



Emami arms itself with robust innovation pipeline to combat Covid-19 slowdown

Gross Margins & Cash Profits rise despite Covid-19 impact

Kolkata, June 26th 2020: The Board of Directors of Emami Limited met on Friday, 26th June 2020 to consider the audited financial results of the company for the quarter and year ended 31st March 2020.

The business environment that was already facing challenges from weak consumption trends and liquidity concerns was further impacted severely by the Covid-19 pandemic. Further, nation-wide lockdown to control spread of the pandemic significantly disrupted operations from the last fortnight of March, which virtually came to a standstill until the first fortnight of April. The pandemic and the lockdown led to a sharp decline in consumption due to rising unemployment and a significant drop in demand from low-income groups. The pandemic also led the consumer shift towards more essential items like food, groceries and hygiene products thereby affecting the sale of the Company's niche and discretionary line of products. All these developments arising out of an unprecedented and extraordinary environment that prevailed across the globe, impacted the Company's performance significantly in Q4FY20.

While the pandemic had a negative impact on every individual and organisations across the globe, it also presented opportunities that the Company was quick to capitalize on. The company collaborated with delivery partners like Swiggy, Zomato and WOW Momo, to directly reach out to the consumers. Emami also recognised the importance of health & hygiene, which was the need of the hour and launched BoroPlus Advanced Anti-Germ Hand Sanitizer in April 2020, bringing an effective product to consumers in the midst of the pandemic during the lockdown. This was followed by the launch of an Ayurvedic Sanitizer under the Zandu brand. The Company has also recently expanded BoroPlus range of hygiene products to Antiseptic & Moisturizing Soaps and Handwashes in two variants. In addition to these, the company has already lined up a slew of new launches in the health and hygiene category over the next few months.

In Q4FY20, the company launched BoroPlus Organic Aloe Vera Gel with 100% organic Aloe Leaf Extract, Antiseptic Herbs & Vitamin E for Healthy, Hydrated and Nourished Skin and Hair. Navratna Cool Talc was relaunched with modernized packaging and superior claims. The Company roped in Bollywood superstar Salman Khan to endorse Navratna and launched a new campaign to extend the product messaging to masses.

Despite the Covid impact, in FY20, the Company's power brands increased their market shares in both domestic and International markets, strengthening their presence in their respective categories. In the Domestic business, Kesh King grew its volume market share by 140 bps at 26.6%, Balms grew by 130 bps at 54.9%, BoroPlus grew by 30bps at 74.1% and Navratna grew



by 10 bps at 66.4% while Fair and Handsome maintained its leadership position with a market share of 65.3% in MAT Dec'19.

International business grew by 16% during the year led by key geographies like Bangladesh and key brands like 7 Oils in One. Performance of Sri Lanka is also looking promising for the company. The company's International acquisition, Creme 21 was fully operational and its distribution team aligned and integrated during the year. The brand performed well and was also introduced in key International markets.

In FY20, Revenues at Rs. 2655 cr marginally declined by 1% due to a 17% decline in Q4FY20. Tight cost control measures helped improve Gross margins by 130 bps at 67.0% and despite one-time write-off amounting to Rs. 11 cr, Cash profits at Rs. 639 cr grew by 2% during the year with margins growing by 80 bps

Mr Mohan Goenka, Director, Emami Limited said:

"FY20 has been one of the most challenging years for the Company. The unprecedented Covid-19 pandemic brought about an environment where lives were at stake, which led to the already existing soft consumption trends to almost nil. The pandemic warranted agility and adaptability to combat the situation while standing in solidarity with our employees, business partners and other stakeholders to ensure safety and precautionary measures for all. The dynamic scenario presented daily challenges, which was met head-on by our team to bring about learnings to face the 'new-normal' confidently. Despite the Covid-led slowdown, our strictly cost control measures were able to improve our gross margins and cash profits as well as increase the market shares of our key brands. We will continue to innovate both in our existing and new brands to introduce products relevant to the current consumer demand as well as focus on cost management and cash conservation to navigate this unprecedented challenging time."

Mr Harsha V Agarwal, Director, Emami Limited said:

"We strongly believe that even an adverse situation presents an opportunity. The pandemic taught us many lessons and presented opportunities to accelerate our innovation pipeline to stay not only relevant, but emerge stronger as an organisation. Current consumer trends which we believe is here to stay, indicate that categories like personal hygiene and natural health care products for boosting immunity and other wellness products are very clear preferences of the consumers today. We have geared ourselves to respond to these demands, which are relevant in today's time. While we have already forayed into Hand Sanitizer, Soaps and Handwashes under the Boroplus brand and few other products in Health Care under Zandu, we are aggressively pushing to launch more products in both personal hygiene and healthcare categories in the next one to two months. This apart, as the current situation is gradually improving to reach normalcy, we feel that the demand for discretionary products could quickly come back to normal."



emami* limited

About Emami Ltd

Emami: (NSE: EMAMILTD, BSE: 531162) Emami Ltd, founded in 1974, is one of India's leading FMCG Companies engaged in manufacturing & marketing of personal care & healthcare products.

With over 300 diverse products, Emami's portfolio includes trusted power brands like Navratna, BoroPlus, Fair & Handsome, Zandu Balm & Mentho Plus. In 2015, the Company acquired the business of 'Kesh King' and forayed into the Ayurvedic hair & scalp care segment. In, 2019, the company acquired Creme 21, a German brand with strong roots & brand recall. Emami products are available in over 4.5 million retail outlets across India through its network of ~3250 distributors and its global footprint spans over 60 countries including GCC, Europe, Africa, CIS countries & the SAARC.

Emami has maintained a 10% CAGR in topline for the past 10 years through its consistent business performance. Emami is well known for its aggressive marketing powered by celebrity endorsements like Amitabh Bachchan, Pt Birju Maharaj, Shah Rukh Khan, Salman Khan Hrithik Roshan, Shahid Kapoor, Madhuri Dixit, Katrina Kaif, Kareena Kapoor Khan, Yami Gautam, Kangana Ranaut, Shilpa Shetty, Sonakshi Sinha, Shruti Haasan, Juhi Chawla, Vidyut Jamwal, Kartik Aryaan, Varun Dhawan, Milkha Singh, Tiger Shroff, Sachin Tendulkar, Surya, Jr. NTR, Sania Mirza, Saina Nehwal, Bipasha Basu etc over the years.

With a market cap of around Rs. 9,000 cr, Emami Ltd is the flagship Company of the diversified Emami Group. Please visit www.emamltd.in for further information.

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