all-time high sales happen in the month of January. Part of it could have been helped by the third wave but we believe that even before the third wave happened we were doing very well on the brand. We have also launched one or two variants in Vigorex which has also done well so yes some of the NPDs which are more focused on the pandemic are linked purely to say what the level of incidence is but at an overall level I think in terms of the NPD launches we have done fairly well and we are gaining market share and traction in some of them and for the D2C platform as I said we have got the host of NPD's planned for the coming months and years. Sorry you are asking something.

**Mohan Goenka:** No I just wanted to update on D2C platform only Zandu and its portal so I think you have covered that now.

**Kunal Vora:** That is it from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Varun Basrur from Julius Bear. Please go ahead.

**Varun Basrur:** Good afternoon Sir, thanks for taking my question. So is there any update on the revocation of pledge on the shares?

**Mohan Goenka:** Any allocation in the sense Varun?

**Varun Basrur:** Revoking the pledge on the promoter group.

**Mohan Goenka:** Varun in all my calls I have been continuously saying we are committed to revoke but once we sell some of our other assets then only it would happen so it is taking some while but hopefully you would see something in the next two three quarters.

**Varun Basrur:** So this pledge will be entirely obviously removed in the next to three quarters.

**Mohan Goenka:** Not entirely but we would definitely reduce it in the next few quarters.

**Varun Basrur:** All right Sir. Thank you.



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**Moderator:** Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments.

**Rajesh Sharma:** Thank you Percy. Thank you all the participants for joining us today for our Q3 results conference call. Thank you.

**Mohan Goenka:** Thank you everyone.

**Moderator:** Thank you very much. Ladies and gentlemen, on behalf of IIFL Securities that concludes this conference. We thank you all for joining us and you may now disconnect your lines.

*Disclaimer - The following transcript has been edited for language, errors and grammar and therefore, it may not be a verbatim representation of the call*