



emami limited

Date: 9th September, 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

Sub: Chairman's Speech at the 39th Annual General Meeting

Dear Sirs,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of the Chairman's Speech along with the Presentation displayed during the 39th Annual General Meeting held on 9th September, 2022 through video conferencing & other audio visual means.

This is for your information and records.

Thanking You,
Yours Sincerely,

For Emami Limited

A. K. Joshi

Company Secretary & VP-Legal

✓ Encl. as above



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CHAIRMAN'S SPEECH

39th Annual General Meeting Held on 9th September, 2022 through Video Conferencing OAVM

ACKNOWLEDGEMENT OF CONTRIBUTION BY VETERAN DIRECTORS

This year, the tenure with five of our veteran independent directors has come to an end. I take this opportunity to convey my sincere thanks and gratitude to Dr. YP Trivedi, Dr. KN Memani, Shri PK Khaitan, Shri SB Ganguly and Shri Amit Kiran Deb for contributing their rich knowledge, diverse industry experience and invaluable guidance over all these years to charter a high standard of corporate governance for your Company. Emami has benefited immensely from these industry stalwarts and is proud to have been associated with them over the years.

WELCOMING NEW INDEPENDENT DIRECTORS ON EMAMI BOARD

As every end brings forth new beginnings – I take great pleasure to welcome our new Independent Directors who have joined the Board of Emami on 2nd August, 2022. We now formally welcome Shri Anand Rathi, Shri Anjani Agrawal, Shri Anjan Chatterjee, Smt. Avani Davda and Shri Rajiv Khaitan on the Company's Board. With their wide and diverse experience and knowledge, we are confident that they would play an instrumental role in formalizing the future growth path and strategic direction for Emami in the days to come.





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REDESIGNATION

This year, your Company made a significant decision. Both myself and my friend & business partner, Shri RS Agarwal decided to step down from our executive positions while continuing to stay on the Board of the Company in the capacity of a mentoring role and let our next generation of promoter-directors to steer forward the active business responsibilities of the Organization. We are grateful to the Board of Directors for accepting our wish and formalizing the re-designation process. This decision of ours has been triggered by our wish to empower the next generation, who have been driving the company from the fore front for the last few years. In line with this decision, the Board unanimously appointed Shri R S Agarwal as Chairman Emeritus and Non- Executive Director while appointing me as the Non-Executive Chairman from 1st April, 2022. The Board also re-designated Mr. Harsha Vardhan Agarwal and Mr. Mohan Goenka as Vice Chairman-&Managing Director and Vice Chairman-&Whole-Time-Director respectively from the same date. We expect the young leadership to drive the Company's growth to newer heights.

THE MACRO ECONOMY AND EMAMI

In a post-pandemic world, a new India is emerging, which is more confident, more evolved, more health conscious and more tech-savvy. Today's India is buying more from e-marketplaces than from conventional retail outlets. Today's Indian consumer has a millennial mindset who is willing to try out new products, new brands that can impress them with some differentiated offerings. The Indian FMCG industry including your company is all set to cater to this changing consumer preference.





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Today's Emami is more focused and invested towards better consumer experience through innovative products and better consumer access through deeper direct retail coverage and direct-to-consumer route through digital transformation. It has set out on a path of a more sustainable business objective with a futuristic vision across verticals empowered by data driven analytics.

REACHING OUT – WIDE AND DEEP

In a country as vast and as populous as India, the challenge is not as much in branding and manufacturing as much as in placing the product at the right location at the right time especially at Tier II and III cities and towns who are leading the way in the Indian consumption story. It is with this priority that the Company continued to emphasize on Project Khoj during the last financial year, an initiative marked by the addition of 8000 rural towns to our direct distribution network, taking the total tally to 40,000 towns. We intend to almost double our rural coverage to 60,000 towns by FY24.

The Company also rolled out Project Sirius as a pilot project in select cities wherein the Company launched an upsell and cross-sell application for the frontline sales team, which empowers our sales representatives through app-driven suggestions. The Company will introduce more such technology-based distribution initiatives in near future to accelerate offtake. For our healthcare business, we realized that the key to long-term sales sustainability would be derived from relationship-driven sales engagements. The result is that the Company added 31,000 outlets for healthcare products, focusing on Ayurvedic bhandars and chikitsalayas taking the total tally to 1.1 lac outlets.

In modern trade, SAMT project has been one of the key initiatives in FY22, aiming to enhance the Company's presence across 6,000+ Standalone Modern Trade stores in 50 prominent towns. Following this project, the Company added





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3,300+ Standalone Modern Trade stores in 40 cities through specialist distributors last year.

To increase on-shelf availability and fill rate at Modern Trade outlets, your Company initiated Project Midas, which involved supply chain collaboration, electronic data interchange, robotic process automation and big data analytics.

E-COMMERCE AND D2C

With heightened digital adoption via e-commerce platforms not only in metros but also across small towns – digital medium is fast emerging as a key area for consumer-facing businesses today. Through digital and social media, FMCG companies like us have a ready ground intelligence and are constantly launching new products developed using insights and customer feedback from these platforms, where consumers are constantly looking for innovation.

In E-commerce, the direct-to-consumer segment is expected to have a \$100 billion addressable market by 2025 as per industry estimates. Your Company is nimble enough to capitalize on this consumer transition towards convenience driven platforms. With an overall focus on digital business, we are now increasingly looking at D2C and eB2B segments. We have launched D2C websites for Zandu, Kesh King and BoroPlus. Your Company launched and marketed a range of ecommerce-specific products and digital first brands like Onion Range under Kesh King, Gold and Therapy range under Navratna and more than 20 healthcare products under the Zanducare D2C platform in FY 22.

Zanducare alone registered over 1 million unique visitors on the portal monthly; commenced free doctor consultation for consumers. Our e-commerce revenues doubled and contributed 5.5% to our domestic business in FY 22 as against 2.8% in the previous year.





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ACQUISITIONS AND STRATEGIC PARTNERSHIPS

In recent times, your Company has invested in some key acquisitions and strategic partnerships. We acquired Dermicool, one of the leading brands in the Prickly Heat and Cool Talc Segment from Reckitt Benckiser Healthcare India Pvt Ltd for Rs 432 crore in March 2022. With a market share of over 20%, this acquisition will strengthen our presence as #1 in the prickly heat powder & cool talc category when combined with our other brand Navratna Talc.

Your Company has never fallen short of taking calculated risks when it comes to inorganic growth route. With the changing times, we have realized the latent potential of new age start-ups and their D2C business models. These promising smaller players are playing a key role in educating consumers and making the respective category more innovative and exciting. Triggered by this growth vision, your Company has invested in some strategic partnerships like acquiring 20.65% equity stake in TruNativ F&B Pvt. Ltd, a D2C business that markets nutrition products under the TruNativ brand. Recently your Company also acquired 30% stake in a pet-care start-up "Cannis Lupus Services India Private Limited" for the brand, "Fur Ball Story" that offers unique Ayurvedic products for well-being of the pets and meets the emerging consumer needs and aspirations in the pet-care segment.

During the year, your Company also increased its stake in Brillare Science and Helios Lifestyle Pvt. Ltd (The Man Company), from 34.70% to 57.36% and from 33.09% to 49.53% respectively. In the current financial year, i.e. FY23, your Company again increased its stake to 77.53% in Brillare Science and 50.40% in Helios lifestyle as well.





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PROFITABILITY AND FUTURE GROWTH

In FY22, Consolidated Revenues of your Company at Rs 3,192 crore grew by 11%, EBIDTA at Rs 952 crore grew by 8%, PAT at Rs 839 crore grew by 85% and Adjusted PAT grew by 18%. We take the pleasure of informing that the Company paid two interim dividends totaling to 800% i.e. Rs 8- per share in FY22 aggregating to Rs 355.61 crore. In March 2022, your Company also completed the Buyback of shares amounting to Rs. 200 cr including taxes which is 10% of the Company's share capital and free reserves.

Despite the challenging environment that the industry is going through since the last few years, we are happy to have posted a 3-year Profit before Tax CAGR of 19% in FY22, which is one of the highest in the industry since the COVID period. Input price pressure has been there impacting consumption across rural and urban sectors to which we responded with a mix of pricing actions and cost control measures.

Moving ahead, in the current year of FY 23, your Company has started on a strong note of resilient performance in the first quarter of this year with a revenue growth of 18%. Some of our leading brands like Navratna, Kesh King and Fair and Handsome posted high double-digit growth while the newly acquired brand, Dermicool contributed 8% to the topline. The first quarter of this year saw some corrections in our Pain Management and Healthcare range, particularly the immunity portfolio due to significantly high base in Q1FY22. Modern Trade and e-commerce channels also continued to perform strongly and increased their contribution to 8.2% and 7.6% respectively to domestic revenues. Our international business posted a growth of 45% led by strong performances by MENA & SAARC regions.





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Talking about our future roadmap, Your Company aims to achieve higher levels of competitiveness in a volatile economic environment. We believe that Ayurveda will continue to be more relevant. As estimated by IMARC (2021), the Ayurveda market is expected to grow by around 15% during 2020-2025.

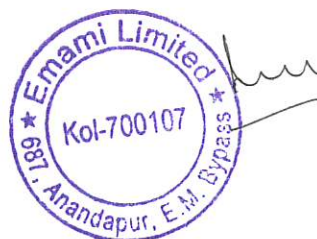
People are today more and more aware of the goodness and health benefits of Ayurveda, which the pandemic helped to bring into focus, especially in the categories of prevention and immunity.

Continuing with this trend, your Company also intends to stay deeply invested in our core area of Ayurveda.

Emphasis will be there on packaging innovations especially for LUPs and bridge packs to drive up consumption amongst the lower end consumers amidst increasing inflation while focus on analytics and technology in sales & distribution will be further strengthened to drive the business ahead.

EMPLOYEES ARE OUR BIGGEST ASSETS

For building up a sustainable business, nurturing of human resources plays a key role. At Emami, we believe that our employees are our greatest asset. This one stakeholder is critical for securing the business growth that we are targeting. To ensure this, development of human assets is essential. We not only endeavor to attract right talent but invest considerably towards upskilling of employees for future fit skill sets, offer productive hybrid working environment, digital simplification and practice data-based performance appraisal – all of which being targeted to help in superior decision making. Further, to push our digital agenda, we have invested in IT infrastructure to provide more efficient working environment for our employees.





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OUR SUSTAINABILITY AND COMMUNITY INITIATIVES

Sustainable efforts in business means responsibility and accountability to give back to the community as a whole.

We need to bring a greater balance between business goals and our greater community responsibilities.

In line with this priority, your Company formulated an Environment Protection policy as a part of its Business Responsibility Policy, applicable across all areas of its presence and encouraged the business partners to follow it. As a responsible global citizen, your Company has adopted various sustainability and community initiatives to moderate its carbon footprint and make this world a better place.

Over the last financial year, the Company adopted key operational measures targeted towards effective waste management technologies and moderated power consumption through increased emphasis on areas like usage of renewable energy, solid waste management, water recycling, rainwater harvesting etc.

The Company addressed its extended producer responsibility as per the Plastic Waste Management guidelines to reduce 145 MT of plastic and 75 MT of paper consumption in FY 2021-22.

Under community development, the Company planned its CSR engagement around a spirit of sustainable growth reconciling economy, society and the planet. During FY 2021-22, the Company spent Rs 9.08 crore for CSR initiatives across education, skill development, health and social uplift engagements under its various flagship CSR projects like **Padho India Padho** in education, **Badhte Kadam** in skill development, **Padhenge Hum Padhane Ke Liye** in





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Teachers' Training, Janakalyan in Social Upliftment and Swashthya in Healthcare.

CONCLUSION

As I conclude, I would like to take this opportunity to repose my faith once again in the second-generation promoters, who have well ingrained themselves in the Company's operations to charter the future growth of the organization. With their deep understanding of the values, business strategy, culture and heritage of Emami, they bring innovative solutions and competence that will lead your Company to greater heights.

The second-generation Promoters are ably assisted by a team of senior executives and other staff members with appropriate academic backgrounds and wide industry experience. The blend of enterprising spirit and risk-taking ability of the Promoter Directors who are professionals in their own right and ably aided with the diverse industry knowledge of these professional executives has made Emami the powerhouse it is today.

In the coming days, Emami will continuously keep pushing the frontier, keep exploring new categories and territories, keep launching new and innovative products, keep revisiting existing brands' positioning with evolving market landscape and keep scouting for acquisitions investments in new-age businesses including start-ups.

As I end, I would like to sincerely thank all our stakeholders and especially our valued shareholders and reiterate that we will look forward to your continued support and encouragement in the days to come.

Thank You.



accelerating growth



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Making people healthy & beautiful, naturally

39th Annual General Meeting

9th September 2022



Proud association with industry stalwarts



Shri Y.P. Trivedi
Eminent Tax expert &
Advocate



Shri K. N. Memani
Ex-Country Head of
E&Y, India



Shri P.K. Khaitan
Advocate & Sr. Partner
Khaitan & Co



Shri S.B. Ganguly
Professional



Shri A.K. Deb
Ex-Chief Secy.,
Govt. of WB

New Independent Directors on Board



Shri Anand Rathi

Leading financial and investment expert and founder of the Anand Rathi Group. Former President of the Bombay Stock Exchange



Shri Anjani Agrawal

Former Senior partner, EY and global Industry leader. Wide experience and expertise in auditing, risk management and transaction advisory



Shri Anjan Chatterjee

Marketing veteran and well-known hotelier. Founder of "Situations Advertising" and CMD of Specialty Group Chain of restaurants



Smt. Avani Davda

Founding CEO of Tata Starbucks. Also served as MD of Godrej Nature's basket and personally working as advisor to Bain & Co. Known for her strategic skills and leadership qualities across consumer, retail and hospitality industries.



Shri Rajiv Khaitan

Senior Partner of Khaitan & Co. LLP. Known for his wide experience in corporate & business laws across industries

Re-designation of Board Members



R. S. Agarwal
*Chairman Emeritus
& Non Executive Director*



R. S. Goenka
Non Executive Chairman



H.V. Agarwal
*Vice Chairman
& Managing Director*



Mohan Goenka
*Vice Chairman
& Executive Director*

Challenging macro-economic environment



Geopolitical tensions



Steep inflationary pressure



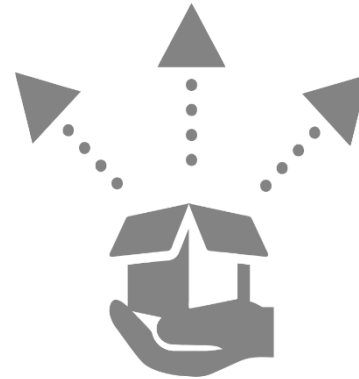
Consumption slowdown

Catering to the evolved consumer

Catering to the health conscious and tech savvy consumers



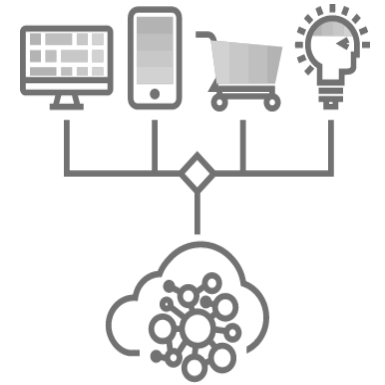
Innovations



Through Deeper reach

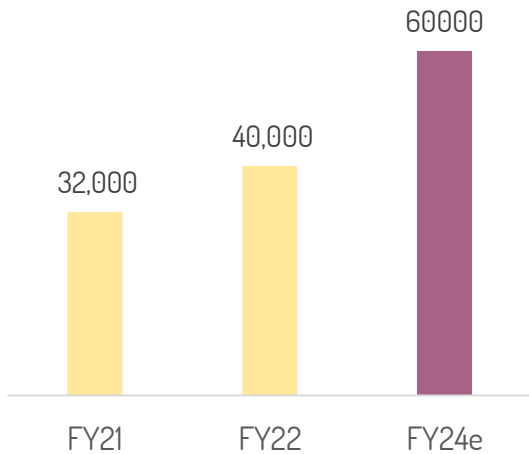


D2C & analytics



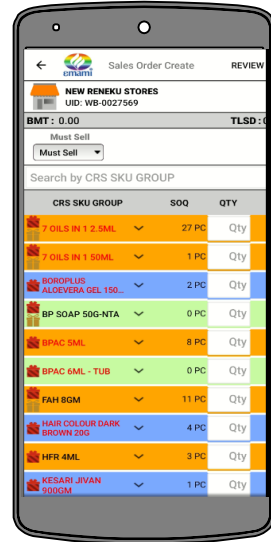
Reaching out – wide & deep

Strengthening rural coverage through Project KHOJ (towns)

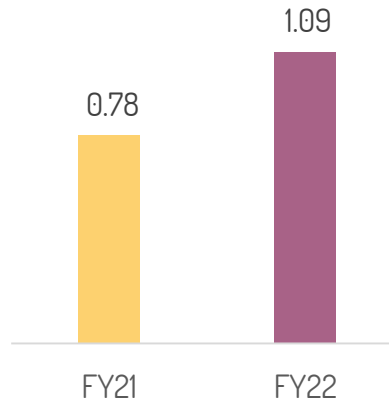


Project Sirius

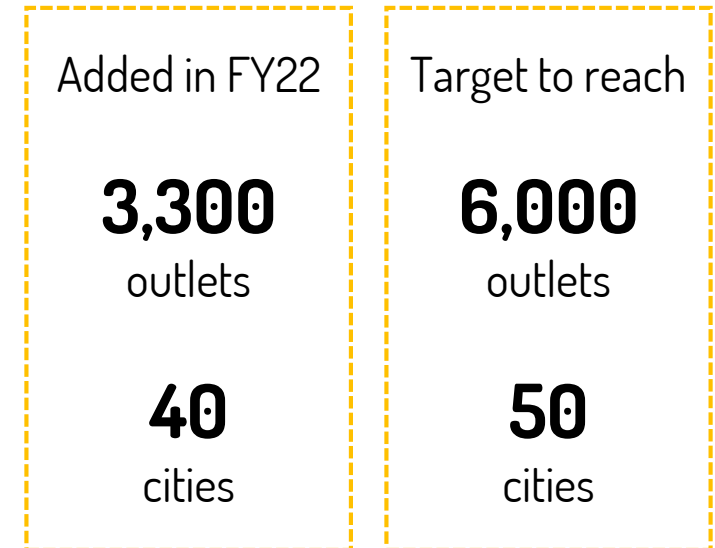
Roll-out of Upsell & Cross Sell enabler for Frontline Sales force.



Healthcare outlet expansion (outlets in lacs)



Focus on Standalone Modern Trade stores



accelerating growth

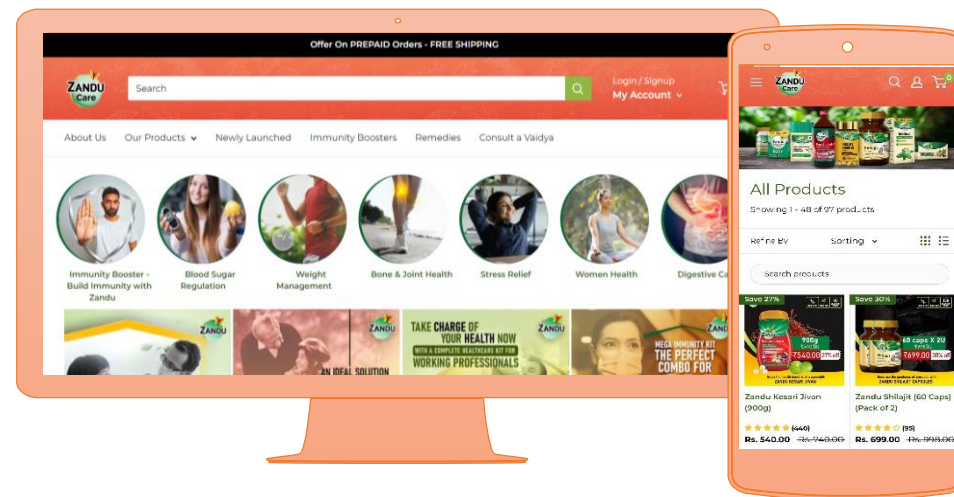
Riding eCommerce



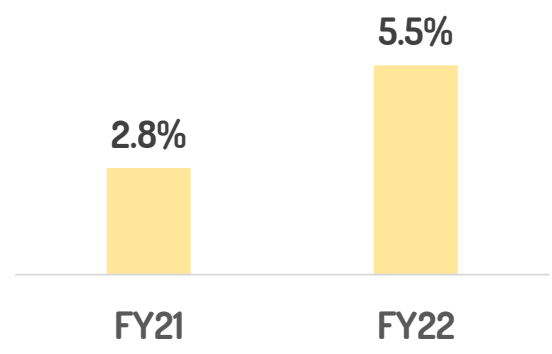
Digital first launches



Zanducare Portal



Increase in contribution from e-commerce (to Domestic Sales)

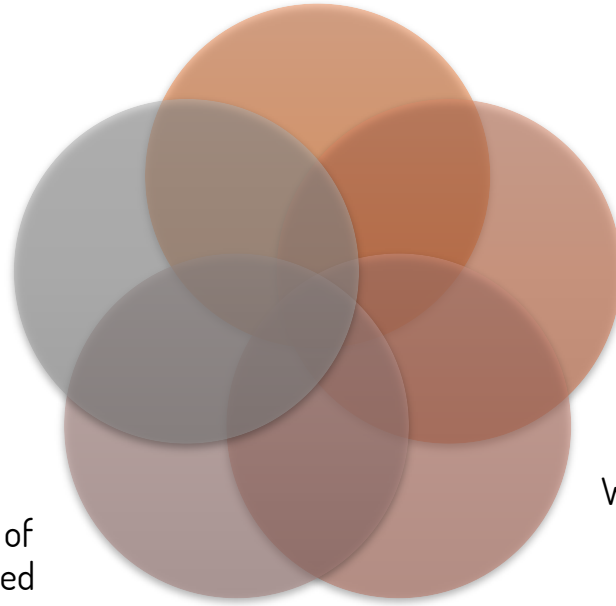


Dermicool Acquisition

Acquired "Dermicool", one of the leading brands in the Prickly Heat and Cool Talc Segment in Mar'22 from Reckitt Benckiser for ₹432 crore (excluding taxes & duties)

Highly profitable brand -
High Gross & EBIDTA
Margins -EPS accretive in
1st year of operations

High growth (Pre
COVID 4 year CAGR of
11%) & low penetrated
category (~12%)



Iconic brand with a strong
brand equity- High
consumer connect
through its vastly popular
jingle, '*Aaya Mausam
Thande Thande
Dermicool Ka*'

Will consolidate Emami to
be the #1 player in the
category with 45%+
Market Share.



Strategic investments in startups



50.40%
Stake



77.53%
Stake



20.65%
Stake

Fur Ball Story

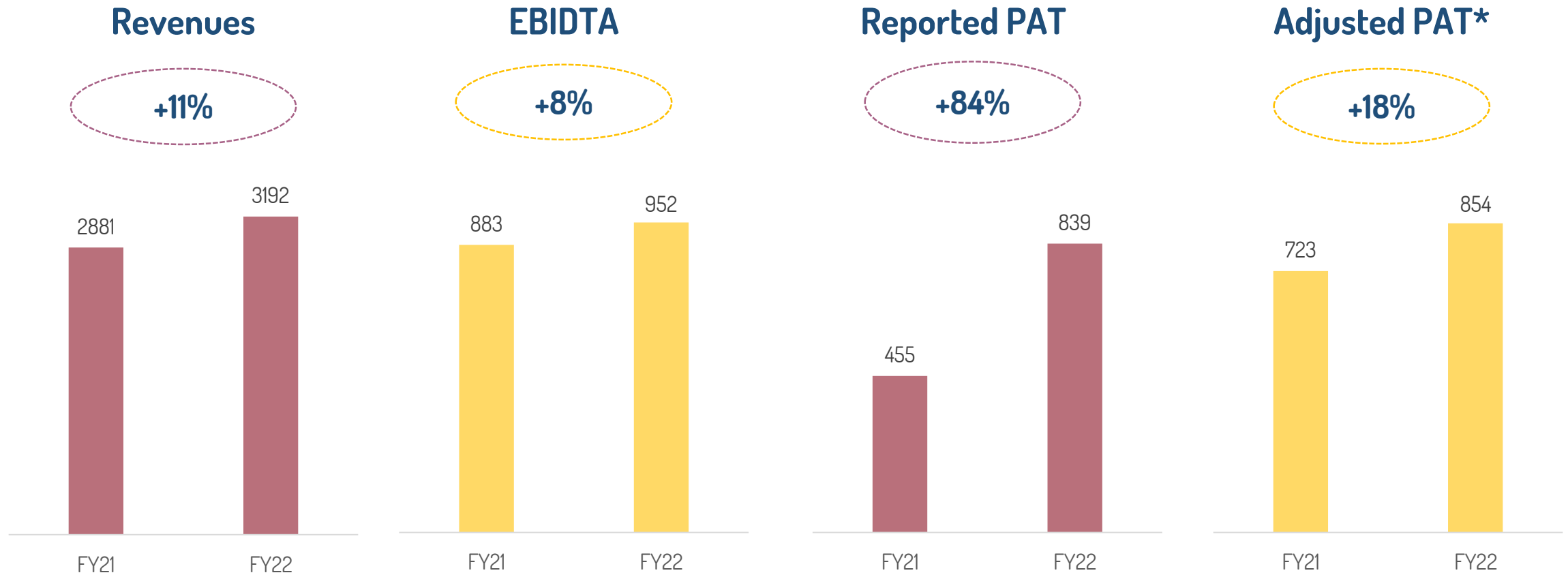


30.00%
Stake

FY22 Performance



₹ in crore



*Adjusted PAT = Reported PAT - MAT Credit Entitlement of earlier years + Exceptional Items + Amortization of Kesh King & other brand related intangible assets

Rewarding shareholders



Share
Buyback

₹ 200 cr

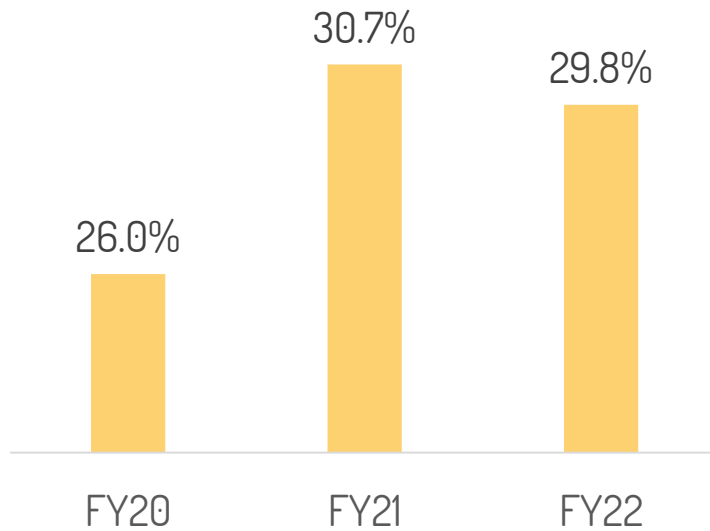


Interim
Dividends

₹ 356 cr

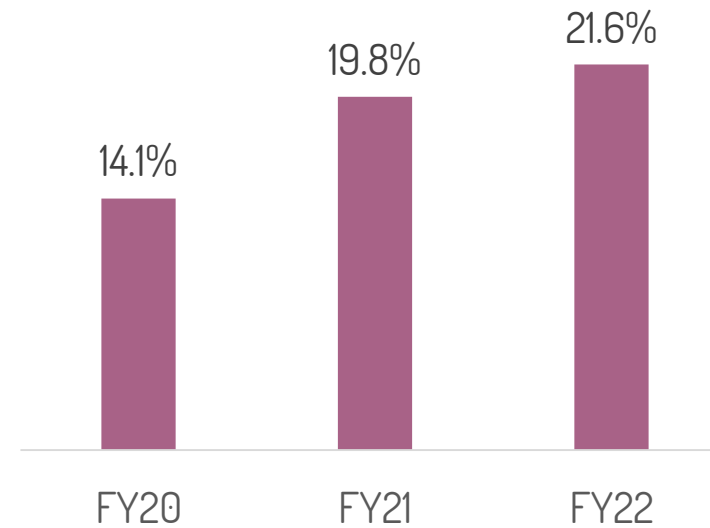
Improved Profitability

EBIDTA Margins (%)



3 year EBIDTA CAGR of
9%

PBT Margins (%)



3 year PBT CAGR of
19%

Q1FY23 Performance

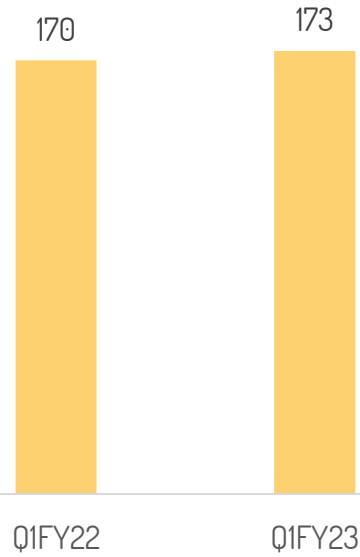
Revenues

+18%



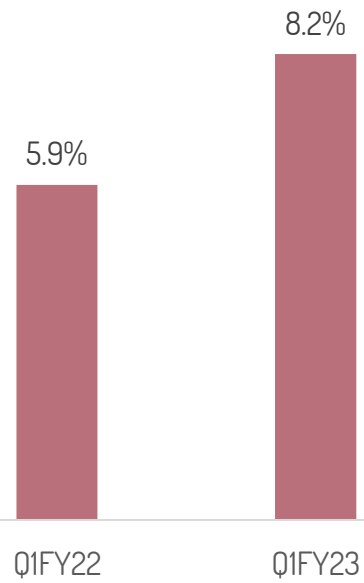
EBIDTA

+2%



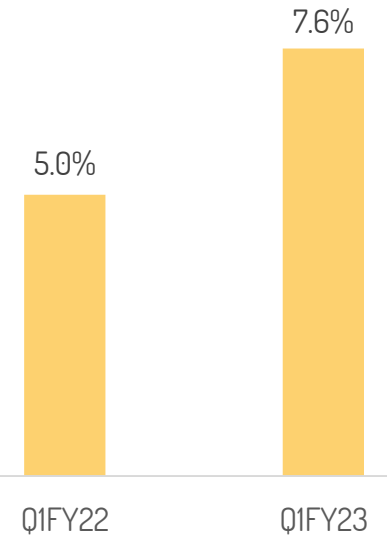
Modern Trade Sales

As a % to Domestic Sales



E Commerce Sales

As a % to Domestic Sales



Focus on Ayurveda



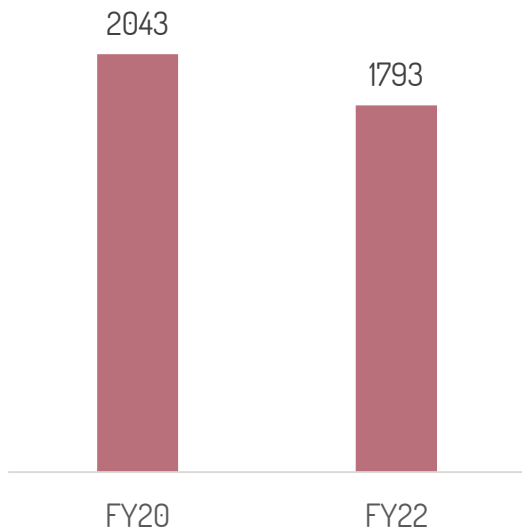
Employees are our biggest assets



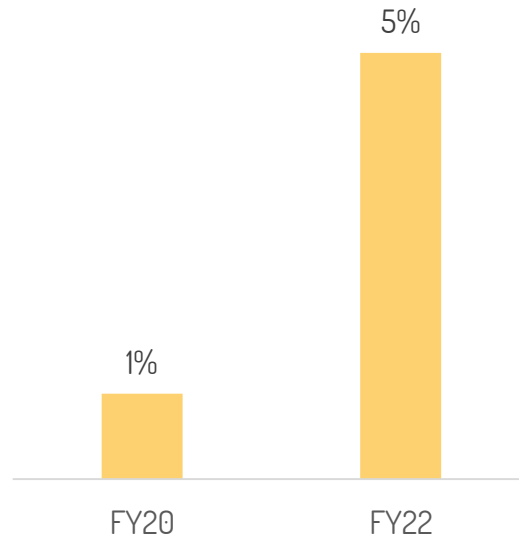
Sustainability initiatives

Energy Consumption vis-à-vis Production (MJ/MT)

-12%



Renewable energy consumption



23%

Water recycled in
manufacturing units

145
MT

Reduction in plastic
consumption

75
MT

Reduction in paper
consumption

CSR initiatives



Thanking all our stakeholders



Thank You

