

Emami lines up new products, to hike ad spends

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Kolkata: Emami, maker of personal and healthcare products, plans to turn aggressive in the next fiscal with a slew of product launches and higher advertisement and marketing spends after a subdued play in the current year marred by not so favourable summer and winter seasons.

"Next year we are very clear that we would be aggressive. Our advertisement expenses came down to about 15.5-16% for this year. For next year, we will get aggressive from first quarter with new brand extension advertisements, and would surely go back to 18% growth in spends that we usually do," director Mohan

Goenka told analysts.

While Goenka didn't elaborate on the new launches slated for next year, sub-brands of Zandu would be at the forefront as Emami strengthens its healthcare portfolio consisting of over-the-counter and generic products. "Zandu is going to take a lead," he said.

While the bottomline has grown by a handsome 30% at ₹151 crore, topline dragged at 6.6% growth at ₹585 crore during the third quarter due to "unfavourable season and moderation in the growth of fast moving consumer goods (FMCG) sector".

Slowdown in the FMCG segment coupled with erratic weather clearly showed up as sales in

the urban areas were flat while rural areas – where Emami is largely focused on – posted 13% growth.

"Domestic business was impacted by unfavourable winter season. It grew 5% with 1.5% volume growth. Value growth has been flat for winter brands, which contributed almost 50% of the revenues this quarter. Among these, there was value de-growth of 3% in Boroplus antiseptic cream, Boroplus body lotion grew 3%."

Boroplus suffered because of a high base, as last year same quarter it had grown 30%. "Since the onset of winter Boroplus sales have not picked up", Goenka said.

Vasocare petroleum jelly, a re-

cent launch, was able to post growth of 31% only because it has a very small base.

Overseas business performed well, growing 37% due to expansion in the Gulf states and Saarc countries.

"This year we expect international business to grow 25% and expect it to continue growing 20% in future."

Despite a muted topline, growth in profits came largely due to easing of input costs such as menthol.

Prices of menthol, which accounts for 20% of raw material costs, have eased significantly -- from a high of ₹1,900 a tonne in the second quarter of the last fiscal to the current level of ₹1,100.