

**Dated: August 11, 2023**

The Manager  
**BSE Limited**  
Corporate Relationship Department  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai- 400001  
Scrip Code: 531162

The Manager  
**National Stock Exchange of India Limited**  
Listing Department  
Exchange Plaza, 5<sup>th</sup> Floor, Plot no. C/1  
G Block, Bandra Kurla Complex  
Bandra (E), Mumbai-400 051  
Symbol: EMAMILTD

Dear Sirs,

**Sub: Transcript of Investor Conference Call pertaining to the Unaudited Financial results of the Company for the Quarter ended June 30, 2023.**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Investors' conference call organized on August 7, 2023 post declaration of Financial Results (Standalone & Consolidated) for the quarter ended June 30, 2023.

The said transcript is also available on the website of the Company at [www.emamiltd.in](http://www.emamiltd.in).

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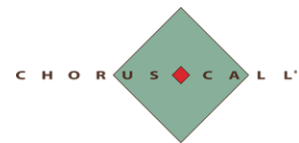
Thanking You

**For Emami Limited**

**Sandeep kumar Sultania**  
**Company Secretary & VP - Sales Commercial**  
**Membership No: A13546**



“Emami Limited  
Q1 FY '24 Earnings Conference Call”  
August 07, 2023



**MANAGEMENT:** **MR. MOHAN GOENKA – VICE CHAIRMAN & WHOLE TIME DIRECTOR – EMAMI LIMITED**  
**MR. VIVEK DHIR – CHIEF EXECUTIVE OFFICER– INTERNATIONAL BUSINESS – EMAMI LIMITED**  
**MR. GUL RAJ BHATIA – PRESIDENT – HEALTHCARE– EMAMI LIMITED**  
**MR. RAJESH SHARMA – PRESIDENT FINANCE AND INVESTOR RELATIONS –EMAMI LIMITED**

**MODERATOR:** **MR. PERCY PANTHAKI – IIFL SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Emami Limited Q1 FY '24 Earnings Conference Call hosted by IIFL Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Percy Panthaki from IIFL Securities Limited. Thank you, and over to you, sir.

**Percy Panthaki:** Hi. Good afternoon. Welcome to this call for the Emami Results. With me, I have from the management, Mr. Mohan Goenka, Vice Chairman and Whole Time Director; Mr. Vivek Dhir, CEO, International Business; Mr. Gul Raj Bhatia, President, Healthcare and Mr. Rajesh Sharma, President, Finance and IR.

Without further ado, I'd like to hand over the call to Mr. Mohan Goenka, who will take you through the results presentation. Over to you, sir.

**Mohan Goenka:** Thank you, Percy. Very good afternoon, ladies and gentlemen. Thank you for joining us today. I welcome you all to this conference call on Emami's result for the first quarter of FY '24.

Both our consolidated and domestic revenue grew by around 7% in Q1 with domestic volume growth of 3%. The quarter witnessed some sequential recovery in demand for non-summer products with a moderation in inflation. Pain Management and Healthcare range sprung back to double-digit growth in Q1. Pain Management grew by 13% and Healthcare range grew by 11%. Boro Plus range grew by 19%.

As we have seen, the summer season was affected across the country by unseasonal rains, which impacted sales of our summer products across categories during the quarter. Navratna range was thus impacted by the unseasonal rains and declined by 8%. However, despite the bad season, Dermicool grew by 9% on account of distribution initiatives undertaken by us. Kesh King grew by 2% and male grooming range posted flat growth due to high base.

Modern Trade and e-commerce continued to perform well, growing by 45% and 47%, respectively, increasing their saliency to 19.4% of domestic sales, an increase of 510 basis points against Q1 of last year. International business grew by 8% during the quarter, with a constant currency growth of 11%, led by strong growth in SAARC, GCC and CIS regions.

The quarter also witnessed strong double-digit growth in major brands like Navratna, 7 Oils in One, Fair and Handsome, and Creme 21 in the international markets.

With softening of key raw material prices, the quarter witnessed an expansion of gross margin by 240 basis points at 65.4% in this quarter. We increased investments behind our brands with A&P spends going up by 11%. EBITDA at INR190 crores grew by 10%, with margins at 23%, expanded by 60 basis points.

Profit after tax at INR138 crores grew by 87% and adjusted PAT at INR161 crores also grew by 17% over previous year.

Going ahead, we expect a steady recovery in rural demand, fuelled by easing of liquidity pressures, forecast of a near normal monsoon and moderation of inflation. Our international business is expected to maintain its growth trajectory to post even better results in the next 9 months. And with further softening of raw material prices, we continue to expect improvement in gross margins going ahead.

Our focus will be on driving our long-term strategic priorities, including brand building. We will also continue to invest behind our brands to provide superior value to our customers, and are optimistic of our ability to deliver a consistent, responsible and profitable growth in near to long-term.

With this brief, I now open the floor for Q&A. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-question session. First question is from the line of Prakash Kapadia from Anived Portfolio Managers.

**Prakash Kapadia:** Couple of questions from my end. Earlier, we were under-indexed on modern trade and e-commerce. Now last few quarters we've been growing very rapidly in both of these channels. So what is driving this growth? And what categories are driving this growth, if you could give us some sense?

Secondly, on the rural demand, is the worst over? And can we expect better sales in the coming quarters?

**Mohan Goenka:** So, Prakash, in modern trade and e-commerce, our base was always very low. So we entered late into these two channels, but we have been focusing in these channels for the last almost 8 to 10 quarters. Yes. So that is one of the primary reasons why these channels are showing almost 50%, 60% growth every quarter. Now that we have reached at almost 20% contribution, I expect these channels to now grow anywhere between 15% to 20%. That's what I expect. All the brands that we sell in the GT are brands which contribute both in e-com and modern trade.

**Prakash Kapadia:** It's an across the brand performance, not any specific category or specific brand?

**Mohan Goenka:** Yes. Because, as I said, we have launched a lot of SKUs exclusively for these channels, which was not there in the past. So some products like Navratna, Kesh King, they may have a 500 ml, which is only available in e-com or modern trade and a lot of exclusive promotions also, which is only related to these channels. So that's one of the key factors that we see the growth in these two channels.

Coming to rural, Prakash, I think still there is some challenge. I would not say that all the challenges are behind us. Some markets are slightly better, but we will have to still wait till the inflation moderates to see long-term growth in the rural markets.

**Prakash Kapadia:** And one data keeping question for Rajesh. If I look at depreciation and amortization, it is at INR46 crores this quarter as compared to INR64 crores last quarter, and this quarter also includes a INR16 crores kind of write-off which we have taken on Brillare. So what should be the run rate in the medium-term from here on?

**Rajesh Sharma:** So, Prakash, I think, INR45 crores, INR50 crores kind of range should be there going ahead. So amortization last year first quarter had the Kesh King also, which is no more there. So INR23 crores, INR24 crores kind of amortization would be there and INR20crores, would be there on account of depreciation.

**Prakash Kapadia:** Normal depreciation?

**Rajesh Sharma:** Yes.

**Prakash Kapadia:** And if I were to look at results, Rajesh, there is no one-off in the base, right? Now everything is comparable. The Dermicool is come in, acquisition is coming. We are comparing like-to-like, right, on a year-on-year also?

**Rajesh Sharma:** Helios, i.e. The man company, became subsidiary last year in Q2 from July 1. So its numbers are not there in the base quarter.

**Prakash Kapadia:** And this is the only difference?

**Rajesh Sharma:** Yes.

**Prakash Kapadia:** So Q2, it is like-to-like?

**Rajesh Sharma:** Right.

**Moderator:** Thank you. Next question is from the line of Tejash Shah from Spark Capital. Please go ahead.

**Tejash Shah:** Sir, we have been doing very well in international business as well. So just wanted to know what is clicking for us in the international market? And is it largely territory addition that we are doing or we are seeing robust repeat purchase also in the core markets for us?

**Mohan Goenka:** Yes. So, Vivek, would you like to take this?

**Vivek Dhir:** Yes, sure. So when you look at our major demand, major growth is coming from the existing markets. So that is where we are growing and in the current brand, the big brands. So innovations are still being seeded and they will seed the future growth for us.

While we say we are growing in decent double-digits in most of the existing markets and brands, we are still facing some issues in terms of currency. So Russia is one area we are facing the currency issues. It has seen sharp depreciation in last 3, 4 months. But we have plans for that.

But to answer your question simply, most of the growth is driven from existing markets and existing brands, which have become stronger in those regions and geographies.

**Mohan Goenka:** But that is on back off also a strong focus in terms of advertising, very regional focus advertising, yes. Now our international business gives good profitability. So our investment also has gone up significantly in the international business. Lot of stability has come in.

**Tejash Shah:** And sir, which will be your top 3 brands in international markets?

**Vivek Dhir:** Top three brands, we can share with you. So Navratna remains the largest, After that is Fair and Handsome. Then we Creme 21 which was acquired - that is also very substantial for us. Fourth brand which is substantial for us is 7 Oils in One. So that fluctuates between number three and number four for us in the business. And then Boro Plus is there. Then we have OTC portfolio under different brands of Zandu and Mentho Plus, which also does well for us in various markets.

**Tejash Shah:** And sir, this is largely India diaspora we are catering to or brand equities kind of working with as well?

**Vivek Dhir:** So, I think you will read our annual reports as well. The Russia CIS business, which is around 11%, 12% of our total international business is all non-Indian consumers. Then we talk about say, Bangladesh. Bangladesh is all non-Indian consumer base.

Then we have a decent sale of our OTC in Africa markets, which is also non-Indian consumer base. Then in Southeast Asia, it's a mix of Indian consumer as well as local consumers over there. So Myanmar is largely local consumers, hardly any Indian consumers over there. So -- but in GCC you will find we have a mix of Indians as well as Arab consumers.

So Creme 21 caters largely to our Arab consumers, and Asian brands, our domestic brands cater to the Asian consumers over there. But our brand expansion of Navratna and 7 Oil, the portfolio which goes to the Arabs is also different. So that we don't retail in India. So that also gives us decent market within Arab, including Iraq as well as Egypt.

So Egypt, unfortunately, has been pretty bad for us this particular quarter. Ex of Egypt we have grown by around 20% in constant currency terms, in rest of the international markets. So, it's a very good mix of international consumers in our portfolio as on date.

**Tejash Shah:** That's very helpful. Only second and last question is on gross margin tailwinds that you spoke about in your opening remarks, and you said that you'll use for strategic priorities. So just

wanted to know, will it be largely reinvesting it into ATL, BTL activities? And then, how should we think about a margin -- EBITDA margin range for FY '24?

**Mohan Goenka:** So, Tejash, mostly it will go in A&P because most of the investments in Project Khoj is completed. So, we will be very careful. We will wait and watch how the summer -- how the winter pans out to be. If the winter is good, then we would definitely increase A&P by 1%. But overall, despite of that, we expect margins to increase by at least 200 basis points, 250 basis points.

**Tejash Shah:** Okay. That's very helpful. That's all from my side. Thanks and all the best.

**Moderator:** Thank you. Next question is from the line of Abneesh Roy from Nuvama Institutional Equities. Please go ahead.

**Abneesh Roy:** Congrats on good recovery in the non-summers. I had 3 questions. My first question is in terms of the talcum powder. Your Dermicool has seen good growth of 9% versus Navratna, minus 8%. The other key player, they said that they have gained market share in this quarter. So I wanted to understand, on an overall basis, if I combine both the brands, we have lost market shares.

And second is, because Dermicool is growing faster, would you kind of prioritize wherever they are competing? Lot of areas they don't compete. But because it's growing faster, would you prioritize that in the coming years?

**Mohan Goenka:** So, Abneesh, as per our data, we haven't lost market shares, okay? Dermicool, as you know, had come into our fold this quarter. So we really focused wherever there was gaps. If the summer would had been good, Dermicool growth should have been more than 18% to 20% and not 8%.

Because Navratna talc already has a very huge base -- our Navratna talc sales is almost INR170 crores, INR180 crores in these 3 months, 4 months. So it was very difficult -- because of poor summer, we could not do better. But I don't think they cannibalize at all. They don't cannibalize, and each have very distinctive markets. We will keep on focusing both the products. Because total, if you would see Dermicool plus Navratna Cool Talc, the sales is almost INR300 crores. So these have substantial revenue plus profit. So we can advertise both.

**Abneesh Roy:** Sir, my second question is -- and I see your strategy versus other key Ayurveda players, two things I wanted to ask. One is, they are setting up a huge team of around 400 feet on the ground to go to allopathic doctors so that allopathic doctors can recommend the Ayurveda products. Would you also think something similar? And does it work?

And second, they have also come out with a cooling hair oil. I understand this has been tried by many players earlier. You have held on really strongly to the market share. So any take on that? Because they claim to have a 15% market share in the areas where they have launched the cooling hair oil.

**Mohan Goenka:** So, I will answer the cooling oil, then I will ask Gul Raj to take it on the Healthcare. So, Abneesh, what our data -- because somewhere I was also reading that the total sales of their cooling oil was INR5 crores to INR6 crores. So the market size is very large, and INR5 crores, INR6 crores doesn't give 15% market share. We haven't lost even 0.1% market share in the cooling oil.

So, unfortunately, the season was bad, which you all are aware. If season would have been good, we would have definitely grown on Navratna oil. Our market intelligence shows that there is no pressure in Navratna cooling oil. And on the allopathic doctor coverage, Gul Raj? Do we have any plans for Healthcare to reach to allopathic doctors?

**Gul Raj Bhatia:** Like you mentioned from some of the competitors perspective, there are a few companies which have been focusing on allopathic doctors, or are planning to focus more. In our case, about one third the doctors we cover are allopathic doctors and the rest are Ayurvedic doctors. But since our coverage is less compared to some of our competitors, we believe that -- if you look at the per doctor sales uptake, we believe that there is still a lot of scope to improve our -- both our coverage and the throughput per doctor.

And hence, our focus is still going to be on expansion in the Ayurvedic doctor segment, both from a number perspective, coverage perspective and throughput perspective, because we believe we can gain market share and business through that. So, we will continue focusing on one third of the doctors being allopathic, but we do not have limited plans to expand the allopathic doctor coverage right now or in the coming months.

**Abneesh Roy:** Sir, last question. So very impressive scale-up of modern trade, e-commerce. My specific questions here are -- I also see, for example, currently, Independence Day, lot of the e-commerce are running very aggressive campaigns. Are you also very aggressively participating in your categories there?

Second is, you are currently almost 19.4% in terms of this contribution. In your categories, what will be the benchmark currently the best player has? So, are you already there? And three years, four years down the line, where do you see this number?

**Mohan Goenka:** So, Abneesh, wherever there are opportunities, we participate very, very aggressively. There is no doubt. As I said, on e-commerce, we have grown exponentially almost in the last 4 years from 0% to now 10%. So we have aggressive plan. Team is in place. Everything is in place. And I also said in my remarks somewhere that, now that the basis are 20%, we expect to grow at anywhere between 15%, 20%, not at 40%, 45%. So in the next two years, three years, I think it can reach to about 25% to 26%. That's what we expect.

Some of our peers, the data that we have seen, they are already at 25%, 26% now. So, it will -- I think it will stay at 25%, 26% in the long-term.

**Abneesh Roy:** One very quick follow-up.



- Mohan Goenka:** Also one more point Abneesh that this year we have really focused on margins in these two channels because these channels are growing so fast, and these had lesser margins. So this year our focus has been primarily on expanding margins in modern trade and e-commerce.
- Abneesh Roy:** What will be the gap in terms of this margin versus...
- Mohan Goenka:** Gap can't be -- I can't be very specific, but gap has -- will narrow down substantially this year.
- Abneesh Roy:** Thanks. That's all from me.
- Moderator:** Next question is from the line of Mr. Percy. Please go ahead.
- Percy Panthaki:** Congrats on a good set of numbers. So I just wanted to understand, sir, of course, summer issues are well known, but apart from the summer issues, your rest of the portfolio has performed very well. So just -- can you take us through what are the initiatives that you have implemented internally within the organization which has led to this? Of course, there might be some amount of effect from the improving demand scenario for FMCG, but I'm sure that a larger part is due to your own efforts. So if you could just elaborate the programs and the initiatives you have taken, which has resulted into this?
- Mohan Goenka:** So, Percy, absolutely, we have been taking a lot of initiatives, and some of the initiatives are yielding results. One of the key initiative was, of course, our distribution expansion, the Project Khoj which led to this kind of a growth. And a lot of analytics that we had done, lot of bridge packs that we have launched in the last 3 quarters has helped to penetrate much deeper, and also increase in advertising spends.
- So, we reduced some advertising spends in summer portfolio, and we increased some advertising spends in rest of the portfolio. Because, as I said, the margins are expanding, so we have good leverage. And -- so we are getting a little aggressive on A&P. So I think everything is falling in place, what I feel. Confidence also. Once you get numbers, you get confidence, the market also responds. It's a cycle.
- Percy Panthaki:** On the distribution part, can you give us some data? How many outlets do you have under direct coverage now?
- Mohan Goenka:** It's almost 10 lakh outlets, Percy.
- Percy Panthaki:** And your plan here over the next 12 months and 24 months?
- Mohan Goenka:** So, Percy, we are done with Project Khoj. We have completed the target which we started 2 years back in -- everywhere, whether it was e-com, modern trade, chemist outlets, rural coverage and direct distribution. Now the next key challenge is to increase throughput from these outlets. That is what is the next call.
- Percy Panthaki:** And anything you would like to sort of elaborate on that in terms of how do you plan to do that in terms of the throughput per store increases?

**Mohan Goenka:** That would be majorly through trade marketing initiatives, so identifying the core outlets and giving more trade imports in certain outlets. So that is through a lot of analytics that we are doing.

**Percy Panthaki:** Coming to the product portfolio, can you let us know what are your thoughts on innovation and what is the mix you are targeting of the growth from innovations versus the existing products that you have?

**Mohan Goenka:** So this quarter also, Percy, I think, through innovation, we got revenue of around -- yes, around 2.5%. And for the whole year, it should be in the range of about 3%.

**Percy Panthaki:** And here, how do you define innovation? Products launched in the last 12 months, 24 months? Or some other definition?

**Mohan Goenka:** Products launched in the last 2 years, 24 months.

**Moderator:** Next question is from the line of Shirish Pardeshi from Centrum Broking Limited.

**Shirish Pardeshi:** Sir, to start with, we have seen there lot of action in the Kesh King portfolio. We have now -- had shampoos and now we have added organic range of shampoos, and we have done onion shampoo also. So just wanted to understand in medium to long-term, how are you looking at Kesh King portfolio? And what are the -- our targets?

I mean, though, we have taken some action in terms of activation and new product launches, but the sales has grown only 2%. So, of course, these new launches will take some time to stabilize. But if I say that in '24 and '25, what are the growth rates you are anticipating in this portfolio?

**Mohan Goenka:** So, Shirish, we expect more action coming in from shampoo and the organics range. Our investments also are increasing more in the shampoo and on the new range. So we expect the Kesh King on an overall basis for the next 2, 3 years to grow at around 7%, 8%. That's what we expect. Quarterly numbers are very difficult to give because of -- sometimes high base consumer of promotions makes a lot of difference in this portfolio.

Markets also, Shirish, you must appreciate because of an expensive oil, and the consumers are primarily mass consumers. So there was little bit of offtake issues for oil because the price is INR160, INR170 for 400 ml. So if market also stabilizes, we may see good, better growth, but shampoo should yield better results than the oil, at least that's what we see.

**Shirish Pardeshi:** So do you think shampoo would contribute now from 25%, 30% to 50% of sales?

**Mohan Goenka:** That may take some time, Shirish. But yes, shampoo, because market is also very large, and we are seeing good traction even in tough times, so shampoo contribution would increase continuously.

**Shirish Pardeshi:** So just one question here. This organic range is priced premium to your erstwhile shampoo portfolio? Or is it similar price?

**Mohan Goenka:** No, it is much premium.

**Shirish Pardeshi:** My second question is on the Boro Plus. Though this quarter we have seen a very strong sales, despite Boro Plus season is not there. So I just wanted to understand, is it that filling pipeline we have got because of the new product extension or there is a core portfolio also looking up?

**Mohan Goenka:** This quarter, Shirish, Boro Plus contribution is very, very low. On a total sales of Boro Plus, this would be hardly anything. So this growth has got not – little bit in this quarter, most of the growth has come from Boro Plus soap. But otherwise, overall contribution is miniscule.

**Shirish Pardeshi:** My third question is on the Healthcare range, though we have the base which is coming in and normalizing, 11% growth is good growth. But just wanted to understand, little more deep dive, if you can split what is the ethical OTC and the expansion in terms of other products what we have done in the last quarter? So maybe I wanted to understand the qualitative -- what are the things which are working and what is not working? Or is there some more work which is to be done? I mean, obviously, we have understood that there is focus on us expanding the doctor coverage, and I think last 2, 3 quarters we have been talking. So in that journey, where we are and what are the growth rates we can expect for the rest of the year?

**Gul Raj Bhatia:** Yes, Mr. Pardeshi. So we have been focusing on all the 3 businesses over the last couple of quarters. In OTC, as you know, we've had the challenge of high base during COVID many of our products which are health supplements or immunity-led. So we've been focusing on other segments such as vitality products, digestives and other health supplements, which are not dependent clearly on season or during the COVID period.

And we are seeing some results in some of the categories in the OTC range. We are also doing much more aggressive advertising in some of the focus categories, which we believe can do much better in the coming quarters.

As far as the Medico business is concerned, we are purely focusing on market share gain in certain product segments and certain geographies where we are under-leveraged or under-indexed today. And it will come both through organic expansion in the current set of retail outlets and doctors we go to and through both doctor additions and outlet additions.

We've also seen a good a ramp-up in the D2C business, which is zanducare.com, where our focus is not so much on the legacy products, but on launching digital first products. And we will continue focusing on launching in the coming quarters these products. As you would probably appreciate, the costs of marketing have gone up in the last few quarters in e-com because of number of players having come in across categories, not just limited to Healthcare.

And hence, we are cognizant of making sure that we get the best ROI on what we do. We are also trying to leverage not only zanducare.com, but other online marketplaces and also some of the modern trade channels where we believe we can scale up.

**Shirish Pardeshi:** So, suffice to say, the digital contribution would be now plus 10%?

**Gul Raj Bhatia:** When you refer to digital, you're referring to the e-com?

**Shirish Pardeshi:** Yes, I'm saying, you said that there is incremental focus with your own website, Zandu online and -- plus others. So what would be the non-GT or non-traditional contribution?

**Gul Raj Bhatia:** So, on the digital side, it would be in the region of around 10%. And we believe that, that will keep scaling up.

**Shirish Pardeshi:** Mohan ji, my next question -- second last question, in fact. On the D2C you have not spoken anything. So could you share something about Cannis Lupus and TMC?

**Mohan Goenka:** Yes. So these 2 companies are also doing very well. Brillare and Helios, i.e. The Man Company have grown by almost 27%. So TMC is now breakeven in this quarter. There is no negative EBITDA. And -- so I think both the companies where we have invested earning as per our targets.

**Shirish Pardeshi:** But what would be the sales contribution in this quarter?

**Mohan Goenka:** Sales contribution in this quarter?

**Shirish Pardeshi:** Yes. And maybe if you can say that is this year?

**Mohan Goenka:** In this year, it should be around 4%. Yes, around 4% to 5%.

**Shirish Pardeshi:** And my last question on -- any update you could share on the hospital?

**Mohan Goenka:** So, Shirish, on the hospital front, we are very optimistic that the transaction should be completed by this month end.

**Shirish Pardeshi:** So it is going as per plan? Or is there any -- some twist?

**Mohan Goenka:** No, no, there is no twist at all. Why would there be any twist. It is as per plan. No, we are the - - because it is at the government level, we will have to wait. So -- but we are very optimistic that month end it should conclude.

**Moderator:** Next question is from the line of Gaurav Jogani from Axis Capital.

**Gaurav Jogani:** Sir, my first question is with regards to the follow-up to the previous participant's question. So once this hospital transaction is being done, will the entire pledge go away? Or still, there will be some pledge left after that?

- Mohan Goenka:** So, Gaurav, no, post this transaction, pledge -- complete pledge will not go away. It should be in the range of about 18% to 20%, depending on the share price. And presently it is at 33%.
- Gaurav Jogani:** Sir, my next question is with regards to, again, the MAT credit entitlement. It shows some balance of around INR300-odd crores as on June 23. So how should we build in this MAT credit entitlement going ahead? What will be the quarterly run rate that we could see still going ahead?
- Rajesh Sharma:** So, Gaurav, we would be generating MAT credit till FY '26 when our Pacharia plant is enjoying some tax benefits. So from FY '27 onwards, we would start utilizing the MAT credit.
- Gaurav Jogani:** Sir, what would be the annual run rate for this MAT credits that you might receive?
- Rajesh Sharma:** In FY '26, it is difficult to comment on the quantum of MAT credit we'll be generating because of the taxability of the various units. But I feel, conservatively 10% kind of tax rate we can build in. So it should be around that only.
- Gaurav Jogani:** 10% until FY '26, right?
- Rajesh Sharma:** Yes.
- Gaurav Jogani:** And sir, the third question is with regards to the strong growth we have seen in the modern trade and e-commerce. But at the same time, the overall company growth rates have not matched the rates that we are seeing. So -- which clearly indicates that in the GT, the growths have declined. Sir, any particular reason that you would highlight why these growths have declined in the GT channel? And what steps are you taking to revive this growth?
- Mohan Goenka:** Gaurav, GT, it has not declined. It is flat. Primarily, the decline is due to the summer portfolio. Our summer portfolio in this quarter contributes almost 41%. Okay? And Navratna sachets, which is primarily a GT brand, that has declined. So that is the only reason why GT has not performed so well.
- Gaurav Jogani:** Sir, but if we even take out Navratna also, I mean, the other portfolios of GT, even The Man portfolio -- not The Man portfolio, the Male Grooming portfolio rather, that has also kind of remained flat. Anything -- Male Grooming, we have kind of tried to relaunch it multiple times, but say, the growth has been eluding there, plus Kesh King performance always remains partly here and there. So how should one build growth rates on a steady-state basis? Because even if I see, the growth is largely driven by TMC. So what kind of growth rates should one build going ahead on steady-state basis?
- Mohan Goenka:** So, Gaurav, particularly the Male Grooming, last year, we had a very high base for the first 4 months. That is one of the key reasons why the Male Grooming is flat. But going forward, we are very confident of double-digit growth in the Male Grooming portfolio. You would see this from the quarter 2 onwards. Okay?

And in Kesh King, as I said, oil is a little bit under stress because of lower offtake, particularly for the mass consumers. But shampoo is doing well. Shampoo has grown. Unfortunately, oil has not grown. So we will just have to wait till the market recovers as far as the oil is concerned. But we are also spending a lot on shampoo.

**Moderator:** Next question is from the line of Mr. Percy Panthaki from IIFL Securities.

**Percy Panthaki:** Sir, just trying to get the construct of your growth over the medium term, let's say, over the next 2 to 3 years. I think what -- you would be targeting around a 10% kind of a sales growth. And you mentioned in response to an earlier question that Kesh King would be about 7% to 8% kind of a growth. So would you help me in understanding if not -- I'm not looking for exact numbers, but where do you think that -- which are the categories and brands which can grow higher than the company average of 10% and which are the brands which will grow lower than the company average of 10%.

**Mohan Goenka:** So, Percy, so international business, we expect to grow at about 15% in the long-term. That is one. Secondly, Male Grooming, I'm very confident from quarter 2, it should be a double-digit. Healthcare, which is roughly about 10%, 12% contribution, should also do double-digit growth.

A lot will depend on summer, winter portfolios, if summer, winter -- if one of the seasons are good or both the seasons are good. And I'm also confident that Boro Plus, Navratna should do anywhere between 6% to 8% growth. So by and large, I don't see a big challenge in getting 8% to 10% growth in medium to long-term.

And we're also spending a lot more on A&P, expanded our distribution channel also. So everything should yield results. Markets -- please understand, rural has not yet recovered. So once the rural recovery comes in, that should also benefit.

**Percy Panthaki:** On margins, you mentioned a 200 to 250 basis points expansion. You were talking about gross margin or EBITDA margin?

**Mohan Goenka:** EBITDA margins.

**Percy Panthaki:** And this is full year FY '24 on a Y-o-Y basis?

**Mohan Goenka:** Yes. At least, as per the current basis.

**Percy Panthaki:** So like FY '23 was close to 25.5%, so at least 27.5% is what you are expecting?

**Mohan Goenka:** Yes.

**Moderator:** Next question is from the line of Abhijeet Kundu from Antique Stockbroking.

**Abhijeet Kundu:** My question was primarily on, what are you doing to deseasonalize the portfolio? Because for a very long time we have been seeing that there are the vagaries of season and there are

problems. And those problems are very evident. So what are we doing to deseasonalize the portfolio? And is there a thought process that, over a period of time, 3 years, 5 years, whatever, do we see as a portfolio and for -- a certain percentage of sales come from a portfolio, which is more dependent on season? Because a lot of companies are saving the cost, particularly in consumer segment. So just already your thought on that?

**Mohan Goenka:** So Abhijeet, we don't have any plan to deseasonalize our portfolio. Whether -- if you have seen, we have acquired Dermicool, which is again a seasonal brand. We look from the consumer lens wherever there are gaps, and we find that there are opportunities where we can fill in those gaps and make money. That's where we focus in. So idea is not to look at seasonalized and non-seasonalized products.

**Moderator:** Next question is from the line of Aishwarya from ithought Advisories.

**Aishwarya:** I wanted to ask that, Emami has increasingly acquired new companies like TMC and all that. If I can please get a breakup of the sales?

**Mohan Goenka:** Breakup of sales of? TMC?

**Aishwarya:** Yes, TMC and TruNativ and all that?

**Rajesh Sharma:** Yes. As Mohan ji mentioned in earlier query that TMC and Brillare would be contributing roughly 4% to 5% of revenues this year, as already mentioned. Yes.

**Aishwarya:** Any estimates for the long-term, sir?

**Mohan Goenka:** Sorry, it is difficult to comment on acquisitions. So the TMC is growing faster. But on an overall basis, range will be around 5%.

**Moderator:** As there are no further questions from the participants, I now hand the conference over to management for the closing comments.

**Mohan Goenka:** Thank you all the participants for joining us today for our Q1 results conference call. Thank you, IIFL, for arranging this. Thank you. Have a good day ahead.

**Moderator:** Thank you.

**Mohan Goenka:** Thank you.

**Moderator:** On behalf of IIFL Securities Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

*Disclaimer - The following transcript has been edited for language, errors and grammar and therefore, it may not be a verbatim representation of the call*