



emami* limited

Making people healthy & beautiful, naturally

Company Overview

May 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 Dec'16. Conversion rate : 1 US\$ = ₹65.0/-

Economy Overview

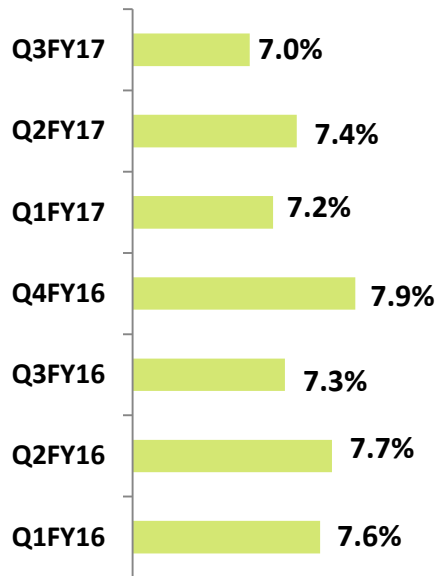


GDP grew by 7.0% in Q3FY17 despite Demonetization. **GDP expected to grow by 7.1% in FY17.**

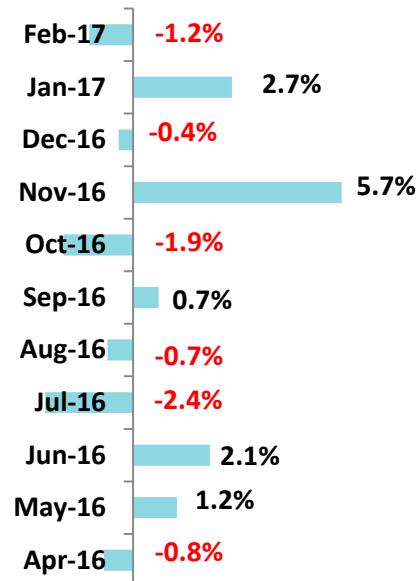
Industrial Output grew by **2.7%** in Feb'17 and by **0.4%** YTD.

CPI and WPI jump to **3.8%** and **5.7%** respectively in Mar'17

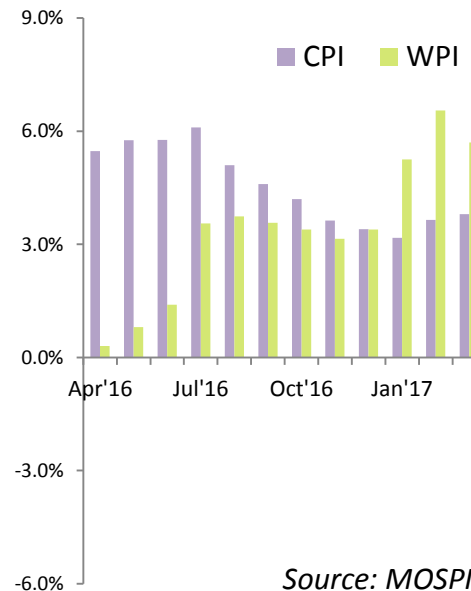
Benchmark Indices, Nifty & Sensex grew strongly by **19%** and **17%** respectively in FY17.



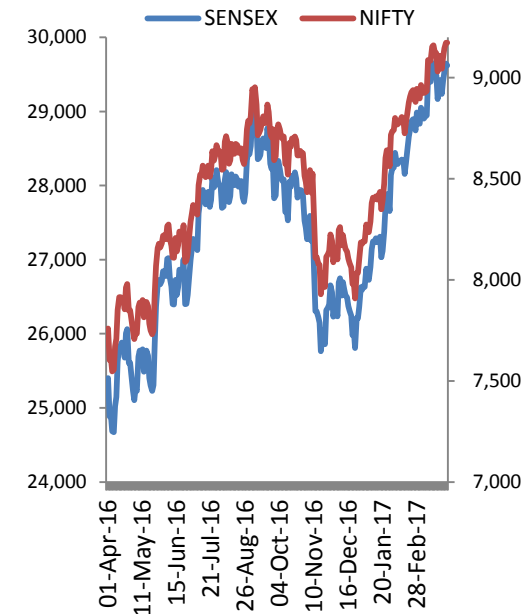
Source: MOSPI



Source: MOSPI



Source: MOSPI;
Office of the Economic
Adviser, GOI

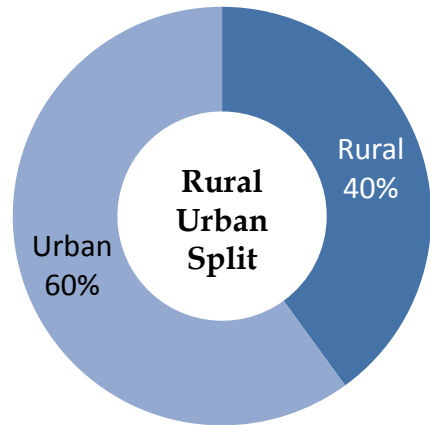


Source: NSE, BSE

FMCG Sector...Key Growth Drivers

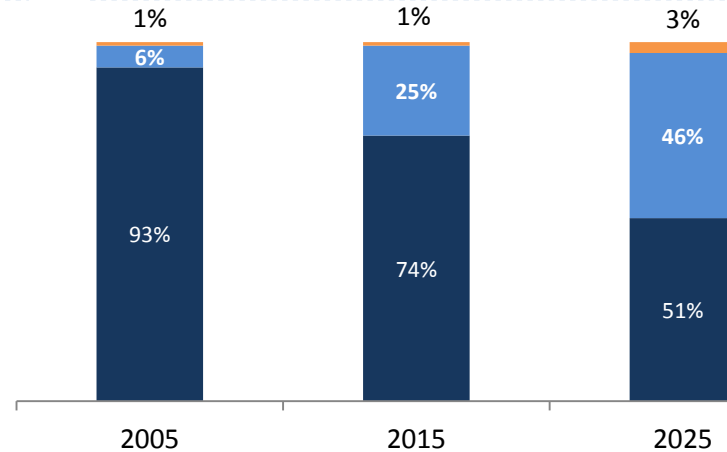


**Rural FMCG Market to grow @14% CAGR
To reach \$ 220 bn by 2025**



Source: BCG, Dinodia Research

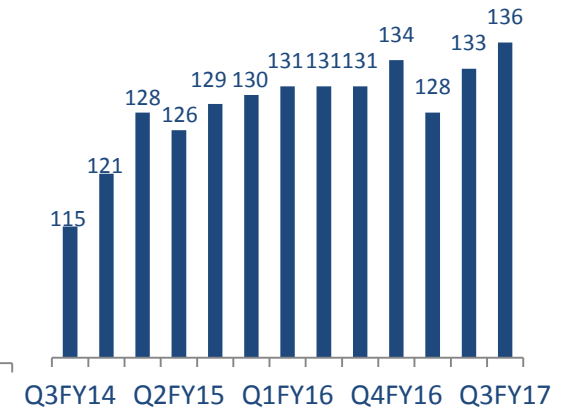
**Climbing up the ladder - Per Capita Income
to grow 5x in 2 decades to ₹ 2.7 lacs by 2030**



■ Deprived ■ Middle Class ■ Rich

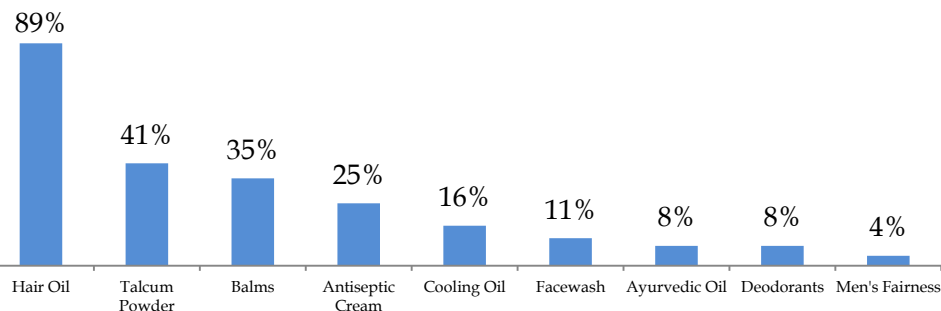
Source: Hitting the sweet Spot, EY, McKinsey Global Institute

**India's Consumer Confidence Index
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 growing at a 5 year CAGR of 14%.

With a reach in more than 60 countries, focus on key markets to grow International Business

Increased its Market capitalization by 2.8 times to more ₹250 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.

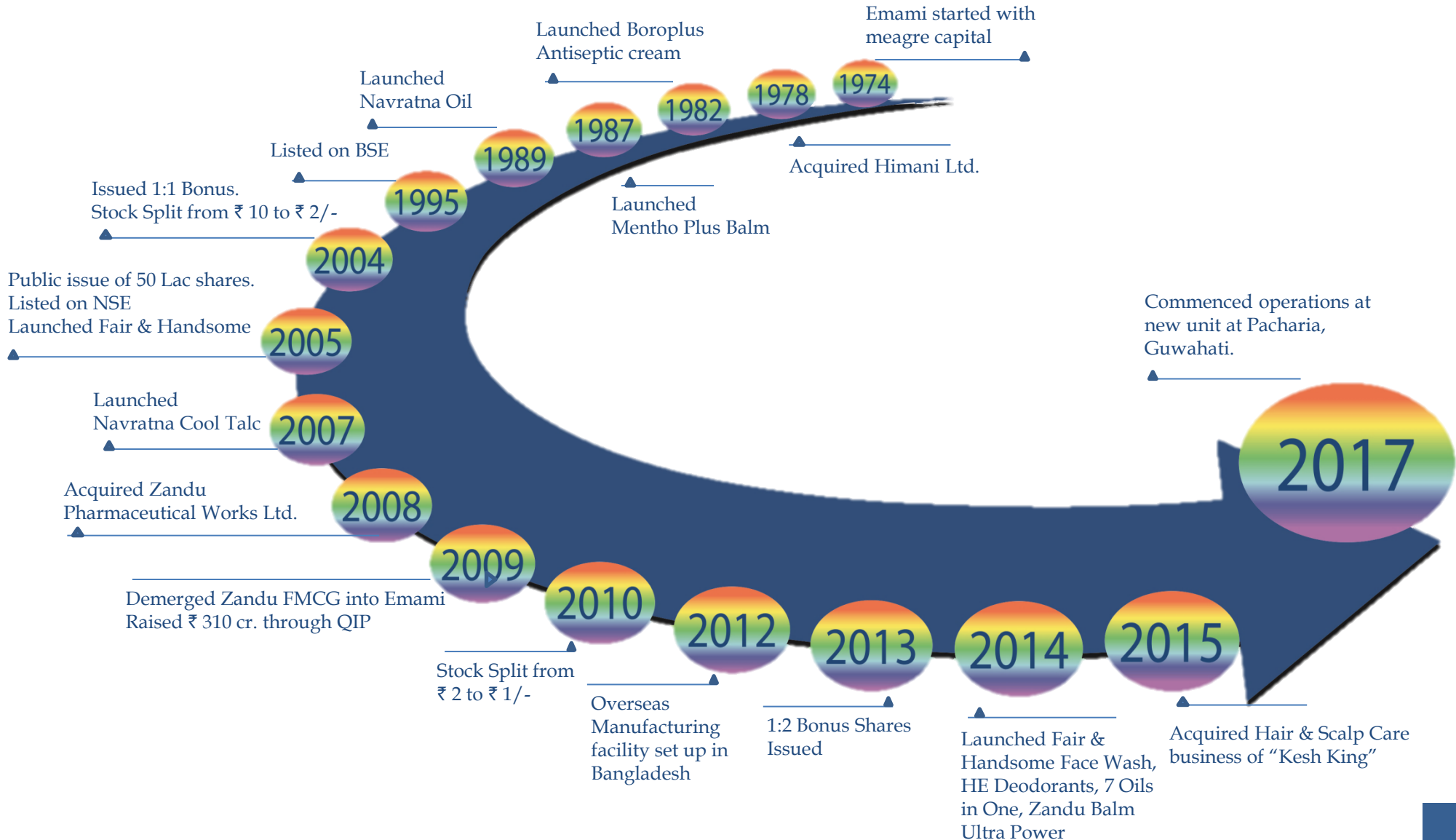
Appointed senior industry veterans as advisors.



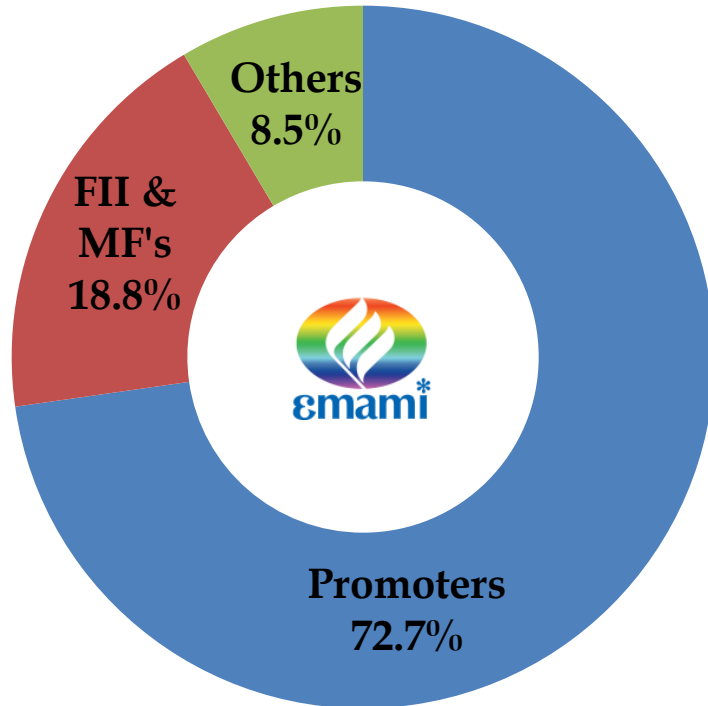
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The Journey

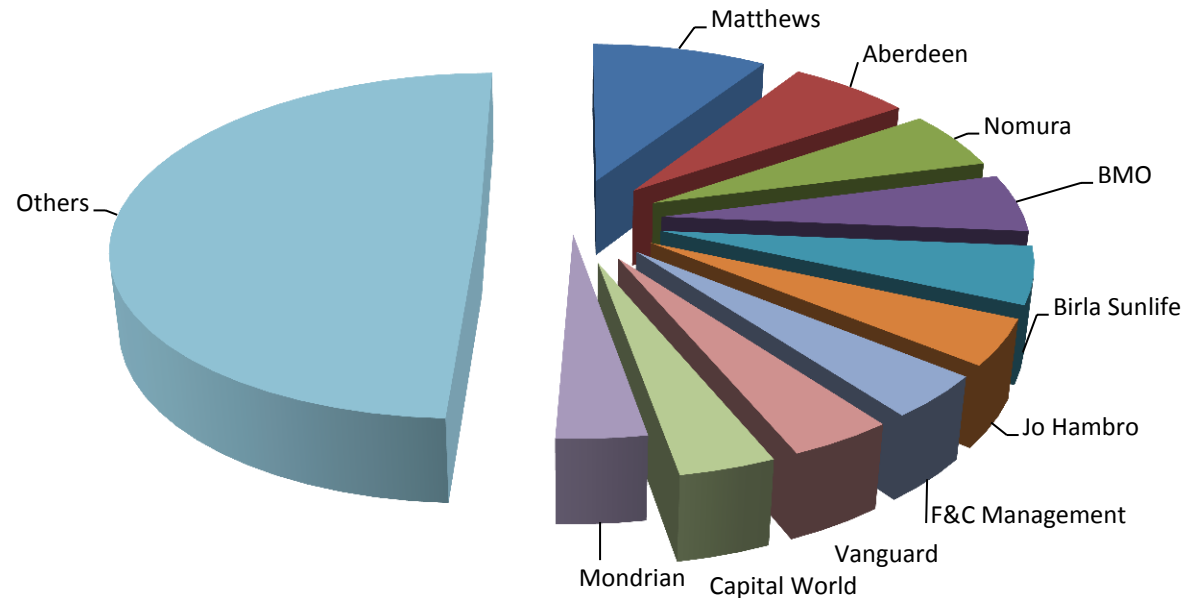


Shareholding Pattern...as on 31.03.2017



- Listed on the NSE, BSE and Kolkata stock exchanges
- Market capitalization of nearly ₹ 250 bn (US\$ 3.8 bn)

Major Institutional Investors



- ~45x 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	Sri R. S. Agarwal
2	Sri R. S. Goenka
3	Sri S. K. Goenka
4	Sri Mohan Goenka
5	Sri A. V. Agarwal
6	Sri H. V. Agarwal
7	Smt. Priti A Sureka
8	Sri P. Goenka

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



Snapshot of Major Brands



Brands	Segment	Market Size	Market Size	Market Share (%)	
		(₹ in bn.)	(\$ in Mn)	2011	2016
Navratna Oil	Cooling oil	8.5 bn	131 mn	52%	61%
BoroPlus Cream	Antiseptic Cream	4.6 bn	71 mn	75%	70%
Zandu & Mentho Plus Balms	Balms	9.0 bn	139 mn	56%	59%
Fair & Handsome	Men's Fairness Cream	3.9 bn	59 mn	58%	60%
Kesh King	Ayurvedic Hair and Scalp care	7.2 bn	111 mn	-	34%
Navratna Cool Talc	Cool Talc	5.5 bn	84 mn	13%	26%

Source: AC Nielsen, MAT Dec '16

Navratna

BORO PLUS

ZANDU

MENTHO PLUS

FAIR AND HANDSOME

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

Navratna Oil



- Growing at a **CAGR of 12%** in last 6 years
- Commissioned some of the most visible brand ambassadors (Amitabh Bachchan, Shahrukh Khan, and Mahesh Babu, Chiranjeevi and Upendra for South)
- Launched brand extension, **Navratna Almond Cool Oil** providing the nourishing goodness of nine natural ingredients, including almond in a pleasant and fragrant, non-sticky format.

Market Size	₹ 8.5 bn (\$ 131 mn)
Market Share	61%



An ayurvedic 'therapeutic cooling oil' providing physical and mental stress relief, protection and nourishment

- Antiseptic Cream growing at a **CAGR of 11% in last 6 years**
- Largest selling antiseptic cream not only in India but also in Ukraine, Russia and Nepal
- BoroPlus Brand ranked **54th among India's 100 most trusted brands** by Economic Times Brand Equity Survey, 2016
- Launched a new variant, **BoroPlus Perfect Touch-** a non-sticky, non-oily, deep moisturising cream, with the goodness of ayurvedic herbs and antiseptic action .
- Brand endorsed by superstars Amitabh Bachchan and Kangana Ranaut

Market Size	₹ 4.6 bn (\$ 71 mn)
Market Share	70%



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



Fair & Handsome

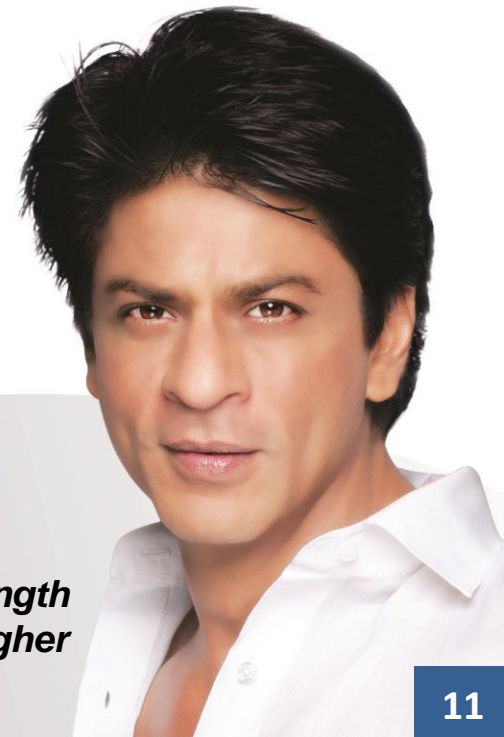


- Fairness Cream growing at a **CAGR of 11% in last 6 years**
- Re-launched with new formulation and packaging providing 5 Key benefits namely –Sweat Absorption, Oil Control, Sun Protection, Dark Spot Reduction and Long Lasting fairness.
- Launched extensions: “**Fair & Handsome Instant Fairness Facewash**”, “**Fair And Handsome 100% Oil Clear Instant Fairness Facewash**” and “**Fair & Handsome Complete Winter Solution**”
- Brand endorsed by superstars Shah Rukh Khan & Hrithik Roshan

Market Size	₹ 3.9 bn (\$ 59 mn)
Market Share	60%



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



Navratna Cool Talc

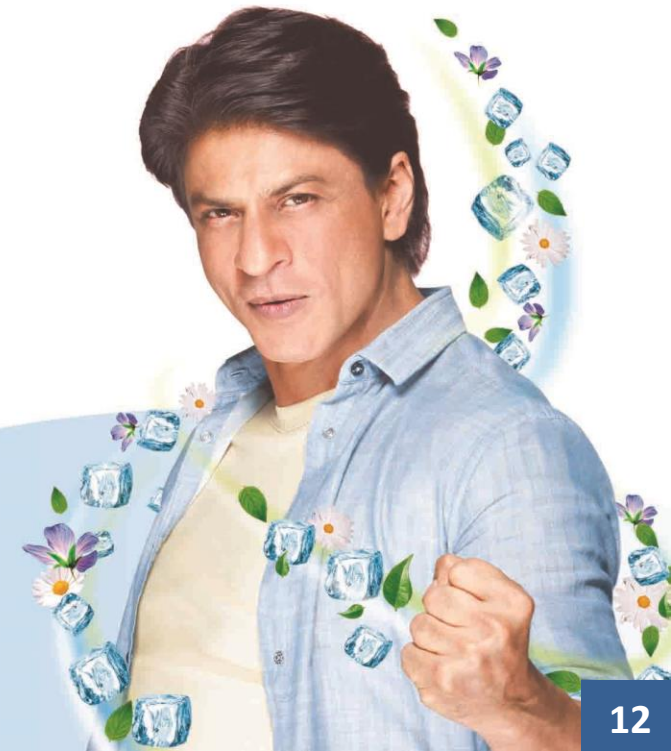


- Growing at a **CAGR of 19%** over last 6 years.
- An innovative launch in the talcum powder category; **with cooling properties.**
- **Launched** new variant **“Navratna i-Cool Talc”** with intelligent sweat sense technology releasing instant cooling when one sweats.

Market Size	₹ 5.5 bn (\$ 84 mn)
Market Share	26%



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. Further extended the Oil Portfolio with the launch of Coconut Oil variant in southern markets
- **Enhanced formulation** by moving from 16 to 21 Ayurvedic herbs for higher efficacy.

Market Size	₹ 7.2 bn (\$ 111 mn)
Market Share	34%

- **Shruti Haasan & Sania Mirza** also roped in to promote the brand along with **Juhi Chawla**.



HE Range



- Relunched HE Deodorants with an easy to use premium packaging
- Forayed into “No-Gas” Category”-
 - Passion & Hypnotic fragrances.
 - ICY Collection- Offering cooling effect on users along with long lasting fragrance
- Introduced “HE-On the Go” Waterless Face Wash, in Apr '17.
 - With the goodness of Aloe Vera and Minerals from Marine Extracts, this revolutionary product lets one wash their face without the use of water.
- Brand endorsed by Bollywood superstars Hrithik Roshan & Shahid Kapur



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 endorsed 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

Major brands :



Zandu Balms & Mentho Plus Balm

Zandu Pancharishtha

Zandu Vigorex

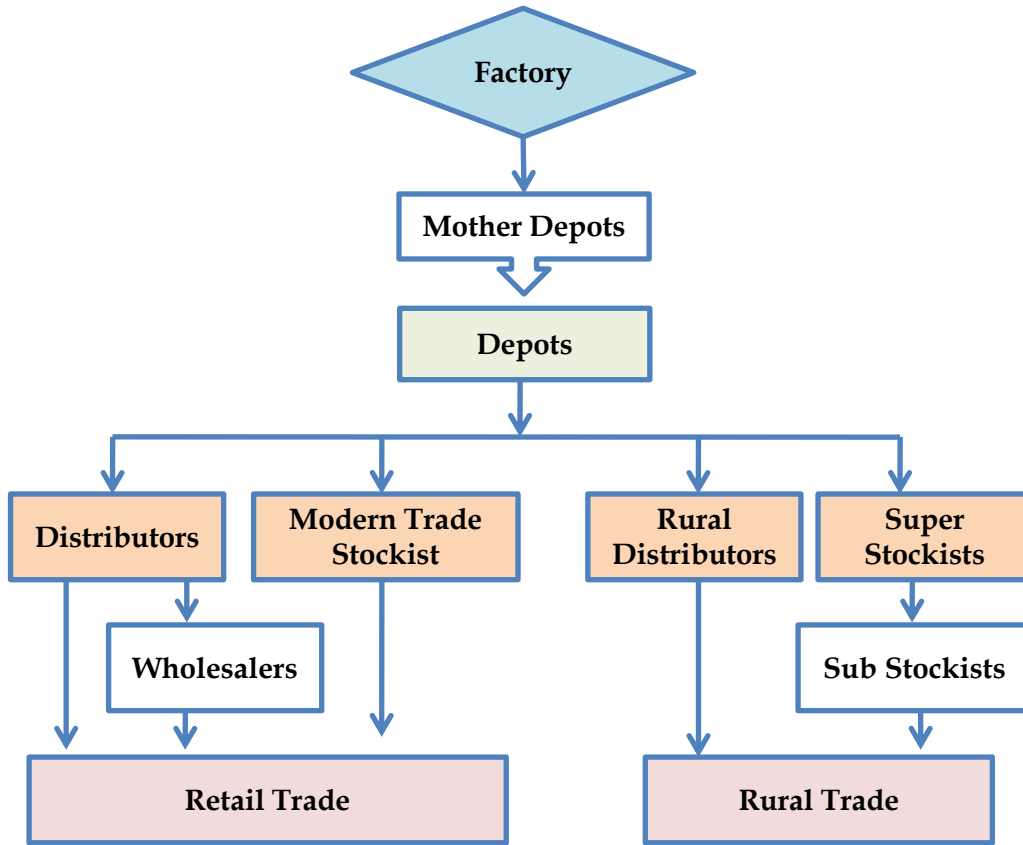
- Balms growing at a CAGR of 10% over last 6 years
- Zandu, a dominant player in pain management category, ranked among India's most trusted brands by Brand Equity Survey, 2016
- Entered high growth modern formats to strengthen Zandu's position as a Pain Reliever by launching Zandu Gel, Zandu Spray and Zandu Roll On in April 2017 .

Market Size	₹ 9.0 bn (\$ 139 mn)
Market Share	59%

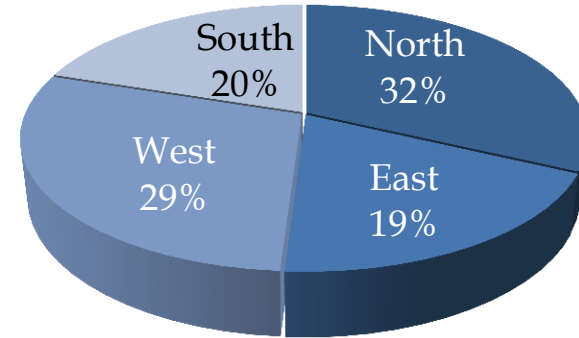


*Relief from headaches,
body aches and cold*

Domestic Distribution



Domestic Sales Split



Initiated **Project RACE** to increase Urban reach

Initiated a study with Nielsen to reach relevant outlets in Top 30 towns

Initiated van operations **Project Dhanush** to increase rural reach

Direct Coverage in **16,700+ villages** with population less than 50,000.
~11,000 villages with population less than 10,000.

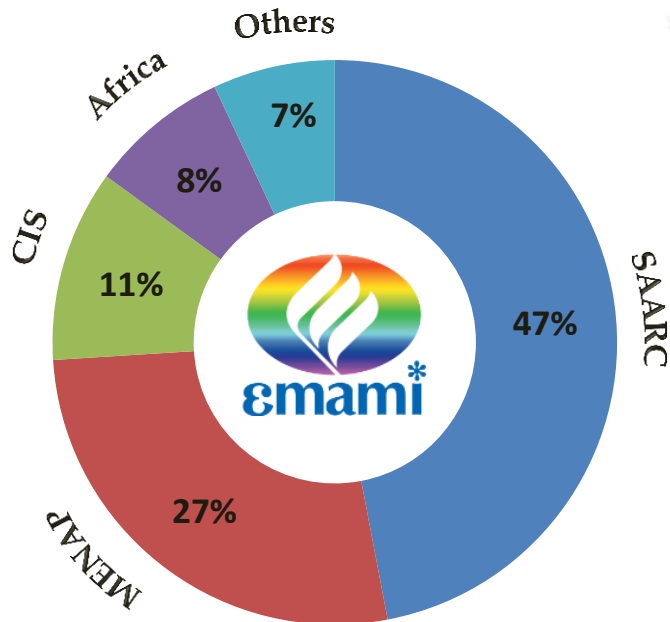


International Business



- CAGR of 10% over last 6 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 11% 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.

SAARC

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

CIS

- 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

BORO PLUS

Antiseptic & Healing topical segment

FAIR AND HANDSOME

Men's face whitening / Fairness

#1 in Bangladesh, UAE & KSA

#1 in Russia

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

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



- 8 manufacturing facilities; 3 in Guwahati and 1 in Pantnagar, Uttaranchal 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
- New unit at Pacharia, Guwahati commenced operations in Feb'17. Spread over 30 acres of land, this is the largest manufacturing facility of Emami with a total planned outlay of ₹ 300 crore.

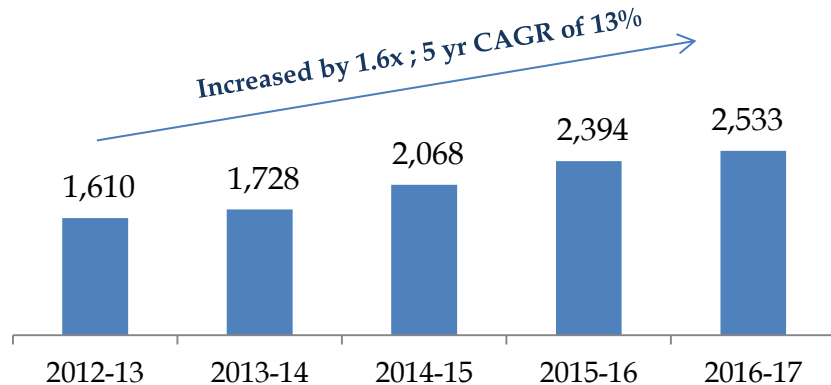


Growing Robustly

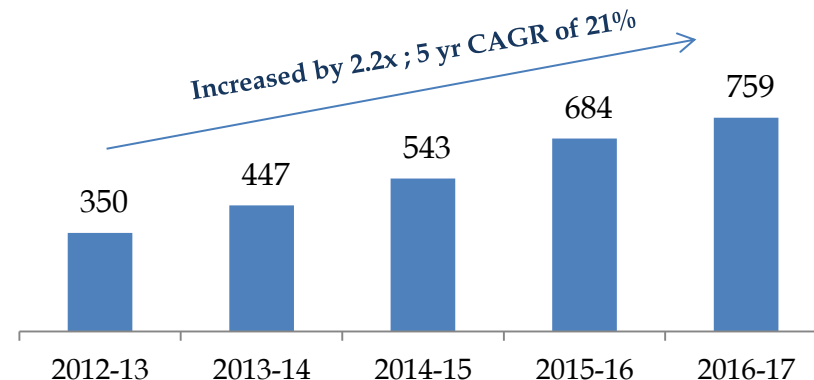


₹ in crores

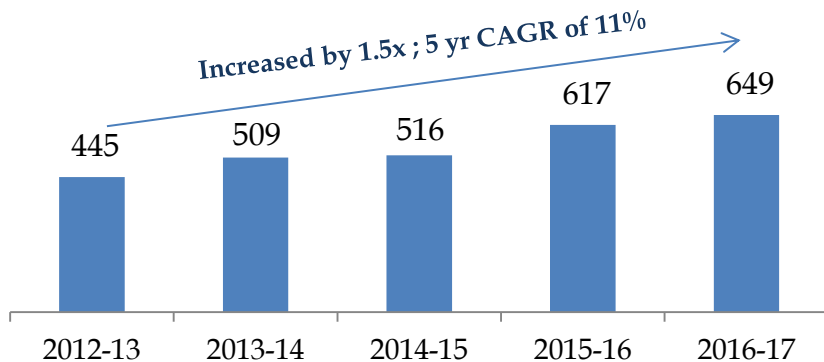
Revenues



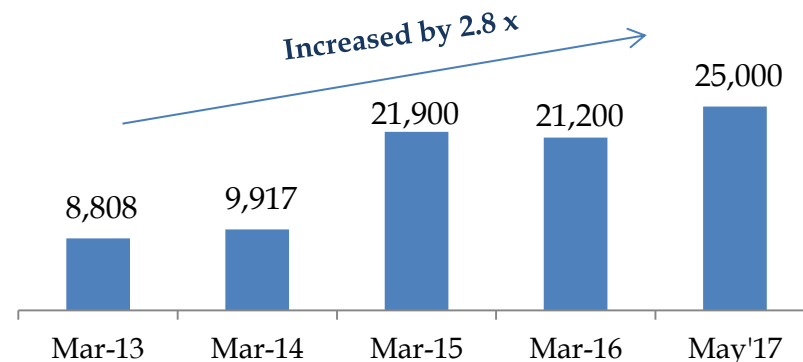
EBIDTA



Cash Profits*



Market Capitalization

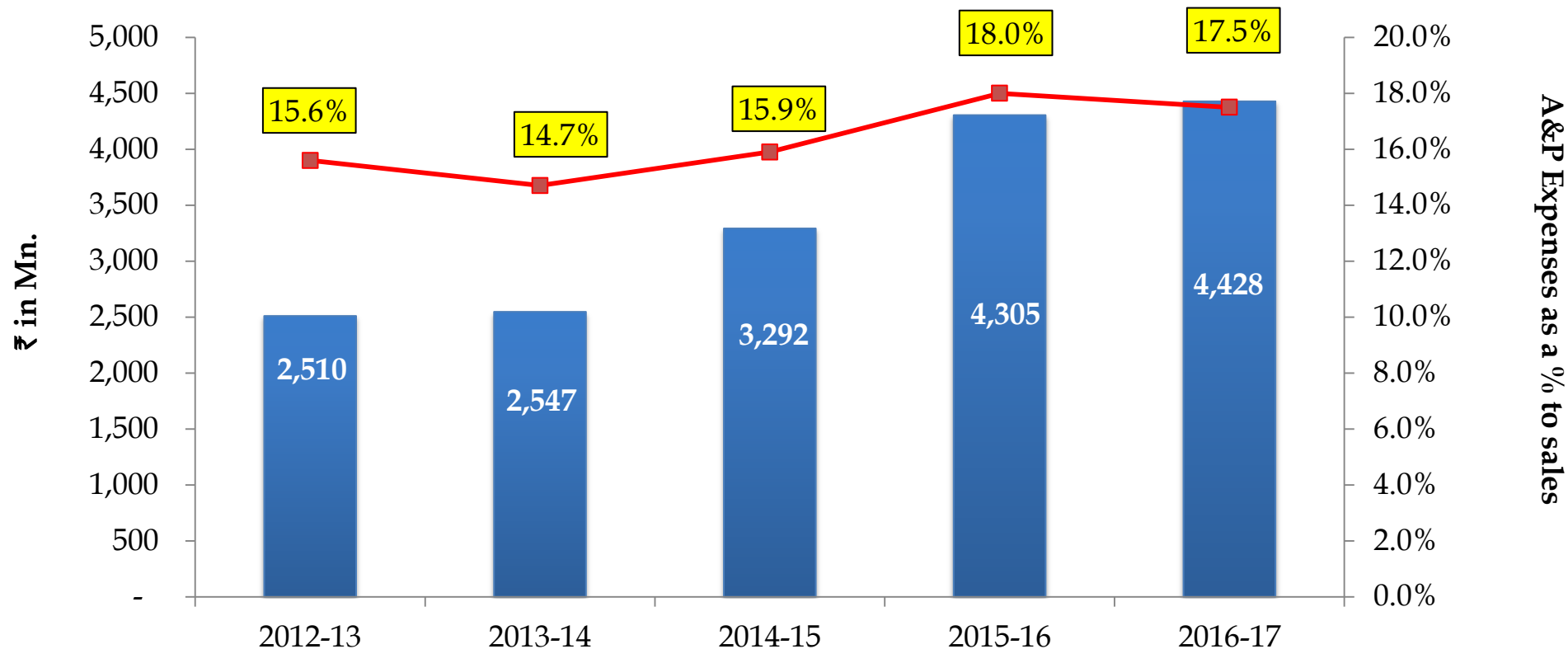


*Cash Profits = PAT+ Depreciation & Amortization.

A&P Expenses

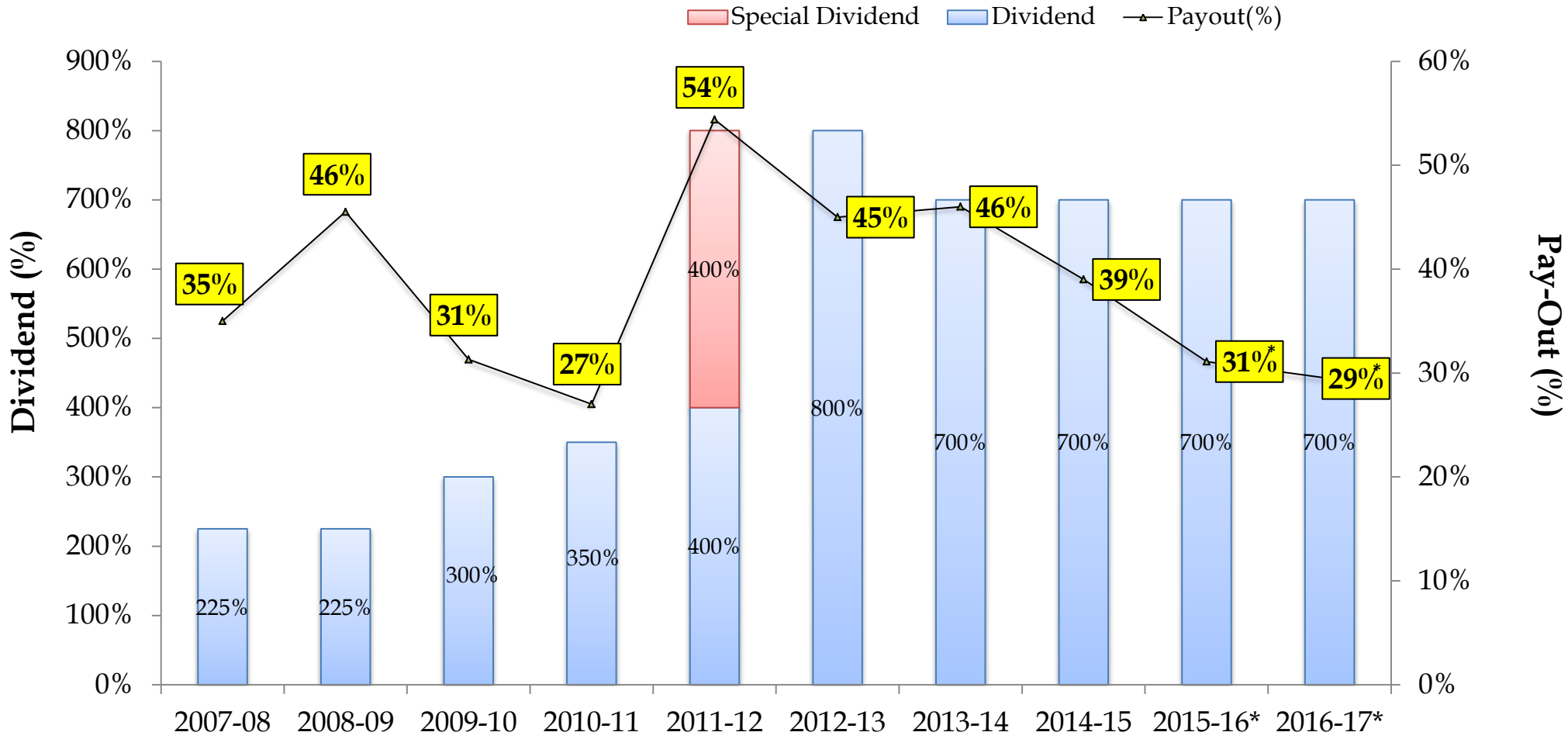


■ Rs. in Million ■ % to sales



More than ₹17 bn invested in A&P in last 5 years

Dividends



*Dividend Payout on Cash Profits

Summarized Balance Sheet



₹ in millions

SL.	EQUITY & LIABILITIES	Audited		SL.	ASSETS	Audited	
		As at 31.03.17	As at 31.03.16			As at 31.03.17	As at 31.03.16
	Equity			1	Non Current Assets		
(a)	Equity Share capital	227	227	(a)	Property, Plant and Equipment	6,966	4,141
(b)	Other Equity	17,320	15,889	(b)	Capital work-in-progress	129	616
	Equity attributable to shareholders of the company	17,547	16,116	(c)	Investment Property	538	565
(c)	Non-Controlling Interest	14	41	(d)	Other Intangible Assets	12,393	14,994
	Total Equity	17,561	16,157	(e)	Intangible assets under development	86	55
	LIABILITIES			(f)	Goodwill on Consolidation	41	41
1	Non-Current Liabilities			(g)	Financial Assets		
(a)	Financial Liabilities				(i) Non-Current Investments	944	355
	(i) Borrowings	-	3,000		(ii) Loans	48	69
	(ii) Other Financial Liabilities	117	124	(h)	Other Non-Current Assets	402	1,035
(b)	Provisions	239	190			21,547	21,869
(c)	Deferred tax liabilities (Net)	422	90	2	Current assets		
(d)	Other Non-Current Liabilities	13	14	(a)	Inventories	1,792	1,505
		790	3,418	(b)	Financial Assets		
2	Current liabilities				(i) Current Investments	333	119
(a)	Financial Liabilities				(ii) Trade & Other Receivables	970	1,309
	(i) Borrowings	1,730	3,714		(iii) Cash & Cash Equivalents	501	1,084
	(ii) Trade Payables	1,847	2,487		(iv) Short Term Loans & Advances	39	36
	(iii) Other Financial Liabilities	3,380	378		(v) Others	12	8
(b)	Other Current Liabilities	229	268	(c)	Current Tax Assets (Net)	9	150
(c)	Provisions	590	500	(d)	Other Current Assets	923	841
(d)	Current Tax Liabilities (Net)					4,579	5,053
		7,776	7,347				
	Total Equity and Liabilities	26,127	26,922		Total Assets	26,127	26,922

Awards & Accolades

- **Emami ranked 87th 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**
- **Boroplus ranked 54th and Zandu Balm ranked 100th among the Top 100 Brands** in the Economic Times Brand Equity -Most Trusted Brands, 2016 across categories.



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 47.5%
- ROE at 37% & ROCE at 28% 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

