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Aims to become a debt-free company by end of this fiscal

ABHISHEK LAW

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FMCG major Emami Ltd has roped in global management consultant BCG (Boston Consulting Group) to formulate a "future growth" strategy through existing "brands and emerging channels".

Emami also intends to be a debt-free company by the end of this fiscal.

The company, in its annual report for 2018-19, has mentioned that it has "engaged BCG" to "advise on strategy". According to Naresh Bhansali, CEO, Finance, Strategy & Business Development, the consultant has been appointed for a period of one year or a "little longer than a year".

BCG would evaluate a few of existing brands, mostly power brands; explore adjacencies and help formulate strategies to develop and work on new channels.

The power brands include Navratna, Boro Plus, Zandu & Mentho Plus, Fair and Handsome and Kesh King.

Emami, he said, was open to "exploring opportunities" in both modern trade and e-commerce and is also open to the idea of having an online-specific portfolio. Premiumisation of its existing portfolio will also continue.

Emami is exploring opportunities in modern trade and e-commerce and is open to having an online-specific portfolio

Emami Ltd in FY19 had reported a profit after tax of ₹303 crore against a revenue of ₹2,693 crore.

According to Abneesh Ray, Executive Vice-President, Edelweiss Securities, the move bodes well for the company. While there has been "innovation" in recent products, Emami's offerings have not been "disruptive". Moreover, larger FMCG companies have stepped up the pedal on new channels such as e-commerce, a channel Emami is yet to catch up on.

Debt-free entity

Emami is also planning to be debt-free by the end of this fiscal. The company's debt stood at around ₹110 crore in FY19. This, incidentally, is the lowest debt that the company had in over a 10-year-period. Bhansali said that with EBITDA being around ₹726 crore; paying-off a ₹100-crore debt is not much of an issue. "We will be debt-free by year end. Our EBITDA is quite good," he said.

Ray said even if there is slowdown in top-line, EBITDA is expected to be around ₹700 crore. Discretionary spends and advertisements will see a cut. "A differentiation between volume slowdown and EBITDA has to be made. We don't see an issue with (repaying) the debt at Emami," he said.