



**emami\* limited**

Making people healthy & beautiful, naturally

## Company Overview

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February 2017

**Navratna**

**BORO  
PLUS**

**ZANDU**

**MENTHO  
PLUS**

**FAIR AND  
HANDSOME**

**Kesh King**  
Scalp and Hair Medicine  
AYURVEDIC OIL • SHAMPOO • CAPSULE

**HE 7 OILS™  
IN ONE**



Some of the statements made in this presentation may look forward looking information that involves number of risks and uncertainties. Such statements are based on certain assumptions, estimates, projections or plans that are inherently subject to significant risks, uncertainties and contingencies that are subject to change. Actual results can differ materially from those anticipated in the Company's forward-looking statements as a result of a variety of factors, including those set forth from time to time in the Company's press releases and reports and those set forth from time to time in the Company's analyst calls and discussions. We do not assume any obligation to update the forward-looking statements contained in this presentation.

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Previous years' financials re-casted as per Ind-AS.

*All market shares stated are as per AC Nielsen MAT Mar'16. Conversion rate : 1 US\$ = ₹67.0/-*

# Economy Overview

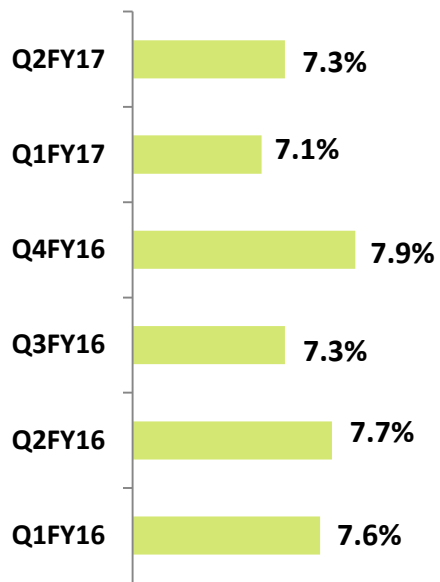


GDP grew by 7.3% in Q2FY17. **GDP growth expected to slow down to 7.1% in FY17.**

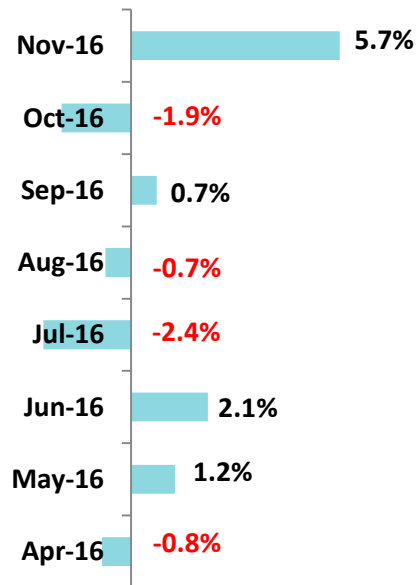
Industrial Output grew by **5.7%** in Nov'16 despite demonetization. Grew by 0.4% till Nov'16.

CPI eases to **3.4%** while WPI inches higher at **3.4%** in Dec'16

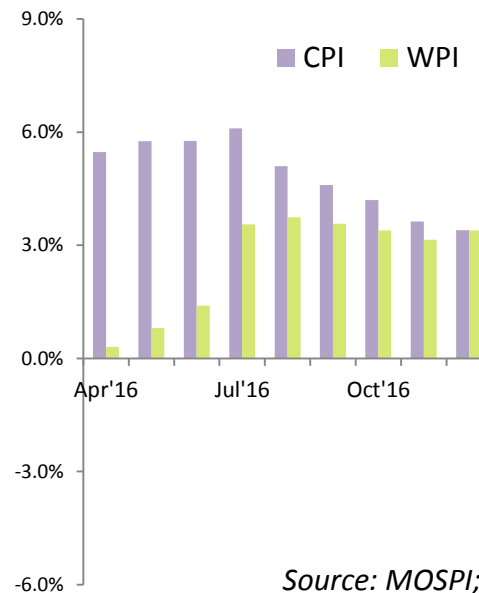
Benchmark Indices back to pre-demonetization levels in Jan'17. Nifty & Sensex grew by **9%** and **7%** respectively in YTFY17.



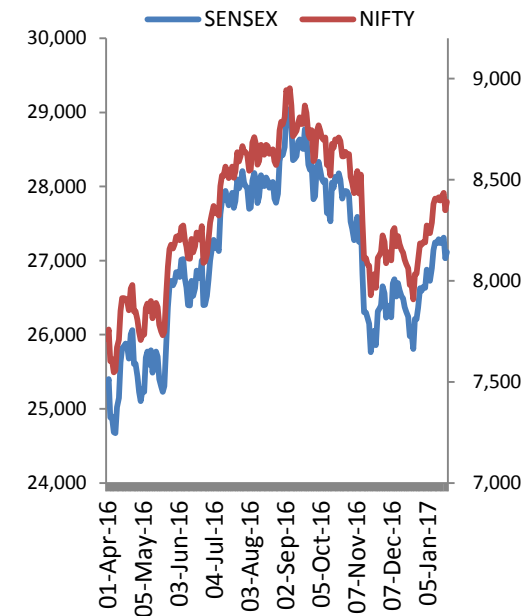
Source: MOSPI



Source: MOSPI



Source: MOSPI;  
Office of the Economic  
Adviser, GOI

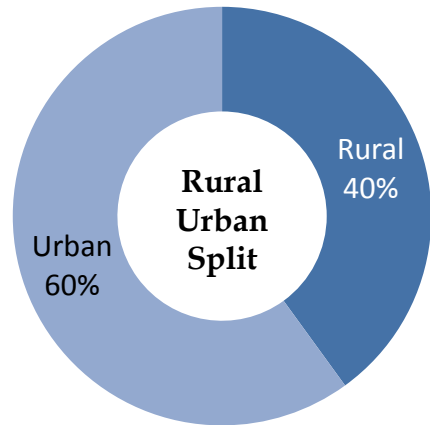


Source: NSE, BSE

# FMCG Sector...Key Growth Drivers

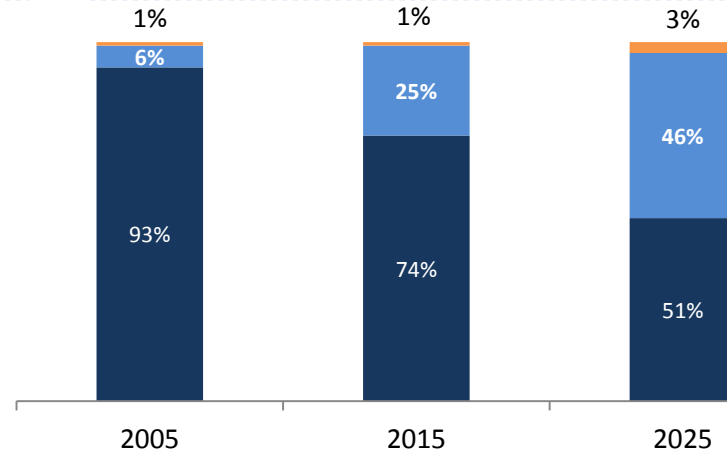


**Rural FMCG Market to grow @14% CAGR  
To reach \$ 220 bn by 2025**



Source: BCG, Dinodia Research

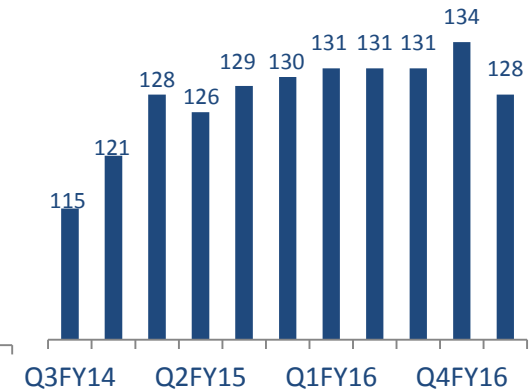
**Climbing up the ladder - Per Capita Income  
to grow 5x in 2 decades to ₹ 2.7 lacs by 2030**



■ Deprived ■ Middle Class ■ Rich

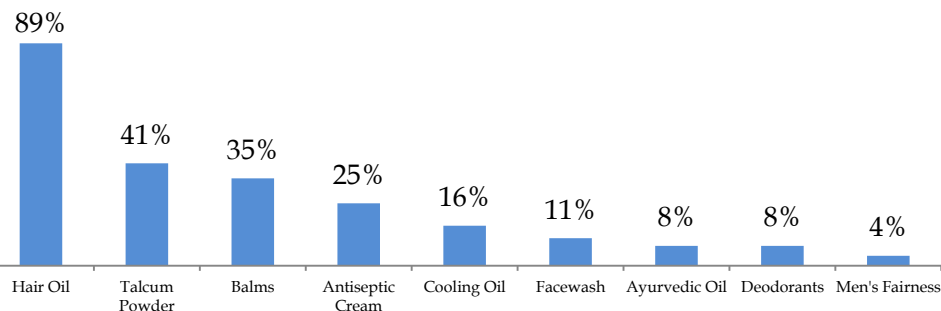
Source: Hitting the sweet Spot, EY, McKinsey Global Institute

**India's Consumer Confidence Index  
2<sup>nd</sup> highest among 61 global markets**



Source: Nielsen

**Low penetration indicates long term growth story...**



Source: IMRB

**Other Growth Drivers**



Vast population of ~1.27 bn growing at ~1.58% p.a.



70% Projected growth in India's urban household income by 2025



Leveraging the Indian Healthcare opportunity using ayurveda

# Company Overview



Established in 1974, the Company was promoted by Mr. R.S. Agarwal and Mr. R.S. Goenka.

Flagship company of the Emami Group and one of the leading & fastest growing personal and healthcare businesses in India.

Category creator with a differentiated niche positioning thereby gaining market leadership.

Entered mainstream categories to reach out to a wider consumer base

Domestic Business and International Business growing at a 5 year CAGR of 16% each.

With a reach in 63 countries, focus on key markets to grow International Business

Increased its Market capitalization by more than 3.7 times to nearly ₹230 bn in 5 years.

Keen on opportunities for acquisitions in India and in International focused Markets

Strong distribution network reaching out to 4 mn. retail outlets across the country.

Building best-in-class IT system coming up from a tactical IT capability blueprint.

Building capabilities by roping in best talents from the FMCG industry to catalyse growth.

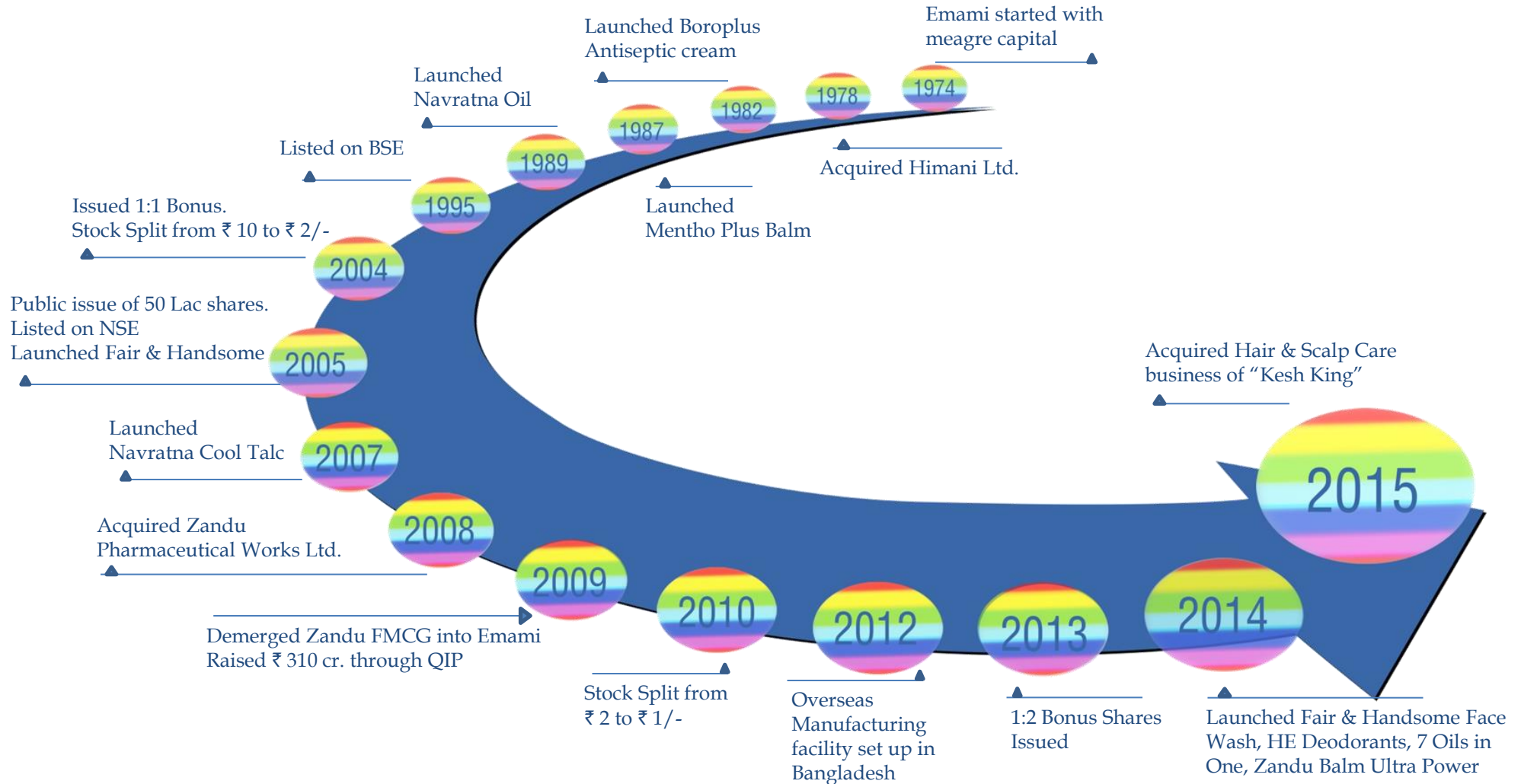
Appointed senior industry veterans as advisors.



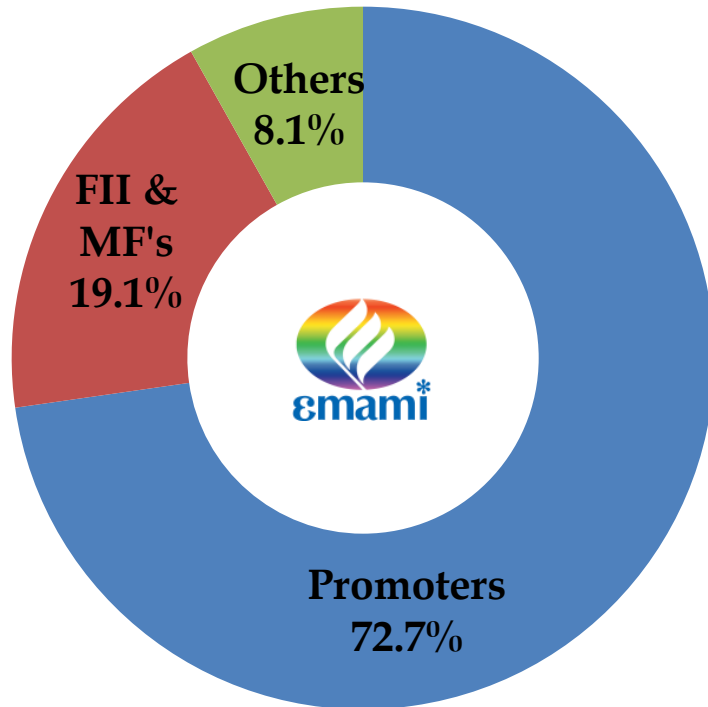
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# The Journey

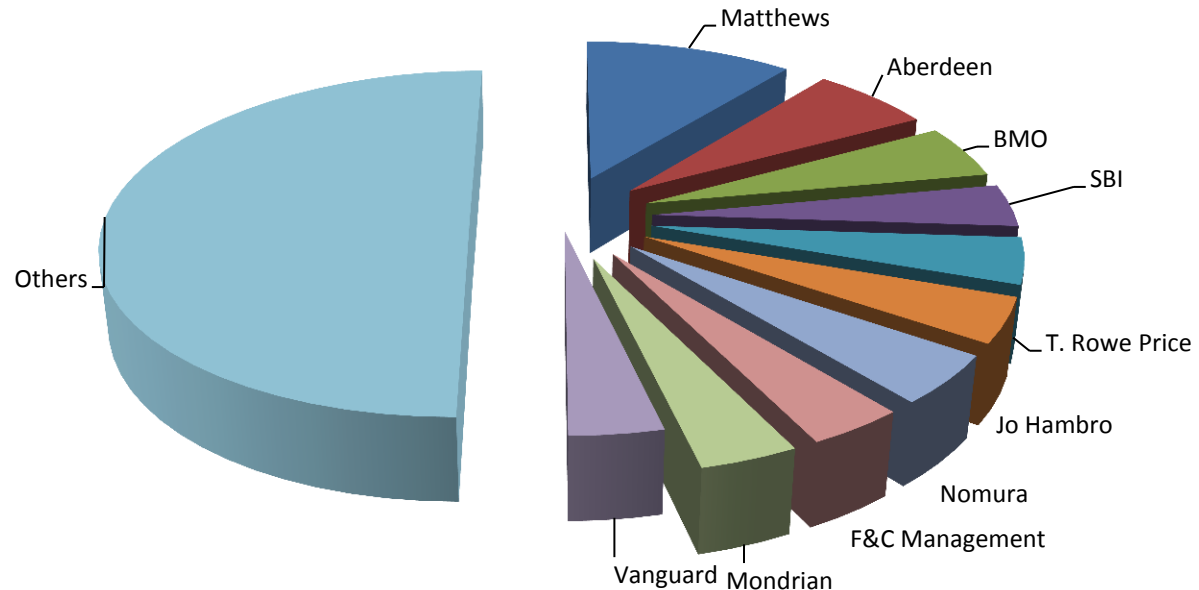


# Shareholding Pattern...as on 31.12.2016



- Listed on the NSE, BSE and Kolkata stock exchanges
- Market capitalization of more than ₹ 230 bn (US\$ 3.4 bn)

## Major Institutional Investors



- ~43x returns to investors following the public issue in March 2005
- ~10x returns to investors following the QIP in July 2009



# Board of Directors



S.N.	Promoter Directors
1	<b>Sri R. S. Agarwal</b>
2	<b>Sri R. S. Goenka</b>
3	<b>Sri S. K. Goenka</b>
4	<b>Sri Mohan Goenka</b>
5	<b>Sri A. V. Agarwal</b>
6	<b>Sri H. V. Agarwal</b>
7	<b>Smt. Priti A Sureka</b>
8	<b>Sri P. Goenka</b>

S.N.	Independent Directors
9	<b>Sri K. N. Memani</b> , <i>ex-Country Head of E&amp;Y, India</i>
10	<b>Sri Y. P. Trivedi</b> , <i>eminent tax expert &amp; advocate, Ex-Rajya Sabha member</i>
11	<b>Smt. Rama Bijapurkar</b> , <i>Eminent consumer and marketing strategist</i>
12	<b>Sri P. K. Khaitan</b> , <i>Advocate &amp; Sr. Partner of Khaitan &amp; Co.</i>
13	<b>Sri Amit Kiran Deb</b> , <i>ex-Chief Secretary, Govt. of West Bengal</i>
14	<b>Sri S. B. Ganguly</b> , <i>Professional</i>
15	<b>Sri Sajjan Bhajanka</b> , <i>Industrialist</i>
16	<b>Sri M. D. Mallya</b> , <i>Banker</i>





# Snapshot of Major Brands



Brands	Segment	Market Size (₹ in bn.)	Market Size (\$ in Mn)	Market Share (%)	
				2011	2016
Navratna Oil	Cooling oil	8.6 bn	128 mn	54%	60%
BoroPlus Cream	Antiseptic Cream	4.3 bn	64 mn	75%	72%
Zandu & Mentho Plus Balms	Balms	8.5 bn	128 mn	56%	60%
Fair & Handsome	Men's Fairness Cream	3.9 bn	58 mn	57%	59%
Kesh King	Ayurvedic Hair and Scalp care	6.4 bn	96 mn	-	36%
Navratna Cool Talc	Cool Talc	4.9 bn	73 mn	17%	27%

Source: AC Nielsen, MAT Mar'16

Navratna

BORO PLUS

ZANDU

MENTHO PLUS

FAIR AND HANDSOME

Kesh King  
Scalp and Hair Medicine  
AYURVEDIC OIL • SHAMPOO • CAPSULE



- Antiseptic Cream growing at a **CAGR of 10% in last 5 years**
- Largest selling antiseptic cream not only in India but also in Ukraine, Russia and Nepal
- BoroPlus Brand **ranked 18th among India's most trusted brands** in Personal care category by Brand Equity Survey, 2015
- Relaunched BoroPlus Moisturising Lotion as **BoroPlus "Total Results" Moisturising Lotion** and also launched a Cocoa Variant - "**BoroPlus Cocoa Soft Moisturizing Lotion**"
- Brand endorsed by superstars Amitabh Bachchan and Kangana Ranaut

Market Size	₹ 4.3 bn ( \$ 64 mn)
Market Share	72%



*An ayurvedic antiseptic and protective cream ideal for harsh winter conditions and minor skin problems*





# Fair & Handsome



- Fairness cream growing at a **CAGR of 15% in last 5 years**
- Re-launched with new formulation and packaging providing 5 Key benefits namely –Sweat Absorption, Oil Control, Sun Protection, Dark Spot Reduction and Long Lasting fairness.
- **Fair and Handsome ranked 22nd among India’s most trusted brands in Personal care category by Brand Equity Survey, 2015**

Market Size	₹ 3.9 bn ( \$ 58 mn)
Market Share	59%

- Launched extensions: “Fair & Handsome Instant Fairness Facewash” and “Fair & Handsome Complete Winter Solution”
- Brand endorsed by superstars Shah Rukh Khan & Hrithik Roshan



**Five power formula contains double-strength peptide complex (patented in US) for tougher male skin**



# Navratna Cool Talc



- Growing at a **CAGR of 18%** over last 5 years.
- An innovative launch in the talcum powder category; **with cooling properties.**
- **Launched** new variant “**Navratna i-Cool Talc**” with intelligent sweat sense technology releasing instant cooling when one sweats.
- **Shruti Haasan** joins the Navratna Cool Talc endorsers’ club along with Shah Rukh Khan.

Market Size	₹ 4.9 bn (\$ 73 mn)
Market Share	27%



*Brings the much-required cool & icy sensation in the scorching summers*





- Acquired control on 12th June, 2015.
- Kesh King brand portfolio includes **Ayurvedic Medicinal Oil, Aloe Vera Herbal Shampoo** and **Ayurvedic Capsules** for complete hair scalp treatment.
- **Superior Gross & EBIDTA Margins.**
- Launched 60ml SKU of Kesh King oil and ₹ 3 sachet of Aloe Vera Herbal Shampoo to increase penetration.
- **Enhanced formulation** by moving from 16 to 21 Ayurvedic herbs for higher efficacy.

Market Size	₹ 6.4 bn ( \$ 96 mn)
Market Share	36%

- **Shruti Haasan & Sania Mirza** also roped in to promote the brand along with **Juhi Chawla**.
- Launched new ad campaign featuring Bollywood actress **Huma Qureshi** and directed by **Imtiaz Ali**





# HE Deodorants

- Relunched HE Deodorants with an easy to use premium packaging
  - Introduced a new fragrance “HE Respect”
- Forayed into “No-Gas” Category”-
  - Passion & Hypnotic fragrances.
  - ICY Collection- Offering cooling effect on users along with long lasting fragrance
- Advantage for Emami over competitors, with brand endorsement by Bollywood superstar Hrithik Roshan



# 7 Oils in One

- Launched in April 2014
- Combination of 7 different types of oils - almond, coconut, Amla, argan, olive, walnut and jojoba offer an expert formulation for damage repair and give superior nourishment.
- Brand endorsement by Bollywood actress Yami Gautam.



# Health Care Range



## Indian Healthcare Opportunity

Rise in chronic health issue due to unhealthy lifestyle

Growing consciousness that health needs to be actively managed & diseases need to be prevented

Increase in per-capita spends on healthcare. Higher income & willingness to spend on health

Consumer perception that allopathic medicines are harmful when used for extended period of time

Ayurveda has effective solutions for day to day chronic health problems & has no side effects

- Leveraging the India Health Opportunity:
  - Key health need areas identified
  - Robust innovation funnel with breakthrough products in place
  - Launch plan starting FY16 under Zandu brand

## Major brands :



Sales growing by over 30% CAGR in last 5 years  
Targeting to grow aggressively in the next 5 years

ZANDU 100 YEARS  
Swasth jeevan ka vaada

# Zandu Balm & Mentho Plus Balm



- Growing at a **CAGR of 12% over last 5 years**
- Zandu, a dominant player in pain management category, **ranked 3rd among India's most trusted brands in OTC Personal care category by Brand Equity Survey, 2015**

Market Size	₹ 8.5 bn (\$ 128 mn)
Market Share	60%

- Zandu Balms re-launched with new formulation with better sensory and efficacy.
- Launched extension- **Zandu Balm Ultra Power** a strong formulation fortified with potent ayurvedic ingredients to cure pain.



*Relief from headaches,  
body aches and cold*

# New Launches



## Navratna i-Cool Talc

Launched in	Apr'16
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Powered by an 'Intelligent Sweat Sense' technology, the talc offers cooling not only during application but also releases an instant burst of cooling during actual sweating.

## HE Deo 'No Gas' Range, 'Icy Cool' Collection and HE 'Respect'

Launched in	March & Apr'16
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The 'No Gas' range of HE deodorants comprises a slew of interesting fragrances like Hypnotic and Passion as well as Arctic and Lagoon under the Icy Cool collection.

## Navratna Almond Cool Oil

Launched in	Apr'16
-------------	--------

A value added cool oil providing nourishing goodness of 9 natural ingredients, including almond in a pleasant and fragrant, non-sticky format.



## Fair and Handsome Complete Winter Solution

Launched in	Nov'15
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First ever winter cream in India for men with 8 Action formula to fight tough winters.

## Zandu Pure Honey

Launched in	Dec'15
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100% Pure Honey with no added sugar tested in an independent lab in Germany.

## BoroPlus Cocoa Soft Moisturizing Lotion

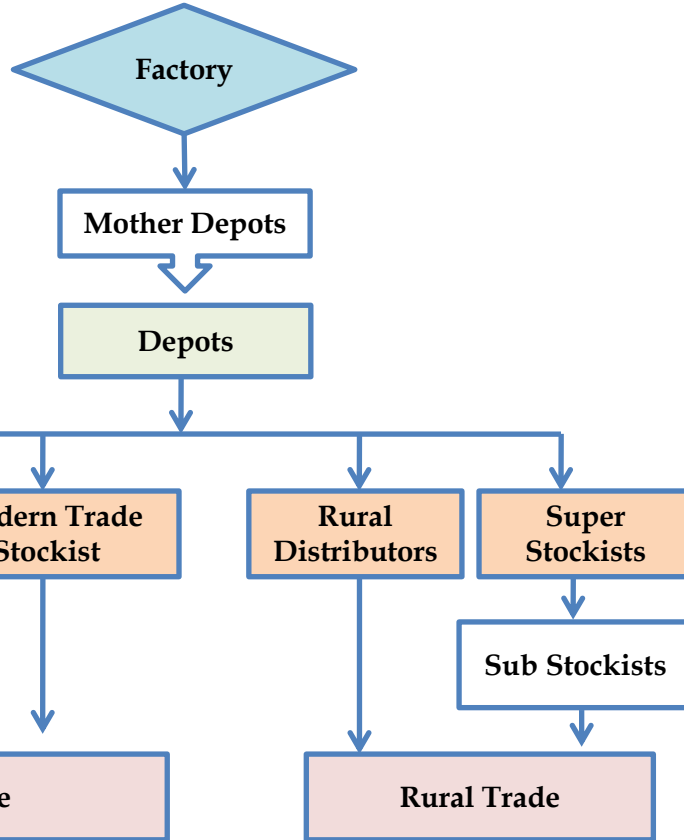
Launched in	Nov'15
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Lotion offering 7x moisturisation over regular variants fortified with the goodness of cocoa

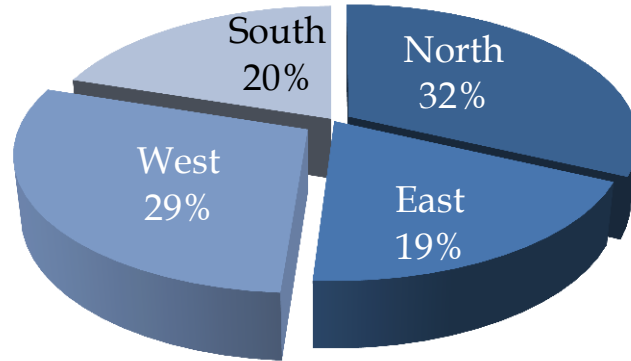




# Domestic Distribution



**Domestic Sales Split**

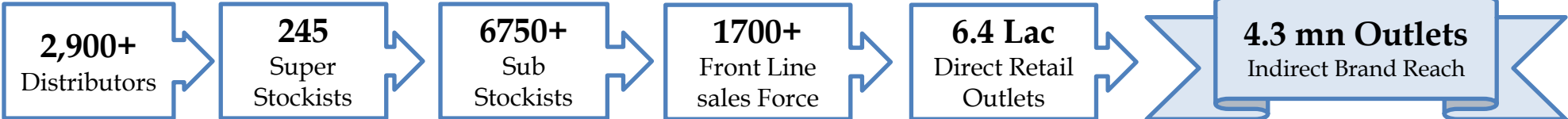


**Secondary Sales Automation Process- "Outreach"**

**1,200+ Installations**  
contributing **94% of Sales.**

**Project Swadesh**

Direct Coverage in **13,300+ villages** with population less than 50,000.  
**6750+ villages** with population less than 10,000.

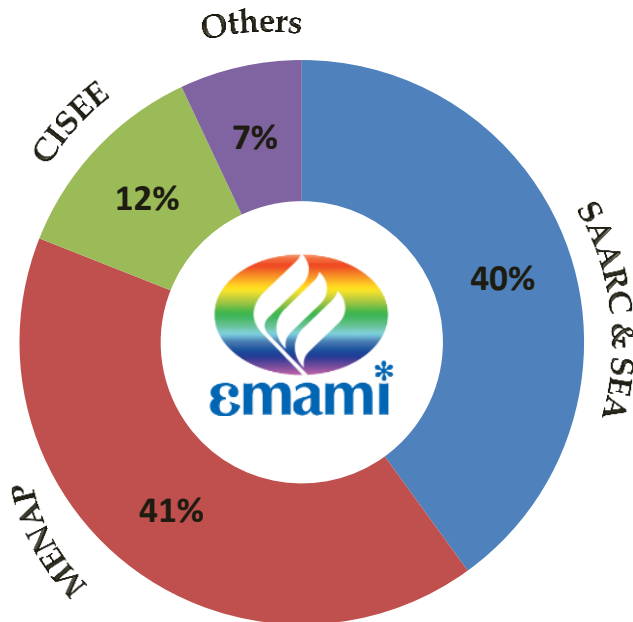


# International Business



- CAGR of 16% over last 5 years
- Divided into four clusters, which are : Middle East, North Africa & Pakistan (MENAP), SAARC & South East Asia (SSEA), CIS and Eastern Europe (CISEE) and AFRICA
- Contributes around 14% of the total consolidated revenues.

Geographical breakup of IMD Sales



Presence in International Markets





# International Business



## MENAP

- Targeting Arab consumers along with Indian diaspora with relevant products and increased media spends.
- Increased marketing inputs with improved distribution.

## SSEA

- Having its own manufacturing unit in Bangladesh.
- Introducing brand extensions & New launches

## CISEE

- Launch of new products are on track to boost the sales.
- Apart from Russia, increasing focus on Ukraine, Kazakhstan and Belarus.

## AFRICA

- Huge potential and special focus given to grow the brands in the region, especially in Kenya, Uganda and Angola in existing markets.
- Distributors identified, registrations under process in Nigeria.

## Leadership in International Markets

**Navratna**

Cooling Oil

**#1** in Bangladesh, UAE & KSA

**BORO PLUS**

Antiseptic Cream

**#1** in Russia

**FAIR AND HANDSOME**

Men's Fairness

**#1** in UAE; **#2** in Bangladesh, & KSA

# Celebrity Endorsements



# Research & Development



- Focus: Product innovation, product differentiation, cost control and maintaining excellent product quality
- Team comprises qualified Ayurvedacharyas and specialized Ayurveda scientists; advisory panel comprising top Ayurvedic experts
- A modern fully equipped laboratory with cGMP practices
- Set up a 30,000 sq. ft. State-of-the-art ultra modern R&D centre in Kolkata
- Also set up a Market intelligence and innovation centre in Kolkata





# Operations



- 7 manufacturing facilities; 2 in Guwahati and 1 in Pantnagar, Uttarakhand enjoying fiscal benefits
- Overseas manufacturing facility at Bangladesh
- Most of the facilities are cGMP and ISO 9000 compliant
- Units follow highest standards of safety and environment protection
- State of the art new manufacturing unit being established at Guwahati at an outlay of ₹ 300 crore

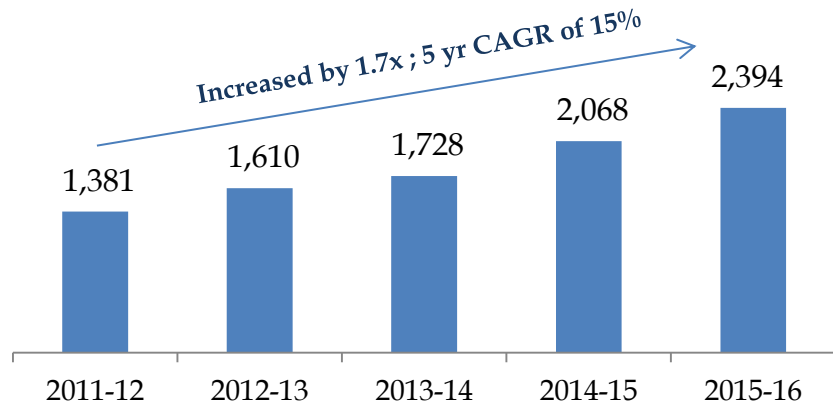


# Growing Robustly

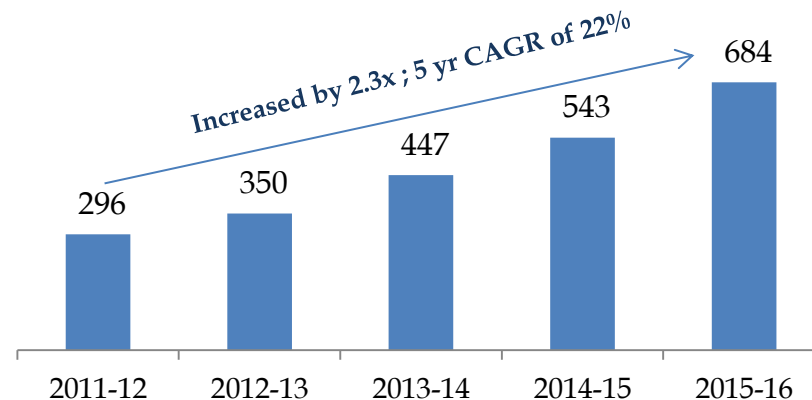


₹ in crores

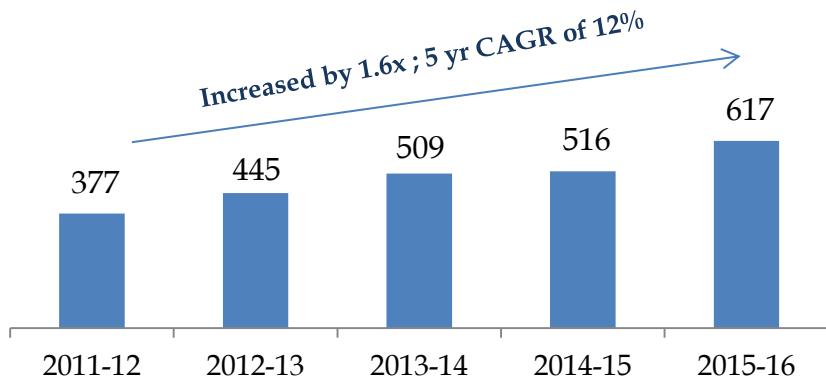
## Revenues



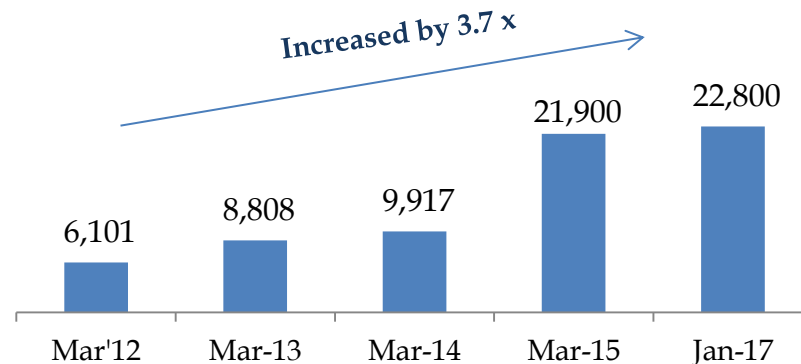
## EBIDTA



## Cash Profits\*



## Market Capitalization

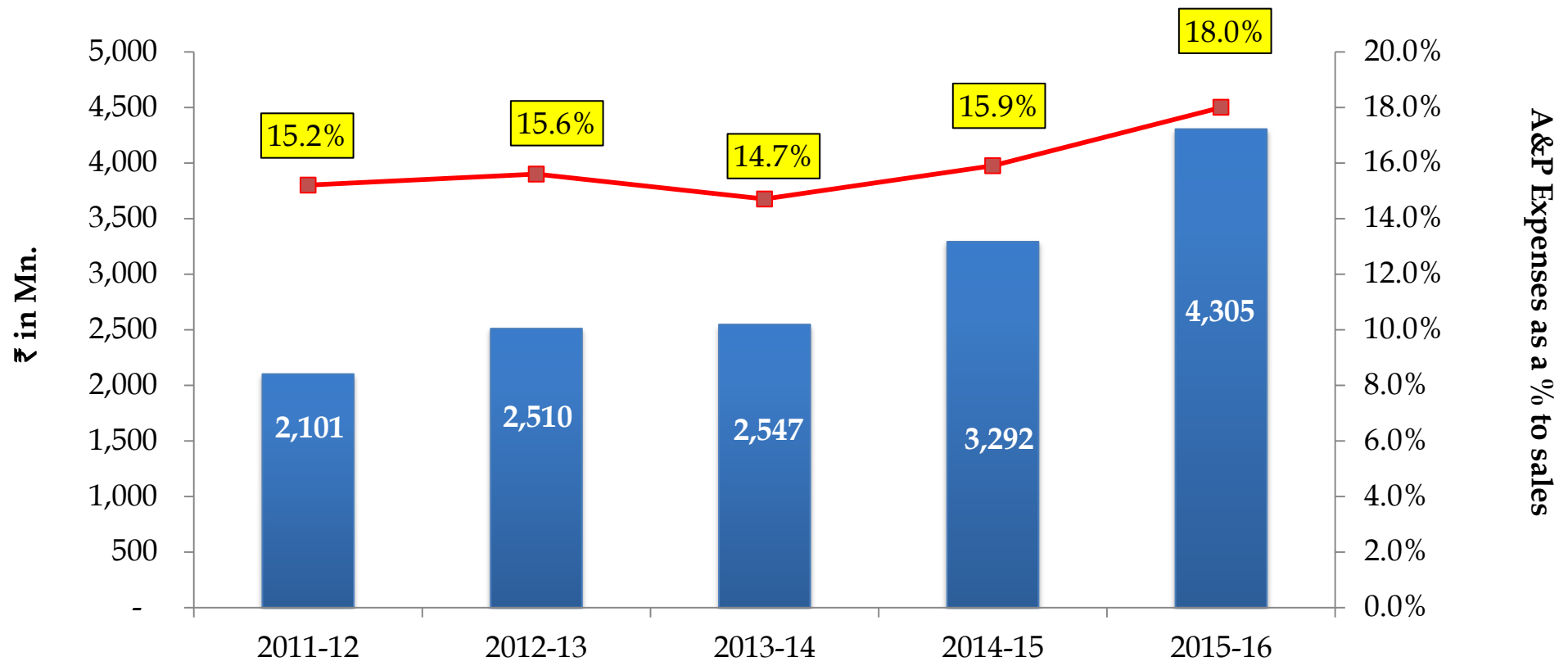


\*Cash Profits = PAT+ Depreciation & Amortization.

# A&P Expenses



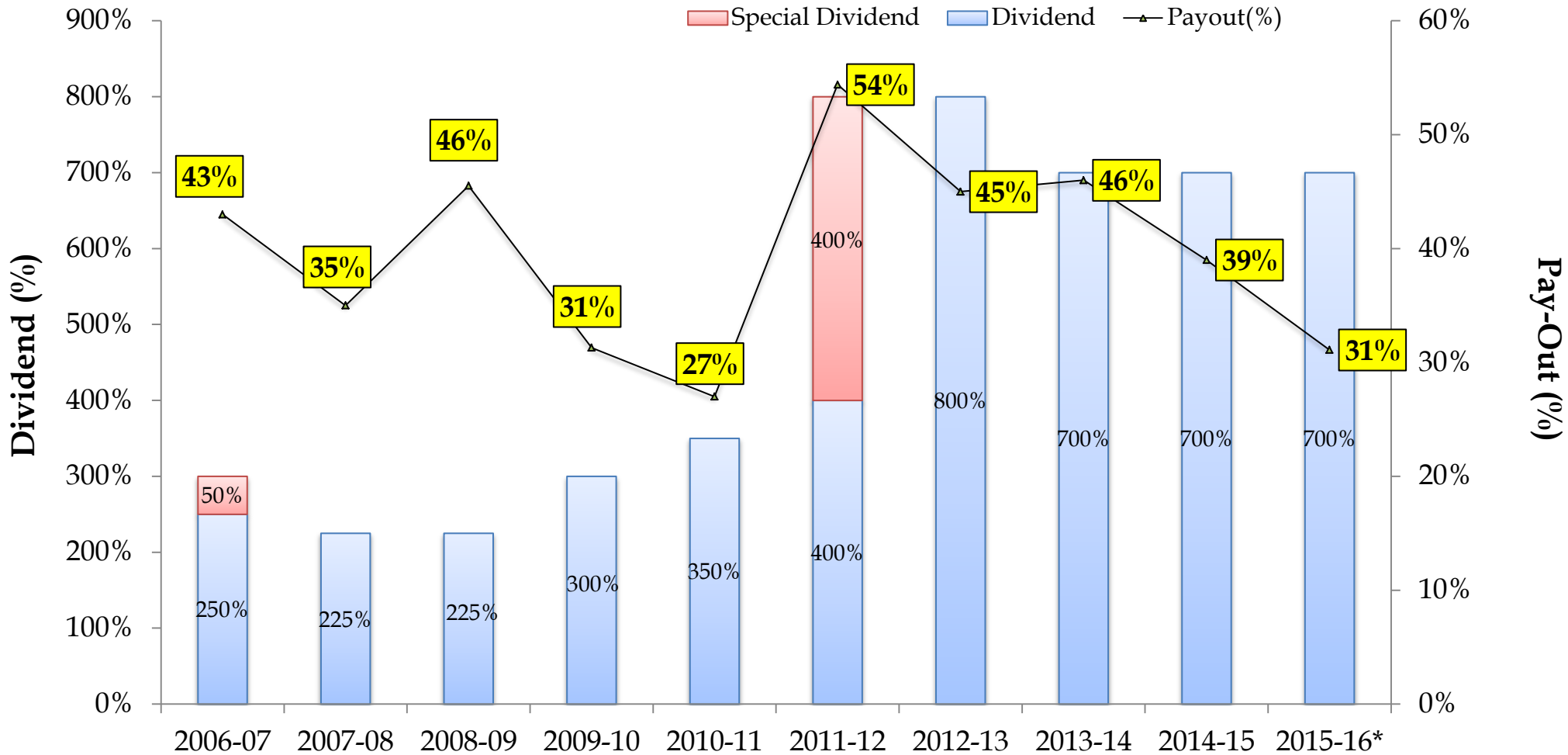
■ Rs. in Million    ■ % to sales



**Nearly ₹15 bn invested in A&P in last 5 years**



# Dividends



\*FY16 Dividend Payout on Cash Profits

# Summarized Balance Sheet



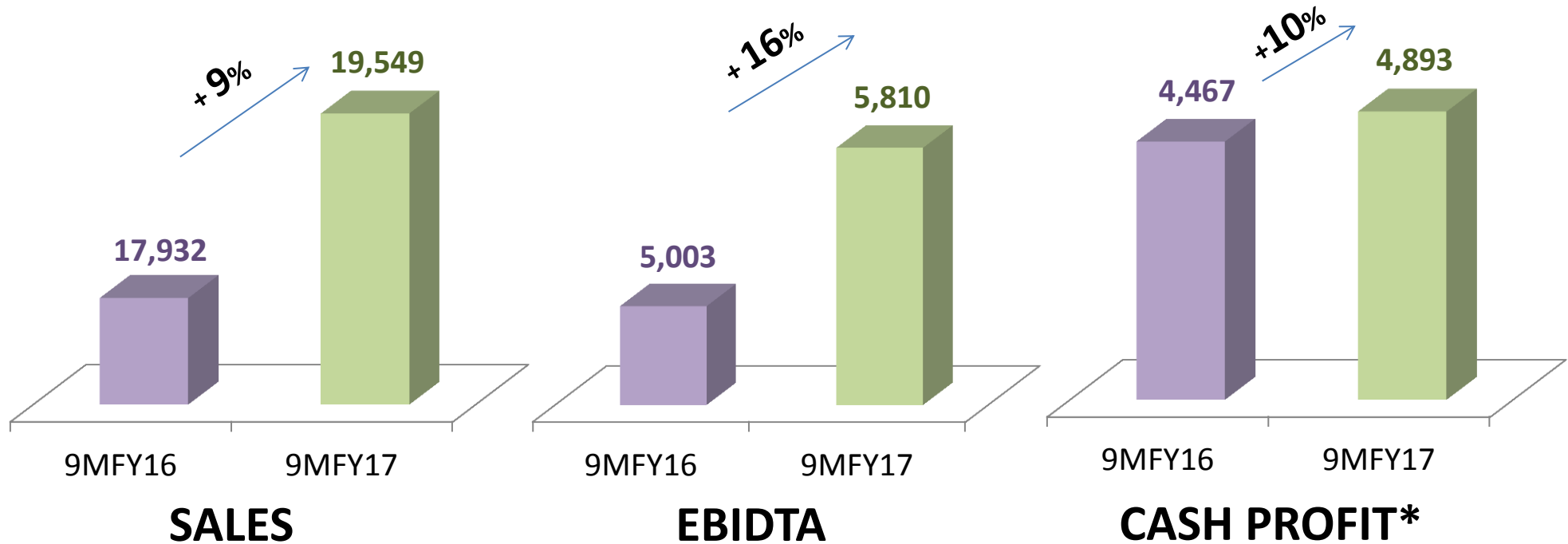
₹ in Lacs

S.N.	ASSETS	As at 30.09.16	As at 31.03.16	S.N.	EQUITY AND LIABILITIES	As at 30.09.16	As at 31.03.16
<b>1</b>	<b>Non Current Assets</b>				<b>Equity</b>		
(a)	Property, Plant and Equipment	42,838	41,405	(a)	Equity Share capital	2,270	2,270
(b)	Capital work-in-progress	16,886	6,164	(b)	Other Equity	1,55,634	1,59,889
(c)	Investment Property	5,233	5,656		Equity attributable to shareholders of the compa	1,57,904	1,62,159
(d)	Other Intangible Assets	1,37,131	1,49,935	(c)	Non-Controlling Interest	157	395
(e)	Intangible assets under development	623	545		<b>Total Equity</b>	1,58,060	1,62,554
(f)	Goodwill on Consolidation	548	408				
(g)	<b>Financial Assets</b>				<b>LIABILITIES</b>		
	(i) Non-Current Investments	6,109	3,547	<b>1</b>	<b>Non-Current Liabilities</b>		
	(ii) Long Term Loans & Advances	641	639	(a)	<b>Financial Liabilities</b>		
	(iii) Trade Receivables	3	74		(i) Borrowings	30,000	30,000
(h)	Deferred Tax Assets (net)	123	93		(ii) Other Financial Liabilities	1,461	1,437
(i)	Other Non-Current Assets	8,371	10,374	(b)	Provisions	3,488	2,987
		2,18,506	2,18,839	(c)	Deferred tax liabilities (Net)	-	-
<b>2</b>	<b>Current assets</b>			(d)	Other Non-Current Liabilities	133	147
(a)	Inventories	19,651	15,054			35,082	34,571
(b)	<b>Financial Assets</b>			<b>2</b>	<b>Current liabilities</b>		
	(i) Current Investments	26,032	1,193	(a)	<b>Financial Liabilities</b>		
	(ii) Trade & Other Receivables	12,856	12,803		(i) Borrowings	58,666	37,144
	(iii) Cash & Cash Equivalents	5,023	10,843		(ii) Trade Payables	32,921	24,641
	(iv) Short Term Loans & Advances	979	362		(iii) Other Financial Liabilities	285	314
	(v) Others	284	264	(b)	<b>Other Current Liabilities</b>	10,439	6,167
(c)	Current Tax Assets (Net)	1,663	1,501	(c)	Provisions	2,143	3,907
(d)	Other Current Assets	12,602	8,438				
		79,090	50,458			1,04,454	72,172
	<b>Total Assets</b>	<b>2,97,596</b>	<b>2,69,297</b>		<b>Total Equity and Liabilities</b>	<b>2,97,596</b>	<b>2,69,297</b>

# 9MFY17 Performance



₹ in Million



However, PAT at ₹ **2,571** mn was lesser compared to 9MFY16 because of amortization of Kesh King intangibles by ₹ 1,994 mns against ₹ 1373 mns in the corresponding period in PY.

*\*Cash Profits = PAT+ Depreciation & Amortization.*

# Awards & Accolades

- **Emami ranked 87<sup>th</sup> among BT-500 Most Valuable Companies of India Rankings 2015** by Business Today.
- **Emami Limited** was the proud recipient of the **“Golden Peacock Innovation Management Award”** for the year 2016 in the FMCG Sector.
- **Emami** featured in the **“SUPER 50 Companies”** listing by **Forbes India** with knowledge support from PwC, India.
- Emami Limited won the **ET Bengal Corporate Awards 2016** in the category of Best Financial Performance with turnover exceeding Rs.1000 cr.
- **Rated (by CRISIL & CARE) A1+** for Short Term borrowings and **AA+** for Long Term borrowings signifying high levels of safety.
- The **2015 Brand Trust Report, India**, of TRA (formerly Trust Research Advisory) comparing the 'trust' held in brands, **ranks Emami's brands as the most trusted in the Diversified FMCG category**
- **Zandu Balm ranked 66<sup>th</sup> and Boroplus ranked 84<sup>th</sup> among the Top 100 Brands** in the Economic Times Brand Equity -Most Trusted Brands, 2015 across categories
  - **Zandu Balm ranked 5<sup>th</sup> in the Personal Care (OTC) category,**
  - **Navratna ranked 3<sup>rd</sup> in the Hair Oil category,**
  - **Boroplus ranked 19<sup>th</sup> and**
  - **Fair & Handsome ranked 28<sup>th</sup> in the Personal care category**



## Operations

- Emami's manufacturing units have received many awards in the sectors of Manufacturing excellence, Health & Safety-
  - Received "Greentech Safety Award - 2014" in the Gold Category.
  - Awarded, Arogya World's - "Healthy Workplace Gold Award- 2014".
  - Abhoypur unit accredited with ISO 14001:2004 and ISO 18001:2007 accreditation.
  - Abhoypur unit received GOLD Award for excellence in manufacturing at the Economic Times India Manufacturing Excellence Awards in partnership with Frost & Sullivan.
  - Asia Pacific Quality Organization awarded prestigious "Global Performance Excellence Award" to Abhoypur unit
  
- Received WORLDSTAR 2013 International Award for excellence in packaging for the following packs :
  - Himani Navratna Cool Talc in Twisted Pack
  - Bi-Colour Injection dibbi of Menthoplus Balm 1.1ml Pack
  
- Internal Audit Division accredited with ISO 9001:2008 certification.
- The Enterprise Risk Management system is also ISO 31000 : 2009 certified



# Key Investment Highlights

- One of the fastest growing FMCG company
- Niche category player + innovator - in Therapeutic and Ayurvedic segment - strong entry barriers for the competition
- Key brands are strong market leaders in their respective categories
- Bigger basket of power brands and entry in new segments
- Over 80% of the business comes from Wellness categories.
- Focus on each Brand with patience and continuous investment.
- Superior gross margins in the industry - EBITDA margin before A&P at 47%
- ROE at 38% & ROCE at 27% on Cash Profits
- Production from tax free zones

## Ratings (by CRISIL & CARE)

- **AA+ ratings** for long/ short-term bank facilities and **A1+** for short-term debt by CRISIL signifying high levels of safety.
- **AA+' ratings reaffirmed** to long/ short-term bank facilities and **highest rating of A1+'** for short-term debt by CARE signifying highest safety.



# Thank you



*Making people Healthy & Beautiful, Naturally*

