

23rd August, 2023

The Manager - Listing
The National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. C/1, G. Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Scrip Code: **EMAMILTD**

The Manager - Listing
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Scrip Code: **531162**

Dear Sirs,

Sub: Chairman's Speech at the 40th Annual General Meeting

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of the Chairman's Speech along with the Presentation displayed during the 40th Annual General Meeting held on 23rd August, 2023 through video conferencing & other audio visual means.

This is for your information and record.

Thanking You,

Yours Sincerely,

For Emami Limited

Sandeep Kumar Sultania

Company Secretary & VP- Sales Commercial

(Encl. : As above)



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**40TH ANNUAL GENERAL MEETING
EMAMI LIMITED
23rd August, 2023 | Kolkata**

Address by Shri R S Goenka, Chairman

INTRODUCTION: ADAPTING TO CHALLENGES

As Swami Vivekananda once said, "In a day, when you don't come across any problems – you can be sure that you are travelling in a wrong path."

Problems, obstacles, challenges are part of life and make one stronger, wiser, more prepared and more resilient. Your Company's journey over the past one year has been both challenging and satisfying at the same time. Your Company successfully navigated every challenge faced to adjust and adapt deftly to all external and internal demands with agility suited to the dynamic times. This was possible because we are driven by the belief that challenges are actually the opportunities that help to keep one on the right path.

The FMCG sector, particularly the personal care and healthcare space has been volatile during the recent past. In response to it, your Company continued to stay invested both in its new business drivers and in core categories with a deep conviction about the

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Indian growth story forecast. We stand by our conviction and today, we see that the consumption trend pattern for personal care and healthcare products is once again gaining momentum and ayurveda based solutions are increasingly becoming the trusted way of life while more and more Indians are getting comfortable with seamless omni-channel shopping experience including local retail, modern trade and e-commerce.

Embracing change to remain future fit that enables any business to win in the future, lies in its capacity to adapt and lead that change. Thus, your Company is also making the right investments, adopting new age growth plans while staying equally rooted in the rich legacy of ancient wisdom of ayurveda blended with modern science. This effectively aids in bridging gaps between geographies, demographics, channels and categories with a certain optimism and belief that better days are ahead.

THE INDIAN FMCG PERSPECTIVE

The fast-moving consumer goods, i.e., the FMCG sector, is the fourth-largest sector in the Indian economy, which is expected to experience significant growth in the next few years in a country, which currently has a population of 1.42 billion. This population catchment is increasingly young and employable and happens to be a larger consumer base with disposable income higher than any other country in the world.

Digital transformation is also shaking up the FMCG business landscape significantly. As we know, it has made 'shopping from home' possible offering convenience with an array of wider range of products and competitive pricing. Today, not only the big players but even small businesses across India are present in the digital space with the e-commerce technology for reaching out to a wider base of consumers and driving growth to reap the rewards of new formats of digital tools, social media promotion, and increasing consumer demand for on-line or digital shopping. On the other hand, there is this ever-growing awareness of health and healthy lifestyle leading to increased demand for healthier and natural products. Hence, FMCG companies that prioritize health and wellness in their product offerings, such as your Company, are very likely to register better returns against this backdrop of 'Transforming India'.

However, the performance of India's personal and health care sector during the last financial year must be explained within a context. Sharp seasonal disruption, with summers and winters becoming irregular, marked by either less or excessive rains, floods and cold, affected established purchase patterns. Increased

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inflation during the last financial year also affected disposable incomes.

Further, with the waning of the pandemic, a sharp decline in the offtake of pain management and immunity-based healthcare products was also registered. By the close of the last financial year though, inflation had begun to moderate and rural demand began to improve by the end of the last quarter. Thus, net result is that following a brief downtrend, the Indian economy appears to have returned to growth, reinforcing the country's position as the world's fastest growing economy.

EMAMI'S PERFORMANCE AMIDST MACRO ECONOMY

Against these realities of Indian economy, Emami Ltd delivered a creditable performance. Emami revenues grew by 7% during the last financial year despite a warmer winter in the third quarter and unseasonal rains in the fourth quarter, which impacted sales of both winter and summer products. Further, if one excludes the pain management and healthcare portfolio (both having high bases, being COVID contextual categories) sales grew by 17%. Further, despite geo-political challenges in international markets (Russia, Ukraine, Sri Lanka, Nepal and Bangladesh), the Company's global business grew by 20%.

Dermicool, our newly acquired brand contributed to the overall growth along with Navratna Cool Talc, validating the Company's leadership in the Prickly Heat & Cool Talc categories.

Most of your Company's major brands increased their household penetration levels during the last financial year. Sustained interventions and marketing efforts ensured that they further cemented their leadership positions in their respective categories. Your Company is well known for its marketing efforts through celebrity endorsements over the years, which is a proven consumer connect initiative. We value our relationship with our brand endorsers and will keep investing towards all such brand building efforts in both traditional and digital media.

Our EBIDTA margins of business excluding strategic investments at 26.9% are close to the pre-COVID levels and with inclusion of strategic investments, EBITDA margins at 25.3% are one of the highest in the industry.

REWARDING SHAREHOLDERS

Dear Shareholders, as you are aware that we at Emami have always given prime importance to your interests as our valued shareholders and worked towards it constantly and continuously over the

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years. As a result, an initial shareholder who invested Rs.1,000 for 100 shares of Emami and thereafter invested Rs. 4,000 in the Rights Issue, would presently own shares worth Rs. 9 crores – in other words, initial investment attracted a return of 22,617 times over years.

Shareholder's wealth also increased by 46 times following the public issue in March 2005 and by more than 10 times following the QIP in July 2009.

Your Company during FY23, made payment of two interim dividends with aggregate payout of ₹ 353 crore and thus maintained its rewarding policy to its shareholders. Your Company also concluded Buyback of its shares in the current year amounting to ₹ 185.3 crore (excluding brokerage, taxes & levies). Following the Buyback, share capital reduced from 44.12 cr to 43.65 crore equity shares.

INVESTED TOWARDS FUTURE GROWTH

Your Company continued its investments in Project Khoj, its flagship rural footprint expansion project. The Company added close to 11,000 towns and reached around 52,000 towns and villages at the end of 2022-23. Analytical tools were used to identify villages with right potential using external surrogate metrics like size, proximity to highways, number of *pucca* vs *kutchha* houses, etc., and map them using their coordinates to increase the coverage.

Your Company integrated analytical tools with the handheld devices to capture accurate geographic location, store level information and intervene during the call at the point of purchase. Your Company launched a Beat Optimization tool to minimize travel distance of the MRs within a beat, reduce over-lapping of Beats and Optimize the Sales Beat area with proper outlet mapping & sequencing. The Company also launched an up-sell and cross sell tool, which generates customized assortment at individual store level, purchase behavior as well as peer group clustering to arrive at the SKUs that have the highest probability of being bought by the store.

Further, analytics were used to identify the right Modern Trade & Chemist stores, whereas Analytical tools with image processing algorithms were used to ensure better instore visibility.

The Company's e-commerce business grew 82% during the last year and 303% in the last three years, now accounting for 9.3% of our domestic net sales. The Company's modern trade revenues grew 37%, marked by a widening presence across hypermarkets and departmental store chains. Sustained interventions and marketing efforts for all our brands ensured that they did not lose any market shares and, in fact, cemented their leadership position across their respective categories. With a strong innovation pipeline in place, I am happy to share that your Company launched more than 20

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products in the domestic business in 2022-23 with a majority being digital-first launches on our D2C portal Zanducare. The Company introduced digital-first brands like 7 Oils in One Organic Oils, Kesh King Organics Shampoo, Zandu Seniorz Range, Zandu Wellness Juices, Zandu Infusions Range, Zandu Apple Cider Vinegar, Zandu Stevia and Zandu Aroma Therapy range, among others, which were well received.

As a part of its growth plan through strategic investments, Emami increased its stake in The Man Company and Brillare, graduating them into subsidiaries. These investments will not only deepen our digital insights but also complement growth.

Your Company is well aware that the future is increasingly becoming digital and this space will witness many battles. In view of this, Direct-to-consumer and e-commerce will play a key role in your company's growth with an omni-channel distribution network. To make the overall system more robust and reduce systemic waste, your Company has also digitized both its sales & distribution as well as sourcing. This entire process will strengthen your Company's topline as well as bottom line.

The nation is evolving, and so is Emami. We are continuously transforming to keep at par with a fast-changing India – be it for gathering insights on consumer trends, driving innovation, enhancing manufacturing, improving better targeted marketing

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and communication or even last mile delivery – we are on track to make technological integration in every aspect of our operations. Our international business seems to have stabilized and we are optimistic of a healthy double-digit growth. We have focused on strengthening our core and we look to the future with enhanced confidence and optimism.

THE BEGINNING OF A NEW YEAR

Talking about our future roadmap, your Company aims to achieve higher levels of competitiveness. To set the momentum, in the first quarter of FY 24, your Company has registered sales growth of 7%, EBIDTA growth of 10% and PAT growth of 87%.

With easing of Raw Material cost pressure, the quarter witnessed an expansion of Gross margins by 240 basis points at 65.4% and EBIDTA margins by 60 basis points at 23.0%. PAT margins at 16.7% also expanded by 720 basis points.

OUR SUSTAINABILITY AND COMMUNITY INITIATIVES

At Emami, we are committed to build a sustainable future for generations to come and dedicated to improving the quality of life by meeting the needs of society and the environment. We are constantly working to meet the changing needs of all our stakeholders including employees, investors, customers, value chain

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partners and the local community for a healthy and sustainable future. Sustainability at Emami is integrated into what we do and embedded within the core of our corporate strategy. Our efforts are committed towards environment protection addressing the need to grow the business with a lower carbon footprint.

Emami Ltd made investments in cutting-edge technologies that improved process yields, reduced waste, improved output quality and moderated power or resource consumption. Emami embraced a holistic approach to achieve sustainability in operations, encompassing safety, environment, water conservation, energy conservation and waste management. Over the years, the Company achieved few milestones towards zero accidents, zero liquid discharge and zero environmental incidents.

In FY 23, reduction of our overall energy consumption by 8%, increase in overall renewable energy use by 15% and reduction of the overall water consumption by 13% are some of the steps taken towards conservation of natural resources.

Your Company established an integrated waste management system, responsible scrap disposal, reduction in ETP waste, recycling of plastic and e-waste through certified vendors. It processed 10,204 MT of waste via EPR, accounting for around 74% of total plastic consumption.

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To reduce carbon footprint in our R&D initiatives, Emami has undertaken various other steps to drive sustainability. To moderate environment and social impact, the R&D team is constantly engaged in product innovation and technology improvement. In packaging, your Company introduced significant recycled plastic

in primary and secondary packaging and reduced dependence on virgin plastics, thus lowering carbon footprint significantly.

Further, your Company engaged with farmers and collectors for cultivation of rare medicinal herbs like Chirayta, Kutaki and Kapur Kachri among others. It conducted capability-building programs for farmers, providing technical guidance and training. It engaged in the distribution of quality planting materials and facilitated farmer registration under government cultivation programmes. It enhanced farmer incomes and promoted medicinal plant conservation awareness. In 2022-23, 60% Input materials were sourced from within or proximate districts and 29% Input materials were sourced directly from MSMEs/ small producers.

Under community development, the Company planned its CSR engagement around a spirit of sustainable growth reconciling economy, society and the planet. During 2022-23, the Company allocated Rs 10.48 Cr for CSR initiatives across education & skill development, health, water & sanitation, and social uplift engagements. The allocated corpus was spent on company's

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various flagship CSR projects like **Padho India Padho** in education, **Badhte Kadam** in skill development, **Padhenge Hum Padhane Ke Liye** in Teachers' Training, **Janakalyan** in Social Upliftment and **Swashthya** in Healthcare. These initiatives touched the lives of more than 70,000 individuals during the year.

INVESTING IN HUMAN CAPITAL

For building up a sustainable business, nurturing of human resources plays a key role. At Emami, we believe that our employees are our greatest asset. Your Company is committed to being an equal opportunity employer, without any discrimination based on gender, race, religion, language or geographic preference. Each and every employee is selected solely on the basis of his/her professional credentials, reflecting Emami's commitment to meritocracy. Emami's emphasis on talent is reflected through empowerment, resilience, accountability and a structured performance-oriented appraisal. Emami fosters a conducive learning environment where employees are provided resources to maximize productivity, which in turn contributes to your Company's growth. Your Company's strength lies in its diverse, experienced, talented, and professional workforce, which enables it to thrive in the dynamic business environment.

CONCLUSION

As I conclude, I would like to take this opportunity to repose my faith once again in our current leadership team comprising the second-generation Promoter Directors, who have well ingrained themselves in the Company's operations and are currently leading the organization to charter its future growth map. With their deep understanding of the values, business strategy, culture and heritage of Emami, they bring innovative solutions and competence that will lead your Company to greater heights.

The current executive leadership team is ably assisted by professional senior executives and other staff members with appropriate academic backgrounds and wide industry experience. The blend of enterprising spirit and risk-taking ability of the Promoter Directors who are professionals in their own right and ably aided with the diverse industry knowledge of these professional executives has made Emami the powerhouse, it is today.

I also wish to thank all my fellow Directors on the Board, including the Independent Directors, who with their rich & varied industry experience and valuable guidance have helped the Company in its policy decision matters. Their presence adds much diversity & weightage to the Emami Board and we sincerely value their contribution.

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In the coming days, Emami will continuously keep pushing the frontier, keep exploring new categories and territories, keep launching new and innovative products, keep revisiting existing brands' positioning with evolving market landscape and keep scouting for acquisitions / investments in new-age businesses including start-ups.

As I end, I would like to sincerely thank all our stakeholders and especially our valued shareholders and reiterate that we look forward to your continued support and encouragement in the days to come.

Thank You



RESILIENCE

OUR FOUNDATION FOR GROWTH



Making people healthy & beautiful, naturally

40th Annual General Meeting

23rd August 2023



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**“Challenges are
actually the
opportunities
that keeps one
on the
right path”**





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Changing FMCG landscape in India



**Ayurveda based solutions
are increasingly becoming
the trusted way of life**



**Indians are getting comfortable with
seamless omni-channel shopping
experience**

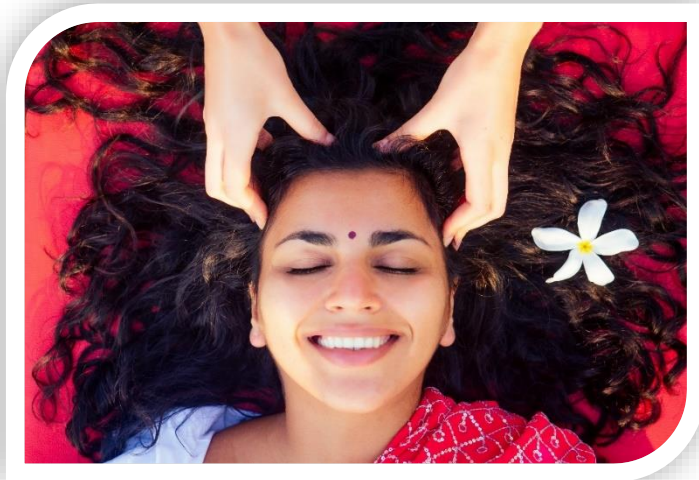
Emami- embracing change while remaining rooted



Deepening investments in Analytics



Bridging gaps between channels



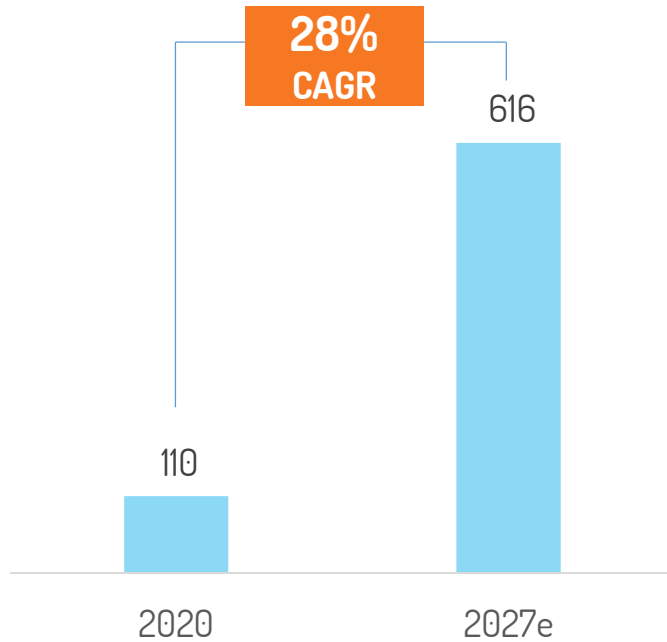
Rooted in the rich legacy of Ayurveda



Blended with modern science

Indian FMCG Industry – Strong Opportunities ahead

FMCG market in India (US\$ billion)

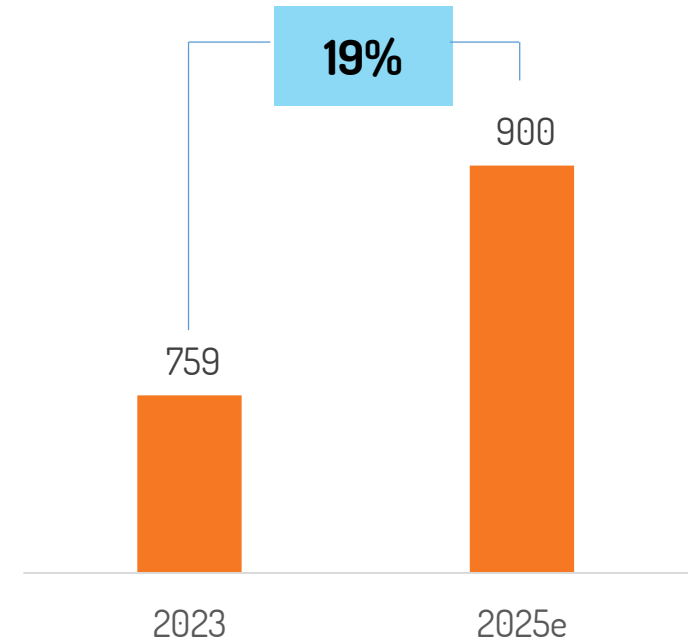


Source: IEBF

Ever-growing awareness of health and healthy lifestyle



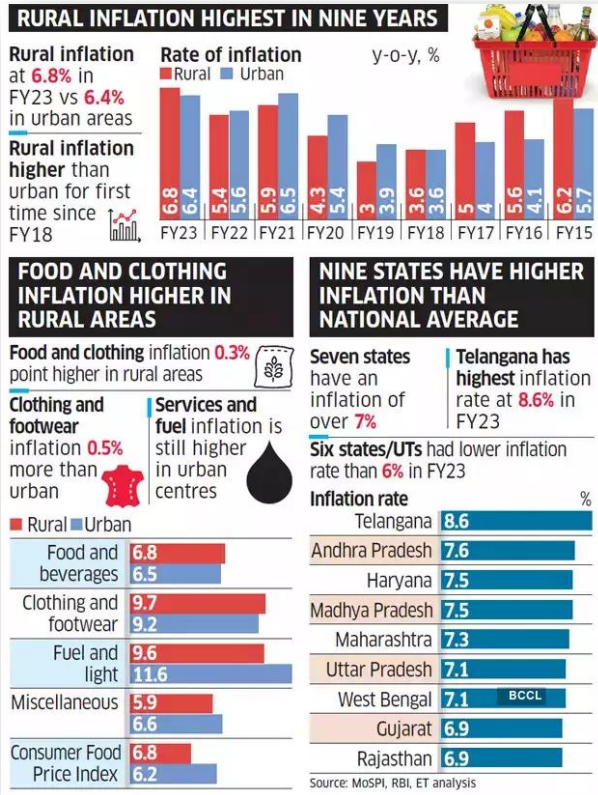
Active Internet Users in India (users in mn)



Source: IAMA/ Kantar

Navigating through macro challenges

Rural inflation highest in 9 years impacting consumer wallet significantly



Source: The Economic Times

Sharp seasonal disruptions, with summers and winters becoming irregular



Source: The Times of India, The Economic Times

Decline in the offtake of COVID contextual products with the waning of pandemic



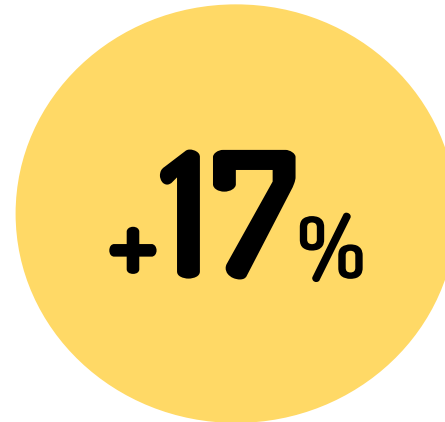
Source: Mint

FY23 performance amidst challenges

**Consolidated
Revenue
Growth in FY23**



**Growth excl.
COVID Contextual
products***



**International
Business
Growth in FY23**



*Pain Management Range & Healthcare Range

Increasing penetration levels

BORO PLUS



Navratna

FAIR AND HANDSOME



Flat

Increase in Household Penetration

+30 bps

Increase in Household Penetration

+140 bps

Increase in Household Penetration

+30 bps

Increase in Household Penetration

+30 bps

Increase in Household Penetration

+2%

Increase in no. of Households

+13%

Increase in no. of Households

+19%

Increase in no. of Households

+18%

Increase in no. of Households

+19%

Increase in no. of Households

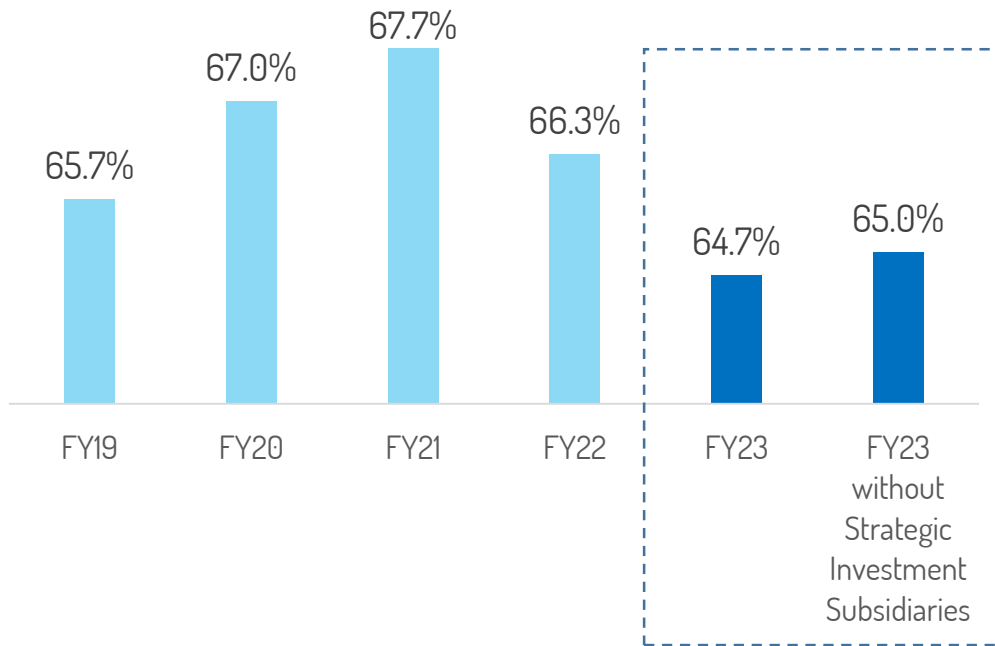
Penetration gains across power brands, excluding Balms which saw exceptionally high base during COVID period

Leveraging the Celebrity Appeal

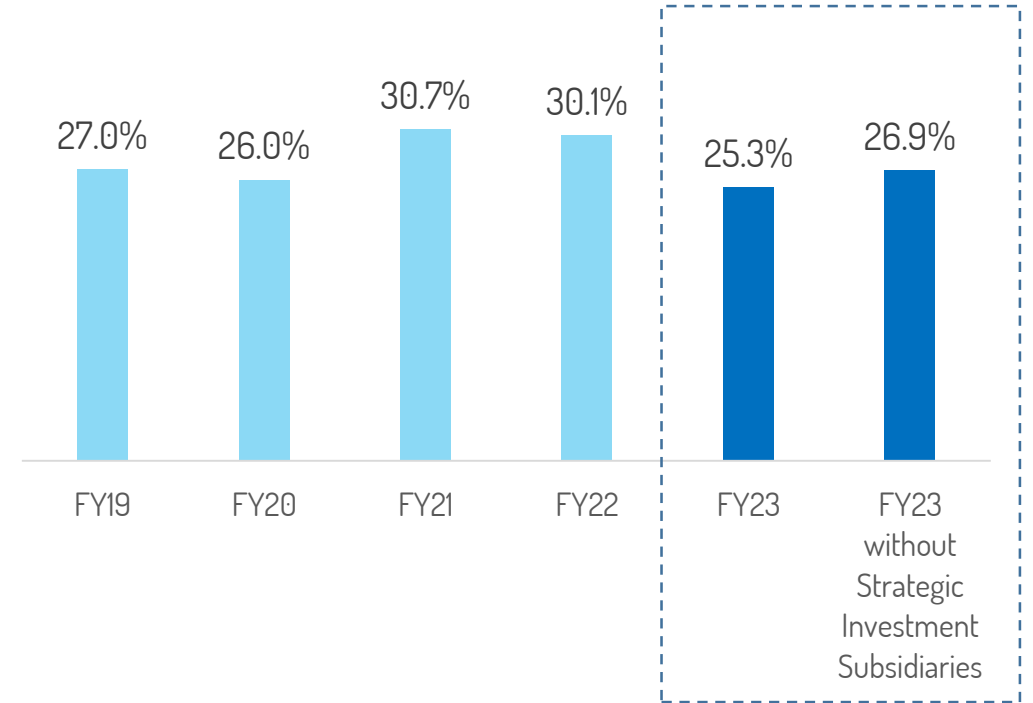


Margins back to pre-COVID levels

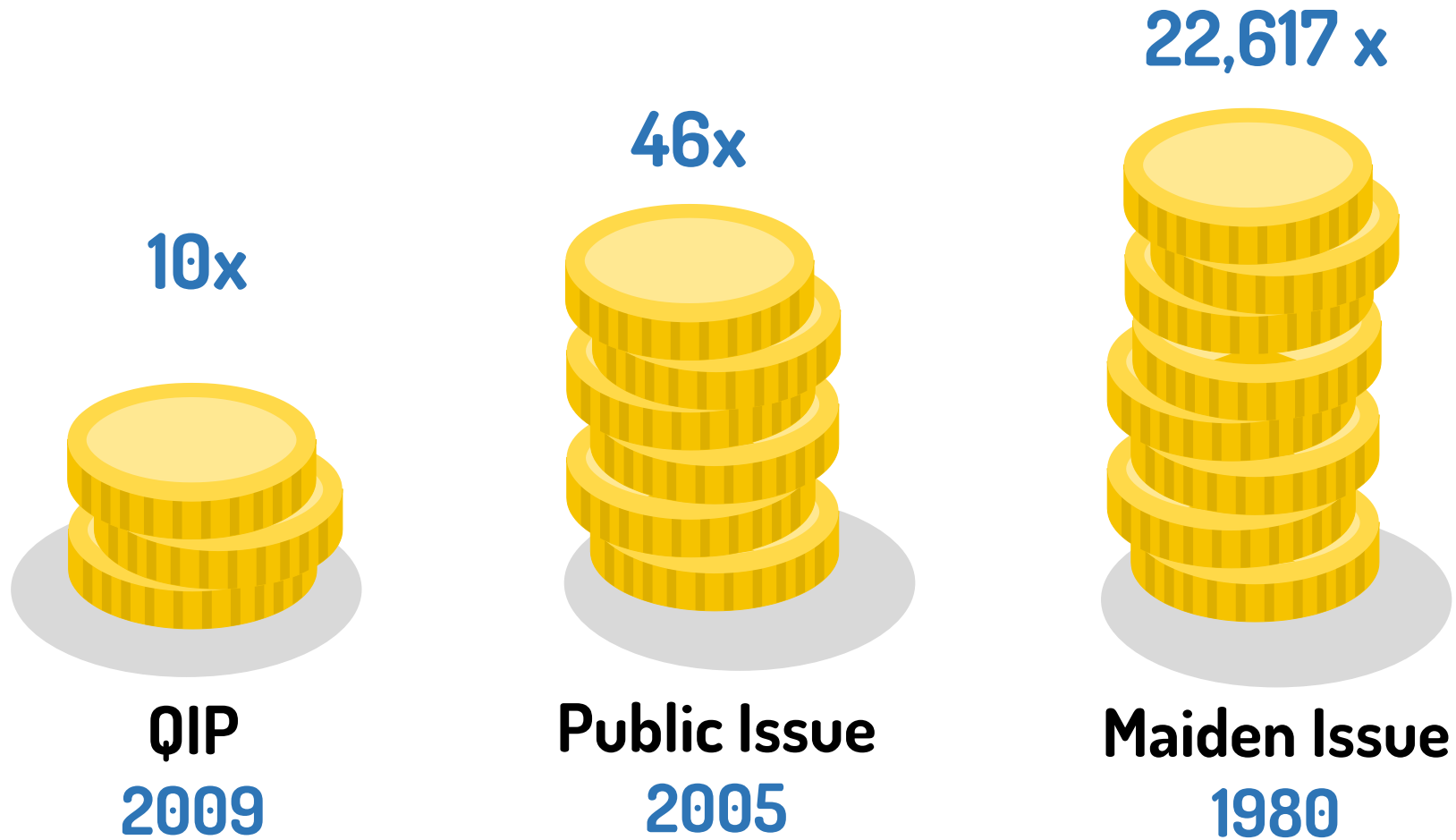
Gross Margins (%)



EBIDTA Margins (%)



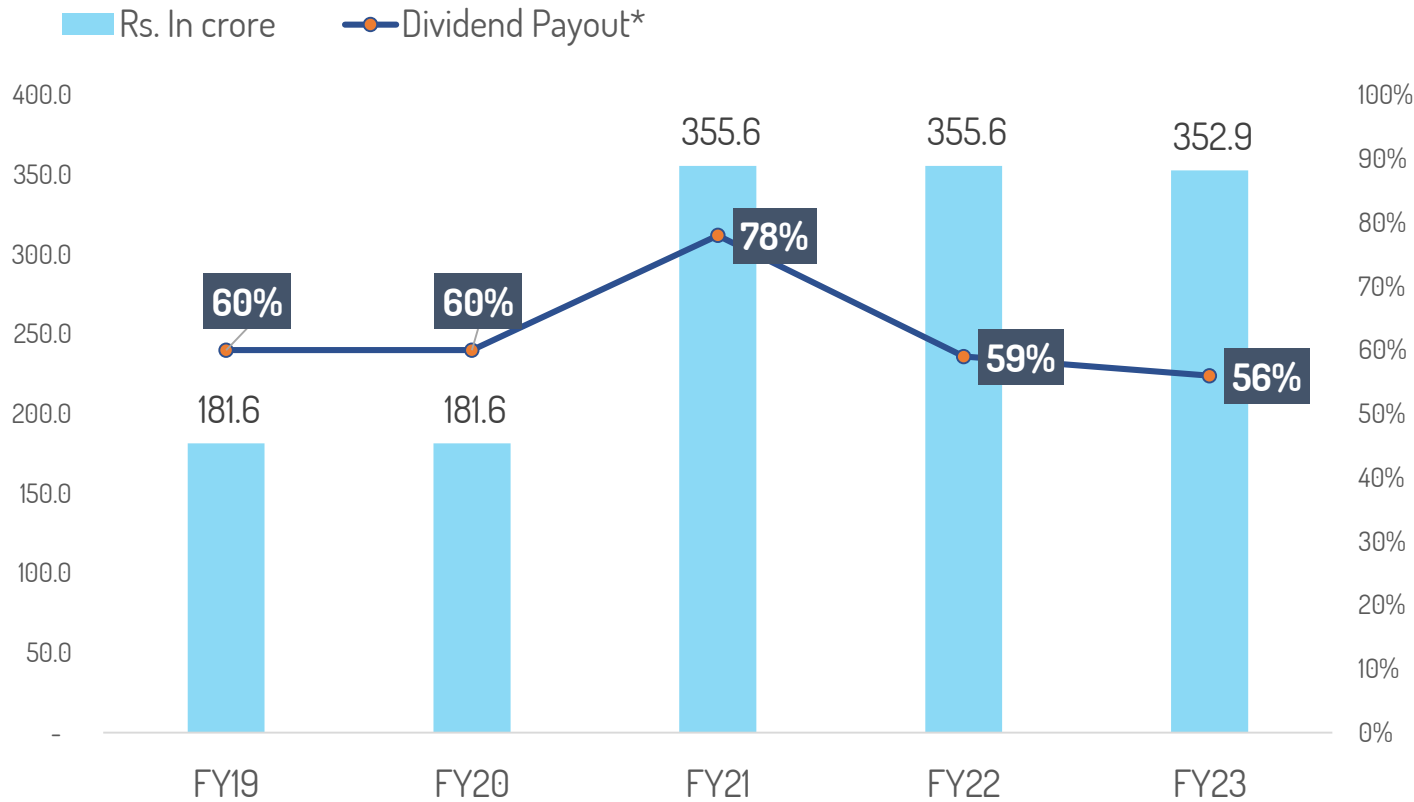
Rewarding Shareholders



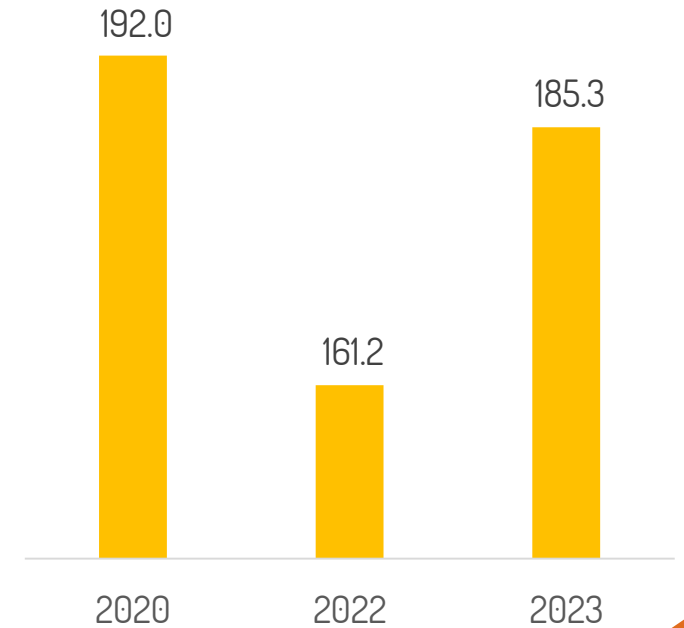
Basis closing market price as on 22nd August 2023

Rewarding Shareholders

Dividends paid



Share Buyback (Rs. in crore)

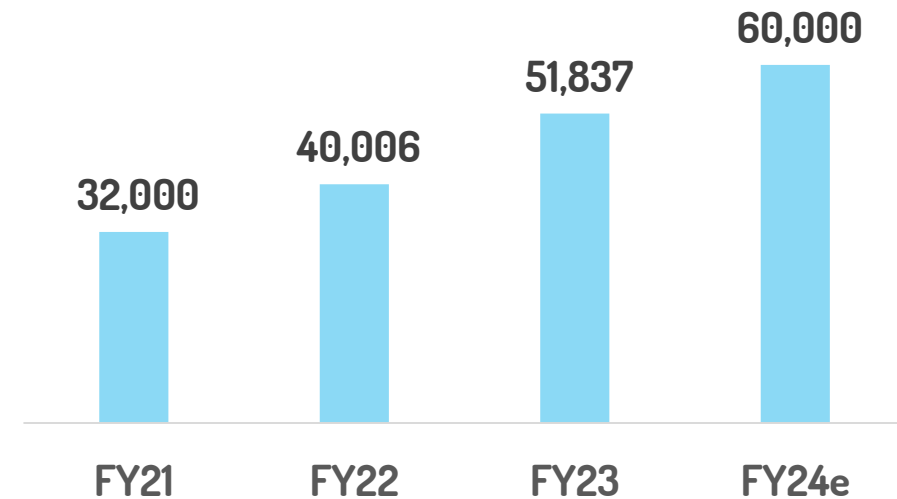


*On PAT before MAT Credit entitlement of previous years

Strengthening rural coverage through Project KH0J



Target to double rural coverage in 3 years from 32k towns to 60k towns



Rural expansion getting digitized and geocoded giving insights into rural retail level behaviour and buying patterns to ensure higher service levels

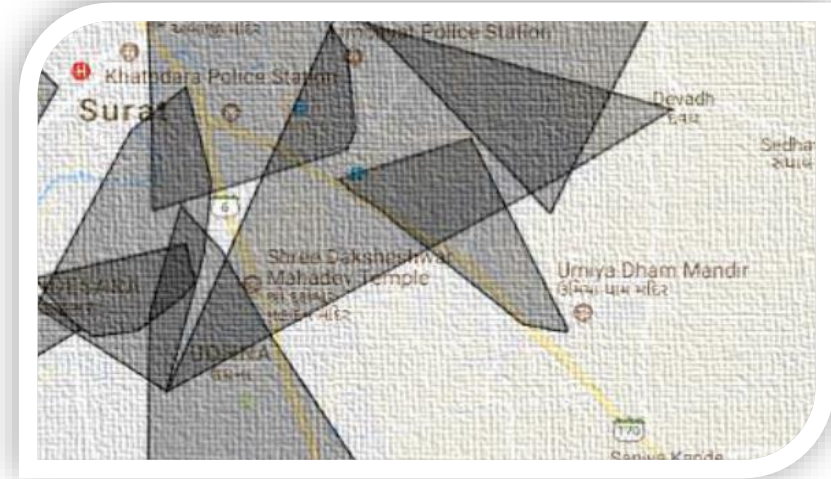
Beat Optimization & Geo Tagging

Minimises travel distance of the MRs within a beat

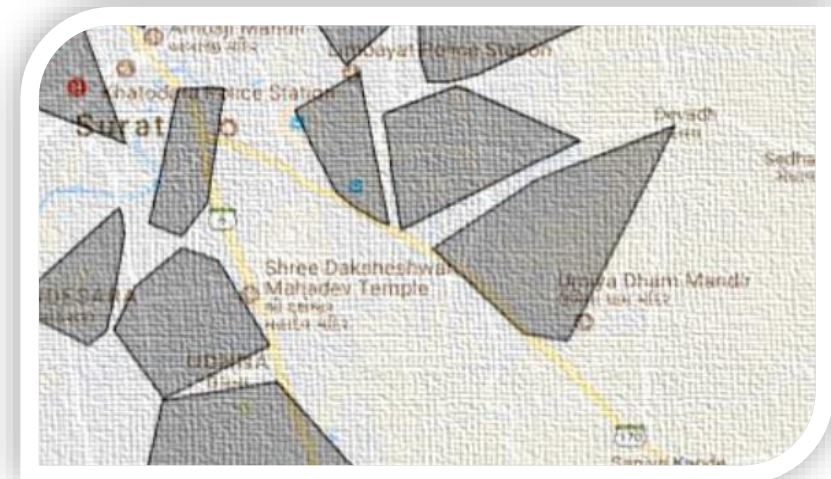
Reduces over-lapping of Beats

Optimises the Sales Beat area with proper outlet mapping & sequencing.

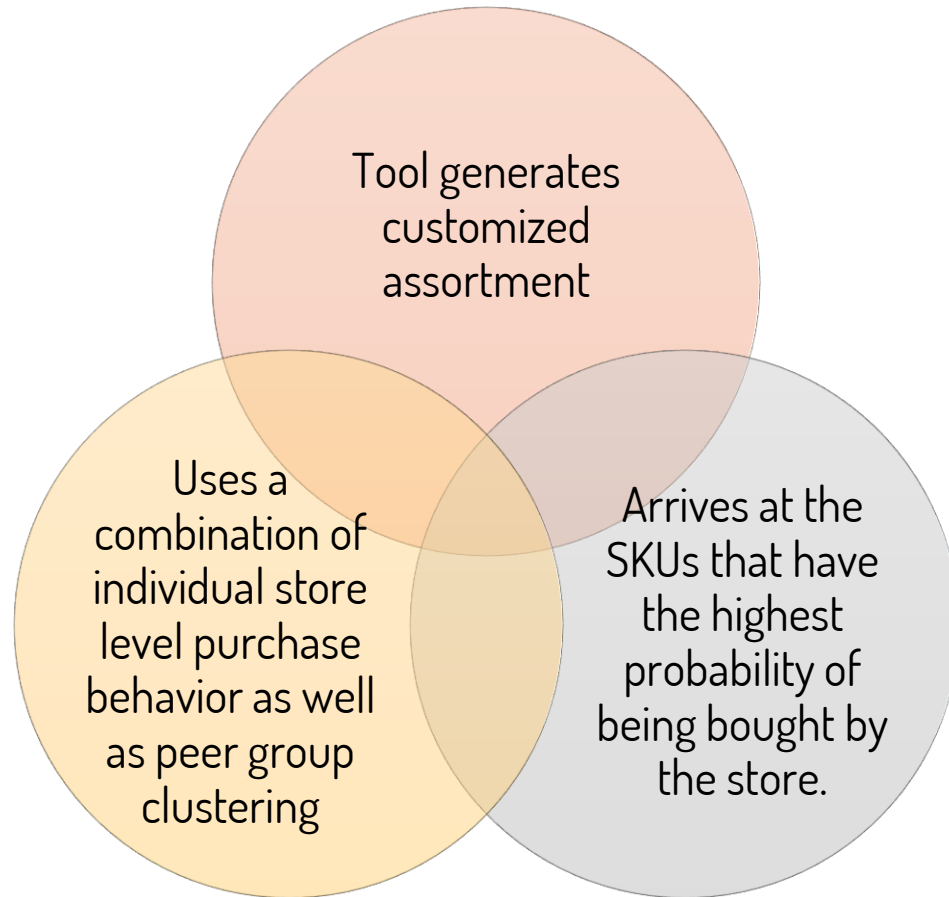
Non-Optimum Beats before Optimisation



Ideal Beats post Optimisation

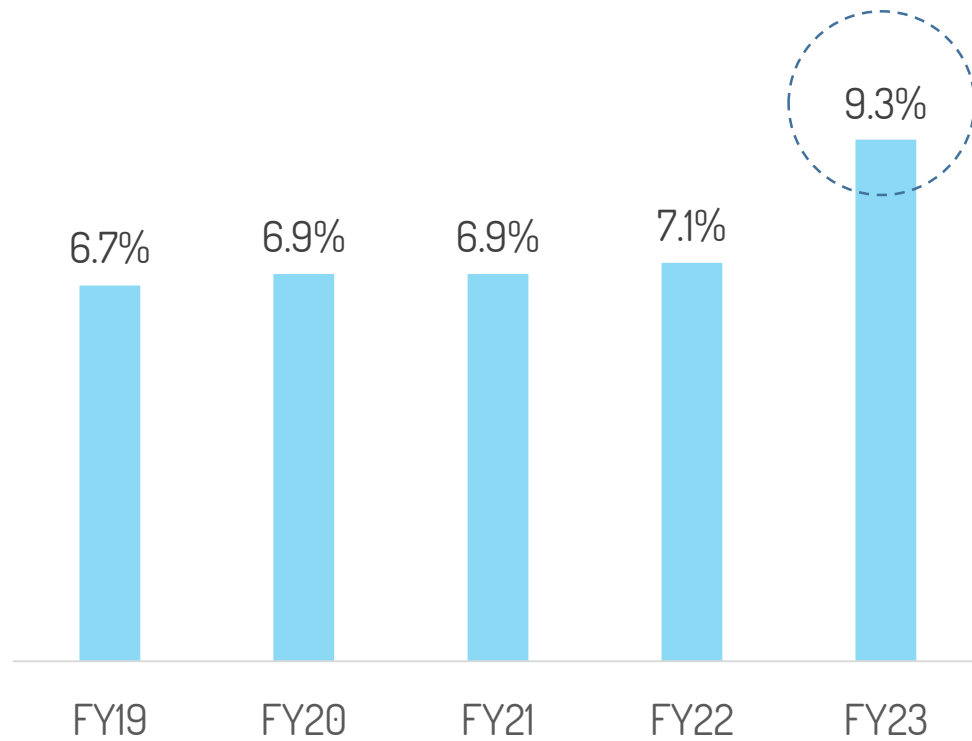


Upsell & Cross Sell Roll-out

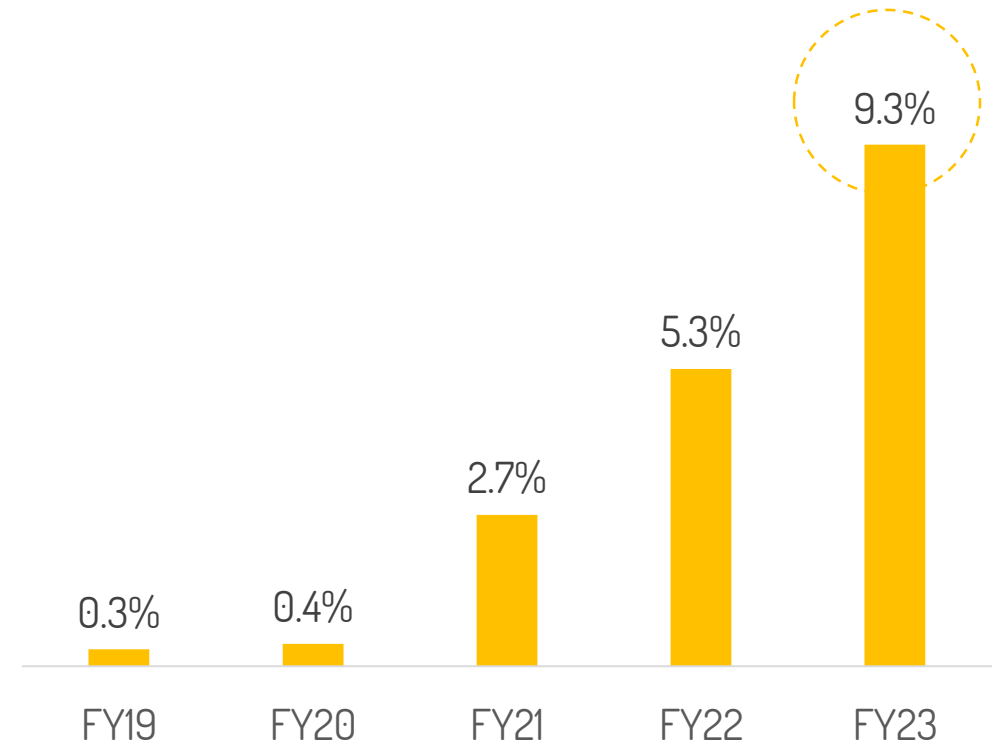


Increasing salience of new age channels

MT contribution to Domestic Business



eCommerce contribution to Domestic Business



New launches in FY23

New Launches in Domestic Markets



New Launches in International Markets



Strategic Investments in startups



THE MAN COMPANY



50.40%
Stake

BRILLARE® 



95.36%
Stake

TruNATIV™
crafted by nature



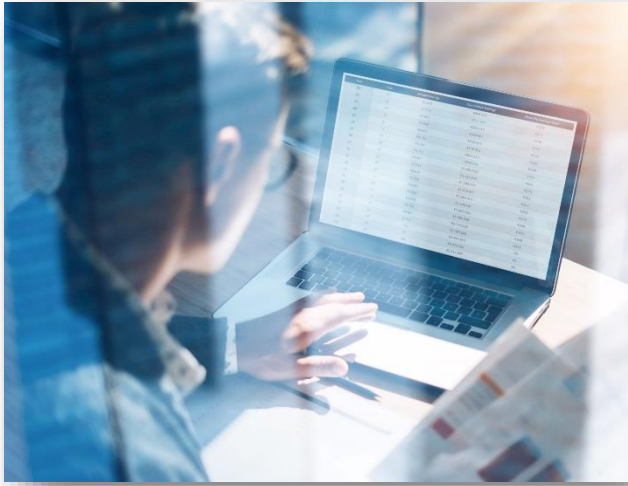
20.65%
Stake

Fur Ball Story



30.00%
Stake

Technological integration in Operations



Consumer insights



Contactless manufacturing

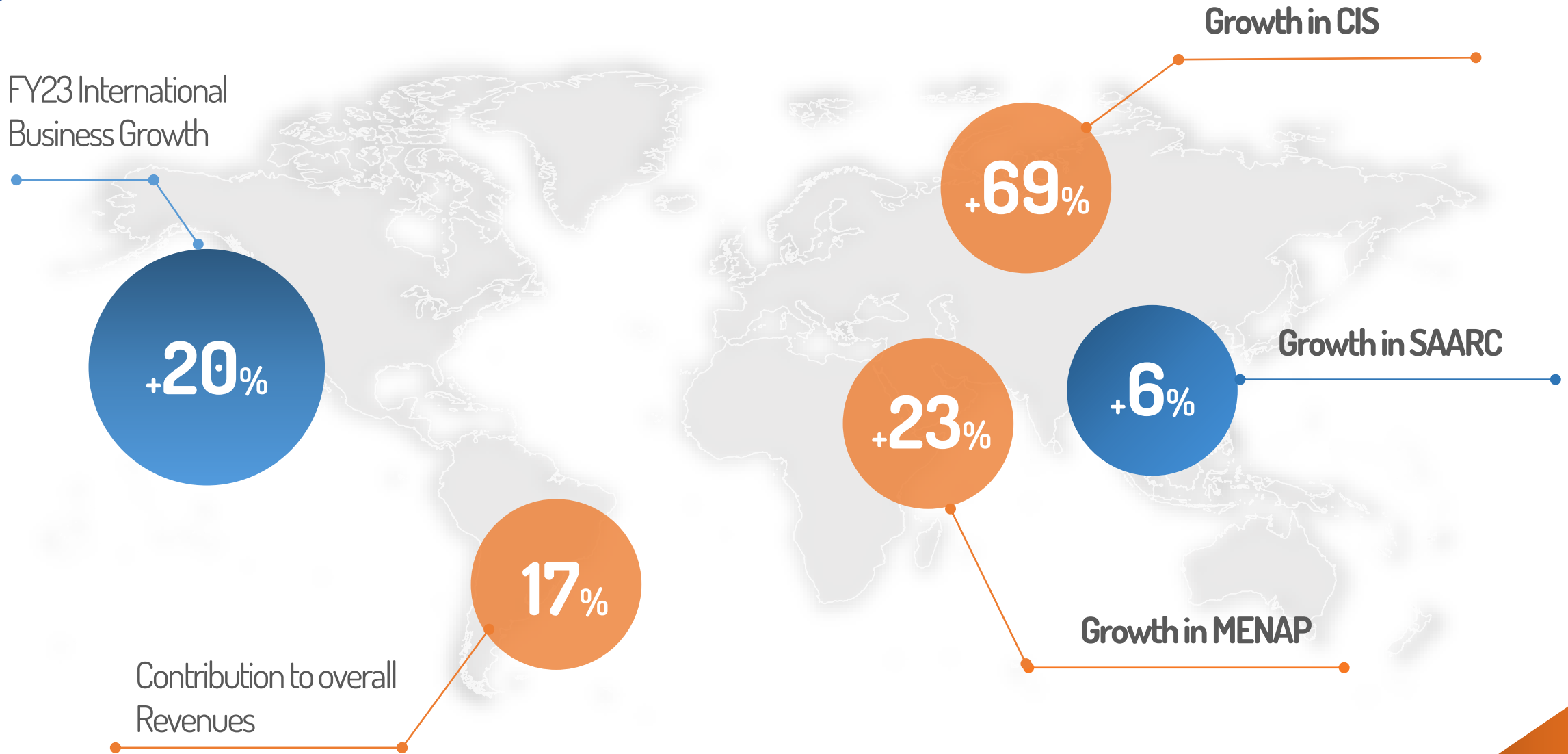


Targeted communication



Ensuring last mile delivery

International Business



Q1FY24 Performance

Q1FY24
Revenues
₹ 826 cr

Q1FY24
Gross Profit
₹ 540 cr

Q1FY24
EBIDTA
₹ 190 cr

Q1FY24
PAT
₹ 138 cr

Revenue
Growth
+7%

Gross Profit
Growth
+11%

EBIDTA
Growth
+10%

PAT
Growth
+87%

Margin Expansion

Gross Margins
+240 bps

EBIDTA Margins
+60 bps

PAT Margins
+720 bps

Emami – A Responsible Corporate Citizen



Constantly working to meet the changing needs of all stakeholders for a healthy and sustainable future.

ESG - Key focus areas



**Moderation in usage
of natural resources**



**Employee Health
& Safety**



**Waste
Management**

Sustainability Initiatives in FY23



Minimizing fossil fuel use

8%

Reduction in
energy
consumption

15%

Increase in
renewable energy
usage



Water Conservation

13%

Reduction in
Water
Consumption



Plastic Management

10204 MT

Waste processed
via EPR

Usage of Recycled plastics in packaging



Recyclable Multi Layered Plastic for flow wrap packaging



Usage of Post Consumer Recycled PET for primary and secondary packaging after robust stability and molding process qualification.



Usage of Post Consumer Recycled - Low Density Polyethylene Shrink bundling film.

60%
Input materials sourced from within or proximate districts

29%
Inputs sourced directly from MSMEs/ small producers

Farmer engagement & Rare Herb Cultivation



Cultivation of Chirayta (left) and Kutki (right) in high altitude regions of western Himalaya (2700/2800 m)

Kapur Kachri cultivated at Uttarakhand (2500 m)



Farmers training programmes in various parts of the country

CSR Initiatives – FY23



**Education & Skill
Development**

₹ 2.60 cr



**Health, Water &
Sanitation**

₹ 2.97 cr



**Social Upliftment
Programs**

₹ 4.14 cr



Others

₹ 0.77 cr

**Total CSR
Spends in FY23**

₹ 10.48 cr

**Lives touched through
CSR initiatives in FY23**

72,861

Investing in Human Capital



Mission Unstoppable - Sales Team Building and recognition



Innovation Leaders of the Future Workshop



Emami Premier League - Indoor Cricket Tournament



Wah! Awards - Employee Recognition Programme

Thanking the fellow Directors



R.S. Agarwal
Chairman Emeritus &
Non Executive Director



H.V. Agarwal
Vice Chairman &
Managing Director



Mohan Goenka
Vice Chairman &
Executive Director



S.K Goenka
Executive Director



A.V. Agarwal
Non Executive Director



Priti A Sureka
Executive Director



Prashant Goenka
Executive Director



Anand Rathi
Independent Director
Leading financial and
investment expert



C.K. Dhanuka
Independent Director
Industrialist



Debabrata Sarkar
Independent Director
Ex-Banker



Anjani Kr. Agrawal
Independent Director
Former senior partner, EY



Anjan Chatterjee
Independent Director
Marketing veteran and
hotelier



Avani V Davda
Independent Director
Business Leader &
founding CEO, Tata
Starbucks



Rajiv Khaitan
Independent Director
Advocate & Sr. Partner
Khaitan & Co



Mamta Binani
Independent Director
Advocate & Insolvency
Professional

Pushing new frontiers



Exploring new categories



Launching innovative products



Revisiting positioning of existing brands



Scouting for acquisitions & Strategic Investments



RESILIENCE
OUR FOUNDATION FOR GROWTH



Thanking all our
stakeholders for
their unwavering
support

