

Emami Q2 net up 18% as GST effect wears off

OUR BUREAU

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FMCG major Emami Ltd saw improved performances in the July to September period of the fiscal following partial recovery in trade channels that witnessed disruptions post the roll-out of GST.

The company, in Q2 FY-18, saw an 18 per cent jump in standalone net profit to ₹104 crore against the ₹88-crore it reported in the corresponding period last fiscal.

Total income from operations during the quarter saw a 4 per cent jump to ₹585 crore.

The improved performance comes as a breather for the company that saw de-stocking and wholesale channel disruptions in the domestic market and inventory correction in the international market take a toll on its bottomline in the preceding quarter, between April



Mohan Goenka, Director, Emami

and June. In Q1 FY-18, it saw an 88 per cent decline in standalone net profit and a 16 per cent dip in turnover on a Y-o-Y basis.

According to Mohan Goenka, Director, Emami witnessed significant recoveries in trade channels in Q2.

However, complete recovery is expected in H2 of the fiscal.

"Both topline and bottom-

line have registered handsome growth. Post GST, the wholesale channels are yet to recover completely from the impact, which we expect to improve in the second half of the year," he said.

De-stocking in CSD (canteen stores department) continues.

Direct distribution

In a bid to de-risk business from channel disruptions, the company has been ramping up its direct distribution channels for over a year now. From 660,000-odd outlets, Emami now reaches out directly to 8 lakh outlets.

Direct distribution has helped the company reach out to particularly to mom-and-pop stores and rural areas that has been worst hit.

"Share of wholesale trade has come down to 42 per cent during the quarter from around 52-53 per cent earlier.

The quarter results reflect our stress on the direct distribution model," Goenka said.

International business

According to him, the international business has witnessed a 22 per cent value growth in Q2 FY-18 led by better performances in SAARC, CIS and African nations. Further, Emami continued to gain market shares across majority of its portfolio.

On a consolidated basis, Emami saw a 50 per cent jump in net profit to ₹99 crore in Q2 FY-18 from ₹66 crore in the year-ago period. Total income from operations stood at ₹633 crore.

"International business is back on track. The SAARC regions and Africa did particularly well," he said.

On Wednesday, Emami's stock closed at ₹1170.10, up by 2.93 per cent on the BSE.