

News monitored for: Emami Group

Emami margins rise amid lockdown

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Calcutta: FMCG player Emami has surprised the Street by expanding its margin and registering a growth in net profit in the first quarter despite a sharp drop in revenues as a lockdown caused disruptions in the business environment in April and May.

Gross margin increased by 230 basis points during April-June on a year-on-year basis, while the EBIDTA margin zoomed 487 bps compared with the same period a year ago.

Revenue was down 25.7 per cent to Rs 481.34 crore from Rs 648.64 crore a year ago, while profit after tax inched up 1.2 per cent to Rs 39.58 crore compared with Rs 39.12 crore in

the June quarter of 2019.

The Emami scrip jumped 8.14 per cent to close the week at Rs 257.65, a new three-month high, after the numbers were announced.

Mohan Goenka, director of Emami Limited, said the company is on a growth path from June onwards, including a double-digit jump in July.

“Our margins grew because of the stringent cost control measures and all our new products performed well, particularly the personal hygiene and immunity building categories. Going forward, we expect the growth momentum to continue,” Goenka said.

Emami made a slew of launches under the Zandu brand as consumers were spending more on wellness

REPORT CARD

Quarter ended June

(in Rs crore)	2019	2020
Revenue	648.6	481.3
Expenses	514.5	358.3
PAT	39.12	39.58
EPS (Rs)	0.86	0.88

■ Gross margin rose 230 bps, while EBIDTA margin zoomed 487 bps

and immunity-boosting products during the pandemic.

Edelweiss Research in a note said 43 per cent of Emami’s portfolio, which is aligned to the health and hygiene range, grew 29 per cent while the rest declined 44 per cent year-on-year. Harsh

Agarwal, director of Emami, said the Zandu healthcare portfolio grew 23 per cent and new launches contributed 5 per cent to the revenue.

“The discretionary products such as 7 Oils, Kesh King and Navratna, which suffered during April and partially in May, have since recovered since May,” Agarwal said.

Even though the first quarter witnessed a dip in advertising by over 50 per cent, the company plans to spend as much as last year, indicating a higher adspend in the next three quarters. It will continue with a slew of launches.

Birla Corp net down

Birla Corporation’s June quarter profit fell 53 per cent to Rs 66 crore from Rs 141 crore a

year ago. Revenues were also down 35 per cent to Rs 1,241 crore. Construction activities in urban areas have been affected because of a substantial reduction in workforce during the lockdown.

Cash profit declined 44 per cent to Rs 172 crore in the first quarter from Rs 305 crore in the year-ago period.

Bata loss

Bata India has suffered a consolidated net loss of Rs 100.88 crore for the June quarter of 2020 as sales were hit by the nationwide lockdown. The company had posted a net profit of Rs 100.97 crore a year ago. Revenue from operations was down 84.69 per cent to Rs 135.07 crore from Rs 882.75 crore a year ago.