

## Emami posts high profit-led growth

### Strong profit helps to mitigate 2<sup>nd</sup> wave of COVID challenges

#### Q1FY22 HIGHLIGHTS

- ❖ **37% growth in Revenue from Operations**
  - 42% growth in Domestic Business Net Sales
  - 17% growth in International Business Net Sales
  - 34% growth in Institutional Business Net Sales
  
- ❖ **Strong improvement in Profits & margins, notwithstanding input cost pressure**
  - 38% growth in EBIDTA with margins at 25.7% growing by 20 bps
  - 97% growth in PAT with margins at 11.8% growing by 350 bps
  - 41% growth in Cash Profits with margins at 24.3% growing by 50 bps
  
- ❖ **Increased existing strategic stake from 33.09% to 45.96% in Helios Lifestyle Pvt Ltd (“The Man Company”).**

*Cash Profit= PAT+ Depreciation & Amortization*

**Kolkata, Monday 2<sup>nd</sup> August 2021:** The Board of Directors of Emami Limited met on Monday, 2<sup>nd</sup> August 2021 to consider the Unaudited financial results of the company for the first quarter ended 30<sup>th</sup> June 2021.

The second wave of COVID pandemic surged across the country from mid-April onwards leading to lockdowns and restrictions in various states, severely affecting both urban and rural regions. While the initial weeks of April witnessed sustained growth momentum, subsequent increase in COVID cases led to a challenging phase over the month of May. While personal care products were impacted, demand for Health and hygiene products was also muted compared to the first wave phase.

Notwithstanding the challenges the company was able to post one of its most profitable performances during the quarter. While overall revenues grew by 37% over Q1FY21 albeit on a lower base, the company posted growth even over last to last year base quarter, i.e. Q1FY20, irrespective of the severity of the impact of 2<sup>nd</sup> wave of the pandemic.

While Domestic Business grew by 42% over previous year, it grew by 5% over last to last year despite the raging impact of 2<sup>nd</sup> wave. Further, all major brands grew handsomely by more than 50% during the quarter except for Navratna which posted growth of 21% due to



lockdowns. During the quarter, Modern trade grew by 63% and ecommerce continued its robust run growing by 3.7x. In Q1FY22, ecommerce business increased its contribution by 300 bps to ~5% of domestic revenues. During the quarter, the company introduced Navratna Therapy Range, with premium cool oils for stress relief and body massage exclusively for e-commerce channel during the quarter. The company also launched HE Active Range with 24 hour odour protection in the modern trade channel.

The Company's International business grew by 17%. Barring middle eastern geographies, all other regions posted strong growth during the quarter. Creme 21, was also extended to Premium skin soaps in select International markets.

The company posted record profits during the quarter despite high input cost pressure. Gross margins at 66.0% were lower by just 50 bps over previous year. EBIDTA at Rs. 170 cr grew by 38% and EBIDTA margins at 25.7% grew by 20 bps. PAT at Rs. 78 cr grew by 97% with PAT Margins at 11.8% increasing by 350 bps. Cash Profits at Rs. 161 cr also grew by 41% and Cash Profit Margins at 24.3% grew by 50 bps.

Over last to last year, i.e. Q1FY20, Gross Margins were higher by 180 bps. EBIDTA grew by 27% and EBIDTA margins also grew by 500 bps. PAT grew by 98% and PAT margins also grew by 570 bps while Cash Profits grew by 31% and Cash Profit margins also grew by 540 bps.

During the quarter, the company also increased its stake in Helios Lifestyle (The Man Company), which is in line with Emami's focus on strategic investments in start-ups to incubate new engines of growth.

**Mr Mohan Goenka, Director, Emami Limited said:**

*"We are very happy that despite challenges, we could post one of our most profitable quarterly results. Our profitability was not only higher than the base quarter, which was impacted by the nationwide lockdown, but also much superior to the normal first quarter of FY20. While our overall revenues at Rs. 661 cr grew by 37% over Q1FY21, they were higher even over the base quarter of last to last year, i.e. Q1FY20, which we believe is robust considering the severity of the impact of 2nd wave. However, the overall demand since early June has once again been showing improvement with the COVID positivity rates dropping to pre-2nd wave levels. Our focus on the progress of Standalone Modern Stores as well as Project Khoj to increase footprints in rural areas is progressing steadily. We also posted record profits during the quarter despite high input cost pressure, which highlights our resilience."*



**Mr Harsha V Agarwal, Director, Emami Limited said:**

*“Our performance in posting a high profit-led growth in the face of such severe challenging environment reflects our resilience, agility to meet the rising demands and the intrinsic strength of our core brands. We will continue to invest & focus on our Healthcare portfolio, which has been consistently performing well with a growth of 59% during the quarter. We recognise that e-commerce today has become the channel of choice for many which led to us launching our exclusive e-commerce business, Zanducare, that is growing at a rapid pace with more than one crore sessions since its launch last year. Our digital mind-set and depth of consumer connect has led to introduction of many digital first products, some of which, we plan to introduce to modern trade and chemists in due course.”*

---

#### **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 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 Aaryan, 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. 25,000 cr, Emami Ltd is the flagship Company of the diversified Emami Group. Please visit [www.emamltd.in](http://www.emamltd.in) for further information.

---

#### **For further information, please contact :**

Mahasweta Sen | AVP & Head -Corporate Communications

Email: [mahasweta.sen@emamigroup.com](mailto:mahasweta.sen@emamigroup.com) | Handphone: +919836292392