

Published Date:	5 Jun 2023	Publication:	Financial Express [Mumbai]
Journalist:	Mithun Dasgupta	Page No:	5
MAV/CCM:	234,604/76.17	Circulation:	40,578

Emami on look out for good acquisitions

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Kolkata, June 4

FMCG MAKER EMAMI is on the look out for more good acquisitions as well as strategic investment opportunities in start-ups ecosystem to grow its business.

"Despite dividend payout, buybacks of shares and acquisitions, we still have a huge amount of cash on our balance sheet. And, we are on the look out for good acquisitions as well as strategic investment opportunities in start-up businesses which can have a growth and deliver synergistic benefit for us," said NH Bhansali, CEO — finance, strategy and business development, and CFO, Emami. At the end of March, 2023, the company had net cash on its books of around ₹275 crore. The company has an Ebitda of around ₹900 crore annually.

The company, which owns brands like Boro Plus, Navratna, Zandu, Fair and Handsome and Kesh King, is looking for acquisitions as well as strategic investment opportunities in personal care and health care segments.

The Kolkata-based FMCG major invested in a few startup companies like Helios Lifestyle and Brillaire to explore emerging ideas faster and enhance proprietary digital competencies. Initially, the company had made strategic investments into these companies to nurture them to aggressive growth, and progressively increased its shareholdings. During FY22, Emami increased its stake to 49.53% from 33.09% in Helios Lifestyle, which owns the fast-growing male grooming brand The Man Company. Also, it hiked stake to 57.36% from



EXPLORING IDEAS

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34.70% in Brillaire, and acquired 20.65% stake in Tru Native F&B. Tru Native is a D2C business that markets nutrition products under the TruNativ brand.

Currently, the company's stake in Brillaire, which is engaged in manufacturing of professional saloon products, stands over 80%. Helios has also become a subsidiary of the company.

Talking to FE, Bhansali said the company is putting efforts to growing penetrations of its existing brands, coming out with brand extensions and new launches of the core brands. The company has carried forward some brand extension exercises for its major brands like Navratna, BoroPlus and Kesh King.

On Dermicool, Bhansali said the company has plans to

launch this newly-acquired brand in the international markets during this financial year.

Emami acquired Dermicool, one of the leading brands in the prickly heat and cool talc segment, from Reckitt Benckiser Healthcare India in March, 2022 for a total consideration of ₹432 crore. In the last fiscal, the company garnered almost ₹112 crore revenue from Dermicool. This fiscal, the company is expecting about 15% growth from this brand.

Dermicool and The Man Company contributed around 10% to the consolidated revenues in the fourth quarter and around 6% in FY23, the management said during Q4FY23 earnings conference call.

The management expects that the domestic business will grow around 8-10% and the international business will grow above 20% in FY24. Due to lower input costs, both gross margin and Ebitda margin are likely to improve this fiscal.

During Q4FY22, Emami posted a 60% drop in consolidated net profit to ₹141.62 crore, while revenue from operations during the quarter was up 8.8% to ₹835.95 crore. During the period gross Margins at 63.1% improved by 60 basis points, while Ebitda margins improved by 260 bps.

"The management highlighted that they witnessed some green shoots in rural demand in the current quarter except for summer portfolio. International business continued its strong performance with 19% YoY growth driven by MENA, CIS and SAARC regions despite inflation and challenges in some markets.