

Emami looking to acquire smaller FMCG firms

Posts 88% fall in Q1 net due to GST related de-stocking

OUR BUREAU

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Kolkata-based Emami Ltd is looking to acquire smaller home-grown FMCG companies in the healthcare and personal care segments.

According to Emami Director Harsh V Agarwal, several smaller companies might find compliance difficult under the GST regime. "Several small companies in the consumer goods segment will be up for grab," he told newsmen after the company's AGM here on Wednesday.

Emami will look at both small-sized and big companies provided the business model and brand value are good, he said. It had acquired hair care brand Kesh King for ₹1,651 crore in June 2015.

Addressing the company's shareholders, RS Agarwal, Executive Chairman, said GST will benefit the industry in the long term.

Emami posted a 88 per cent drop in standalone net profit to ₹6 crore for the quarter ended June 30, against ₹49 crore during the same period



RS Agarwal, Executive Chairman of Emami Ltd, at a press conference in Kolkata on Wednesday DEBASISH BHADURI

last year. The turnover dipped 16 per cent to ₹499 crore.

According to a company release, the drop in profits was on account of heavy de-stocking in the domestic market due to GST implementation and sizeable inventory correction in international markets.

On a consolidated basis, net profit dropped 98 per cent to ₹1 crore (₹57 crore).

"Domestic rural and wholesale markets, which were recovering from demonetisation, were further impacted by the implementation of GST. Further, geopolitical conditions in our international markets also impacted the business," the release said.