



emami* limited

Making people healthy & beautiful, naturally

Company Overview

November 2015



**ZANDU
BALM®**



Kesh King
Dr. Juneja's
Ayurvedic Oil, Capsules & Herbal Shampoo



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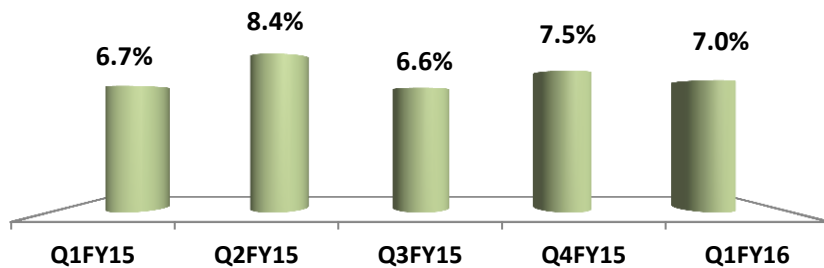
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All market shares stated are as per AC Nielsen MAT Mar'15. Conversion rate : 1 US\$ = ₹65.7/-

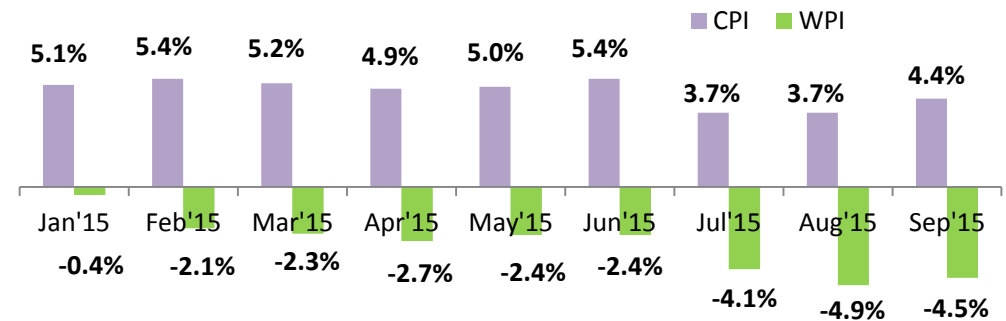
Economy Overview



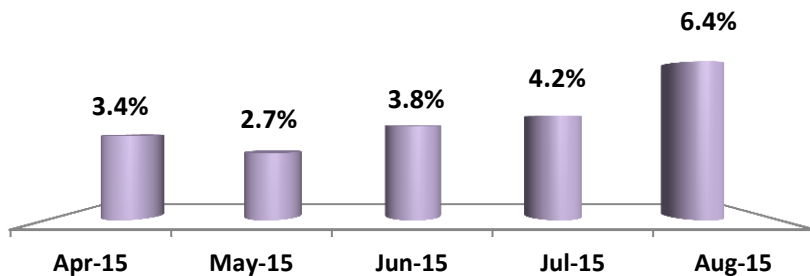
Q1FY16 GDP grows by 7%. RBI lowers FY16 GDP estimate to 7.4% (from 7.6% earlier)



Disinflation continues. WPI slips to **-4.5%** in Sep'15



Industrial Growth soars to a 3 year high of **6.4%** in August 2015

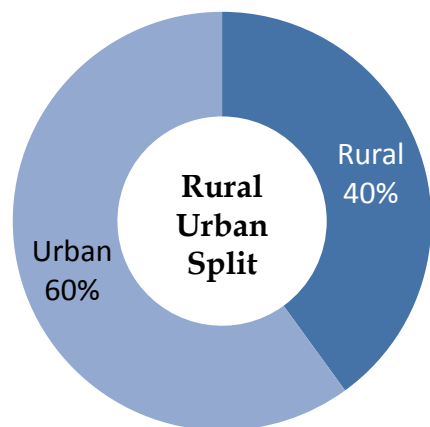


- RBI cuts its policy rates by 50bps; repo rate now stands at 6.75%
- Nifty & Sensex de-grew by 6% and 5% respectively in Q2FY16

FMCG Sector...Key Growth Drivers

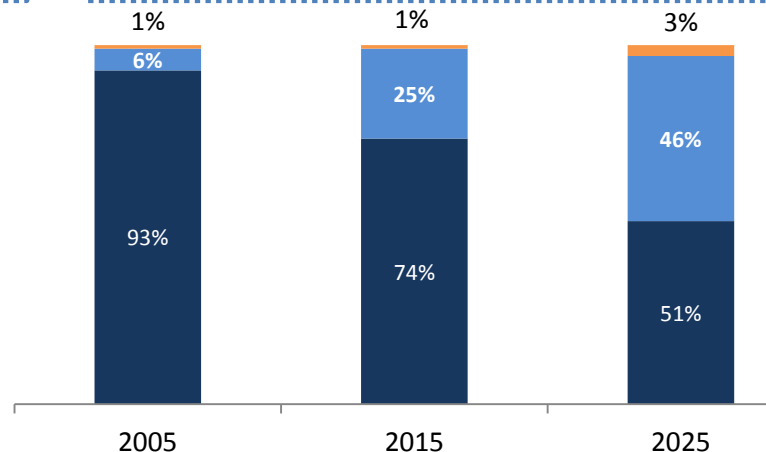


**Rural FMCG Market to grow @18% CAGR
To reach \$ 100 bn by 2025**



Source: IBEF, Dinodia Research

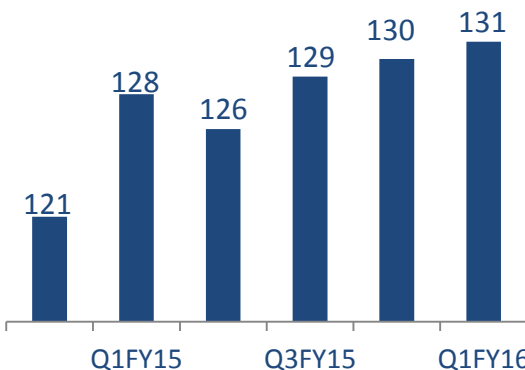
**Climbing up the ladder - Per Capita Income
to grow 5x in 2 decades to ₹ 2.7 lacs by 2030**



■ Deprived ■ Middle Class ■ Rich

Source: Hitting the sweet Spot, EY, McKinsey Global Institute

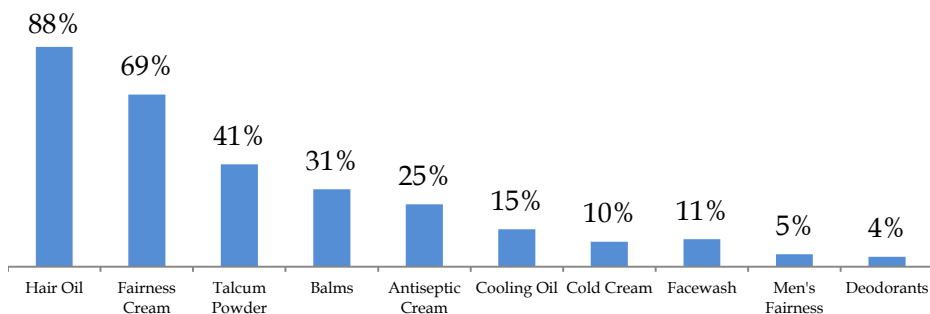
**India's Consumer Confidence Index
at a 4 year high**



Source: Nielsen

Low penetration indicates long term growth story...

Other Growth Drivers



Source: IMRB



Vast population of ~1.27 bn growing at ~1.58% p.a.



Modern Trade expected to increase its share to 30% in CY20E.



Leveraging the Indian Healthcare opportunity using ayurveda

Company Overview



Established in 1974, the Company was promoted by Mr. R.S. Agarwal and Mr. R.S. Goenka.

Flagship company of the Emami Group and one of the leading & fastest growing personal and healthcare businesses in India.

Category creator with a differentiated niche positioning thereby gaining market leadership.

Entered mainstream categories to reach out to a wider consumer base

Domestic Business and International Business growing at a 5 year CAGR of 16% and 18% respectively

With a reach in 63 countries, focus on key markets to grow International Business

Increased its Market capitalization by ~5 times to ~ ₹240 bn in 5 years.

Keen on opportunities for acquisitions in India and in International focused Markets

Strong distribution network reaching out to 4 mn. retail outlets across the country.

Building best-in-class IT system coming up from a tactical IT capability blueprint.

Building capabilities by roping in best talents from the FMCG industry to catalyse growth.

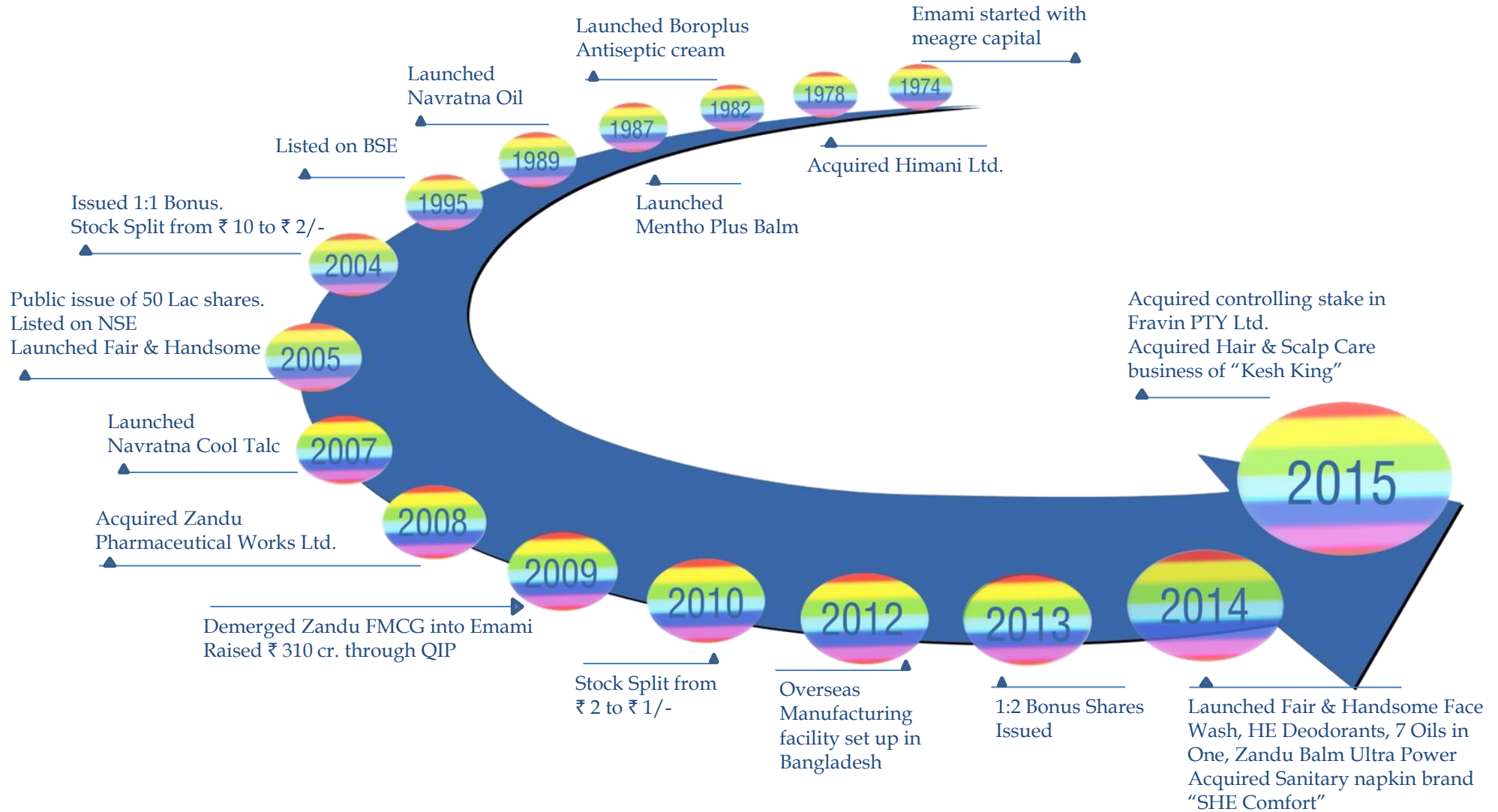
Appointed senior industry veterans as advisors.



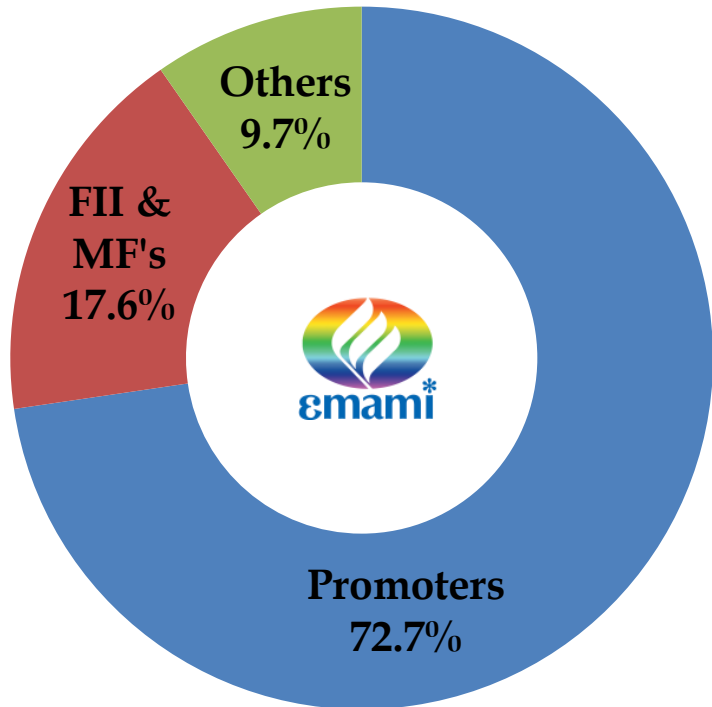
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The Journey

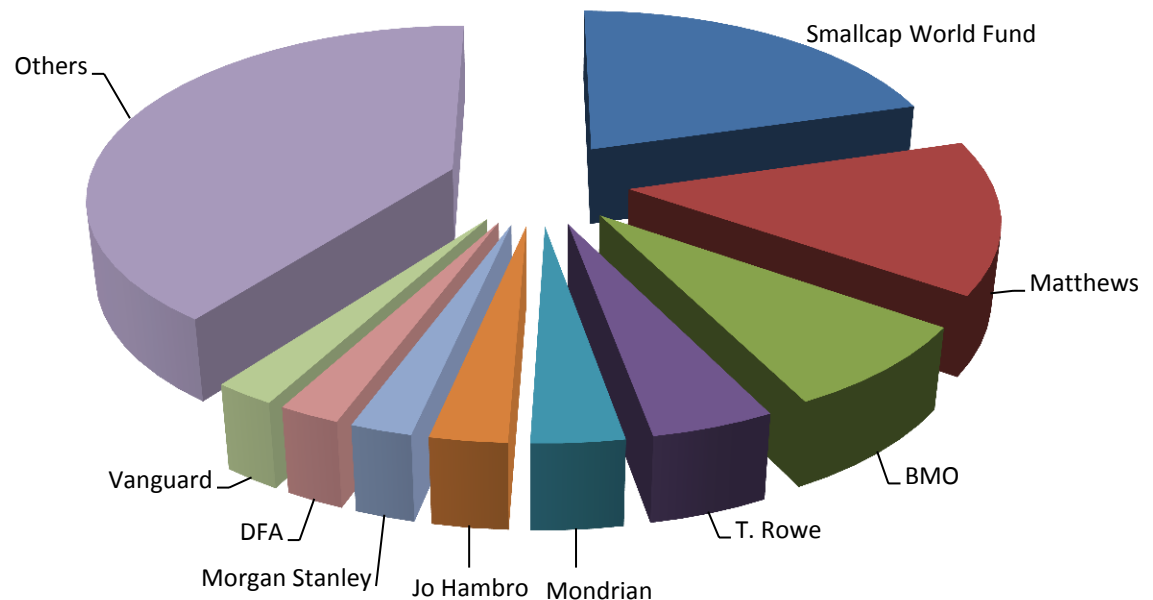


Shareholding Pattern...as on 30.09.2015



- Listed on the NSE, BSE and Kolkata stock exchanges
- Market capitalization of nearly ₹ 240 bn (US\$ 3.7 bn)

Major Institutional Investors



- ~45x returns to investors following the public issue in March 2005
- ~10x returns to investors following the QIP in July 2009

Board of Directors



S.N.	Promoter Directors
1	Sri R. S. Agarwal
2	Sri R. S. Goenka
3	Sri S. K. Goenka
4	Sri Mohan Goenka
5	Sri A. V. Agarwal
6	Sri H. V. Agarwal
7	Smt. Priti A Sureka
8	Sri P. Goenka

S.N.	Independent Directors
9	Sri K. N. Memani , <i>ex-Country Head of E&Y, India</i>
10	Sri Y. P. Trivedi , <i>eminent tax expert & advocate, Rajya Sabha member</i>
11	Smt. Rama Bijapurkar , <i>Eminent consumer and marketing strategist</i>
12	Sri P. K. Khaitan , <i>Advocate & Sr. Partner of Khaitan & Co.</i>
13	Sri Amit Kiran Deb , <i>ex-Chief Secretary, Govt. of West Bengal</i>
14	Sri S. B. Ganguly , <i>Professional</i>
15	Sri Sajjan Bhajanka , <i>Industrialist</i>
16	Sri M. D. Mallya , <i>Banker</i>



Consumer Care Range



Snapshot of Major Brands

Brands	Segment	Market Size (₹ in bn.)	Market Size (\$ in Mns)	Market Share (%)	
				2010	2015
Navratna Oil	Cooling oil	7.5 bn	114 mn	49%	65%
Boroplus Cream	Antiseptic Cream	4.4 bn	67 mn	74%	76%
Fair & Handsome	Men's Fairness Cream	3.8 bn	58 mn	60%	59%
Navratna Cool Talc	Cool Talc	4.4 bn	67 mn	13%	27%
Kesh King	Ayurvedic Hair and Scalp care	7.5 bn	114 mn	-	32%

Source: AC Nielsen, MAT Mar'15



Navratna Oil



- Sales grew by **18%** in FY15
- Navratna Brand has been ranked **3rd among India's most trusted brands in hair oil category** by Brand Equity Survey, 2014
- Commissioned some of the most visible brand ambassadors (Amitabh Bachchan, Shahrukh Khan, and Mahesh Babu, Chiranjeevi and Upendra for South)
- Brand extension, Navratna Extra Thanda Oil receiving encouraging market response
- Growing at **CAGR of 17%** in last 5 years

Market Size	₹ 7.5 bn (\$ 114 mn)
Market Share	65%



An ayurvedic 'therapeutic cooling oil' providing physical and mental stress relief, protection and nourishment



Boroplus Antiseptic Cream



- Sales grew by **11%** in FY15
- Largest selling antiseptic cream not only in India but also in Ukraine, Russia and Nepal
- Boroplus Brand ranked **18th** among India's most trusted brands in Personal care category by Brand Equity Survey, 2014
- Growing at **CAGR of 11%** in last 5 years
- Relaunched BoroPlus Moisturising Lotion as **BoroPlus "Total Results" Moisturising Lotion** with an innovative packaging.

Market Size	₹ 4.4 bn (\$ 67 mn)
Market Share	76%



An ayurvedic antiseptic and protective cream ideal for harsh winter conditions and minor skin problems



Fair & Handsome



- Sales grew by **15%** in FY15
- Launched in October 2005; first fairness cream for men in India
- **Fair and Handsome** ranked **22nd** among India's most trusted brands in Personal care category by Brand Equity Survey, 2014
- Growing at **CAGR of 15%** in last 5 years

Market Size	₹ 3.8 bn (\$ 58 mn)
Market Share	59%

- Launched extension: **Fair & Handsome instant fairness facewash**

- Celebrity on board- Brand endorsed by Bollywood superstar Hrithik Roshan
- Achieved **12.2%** Volume Market share in the competitive Men's Face Wash Category within a year of launch.



Five power formula contains double-strength peptide complex (patented in US) for tougher male skin



Navratna Cool Talc



- Sales grew by **32%** in FY15
- An innovative launch in the talcum powder category; **with cooling properties.**
- Introduced **attractive “twisted pack”**
- **Launched new Variant “Orangy Blast”** - Shruti Haasan joins the Navratna Cool Talc endorsers’ club along with Shah Rukh Khan.
- **CAGR of 35%** over last 5 years.

Market Size	₹ 4.4 bn (\$ 67 mn)
Market Share	27%



Brings the much-required cool & icy sensation in the scorching summers



Kesh King Range



- Acquired control on 12th June, 2015.
- Launched in 2009, Kesh King brand portfolio includes **Ayurvedic Medicinal Oil, Aloe Vera Herbal Shampoo** and **Ayurvedic Capsules** for complete hair scalp treatment.
- No. 1 player in the category with **32% Value Market Share** (MAT Mar'15) with a presence in **5.4 lac outlets** clocking a revenue of **~Rs. 300 cr. in FY15** with a 3 year CAGR of **61%**
- Superior Gross & EBIDTA Margins than Emami.
- Brand endorsement by Juhi Chawla. Shruti Haasan roped in to promote the brand in southern markets

Dr. Juneja's
Kesh King
Ayurvedic Oil, Capsules & Herbal Shampoo



7 Oils in One

- Not just another “me too” Light hair oil.
- **Combination of 7 different types of oils** - almond, coconut, Amla, argan, olive, walnut and jojoba to offer an expert formulation for damage repair and give superior nourishment.
- Brand endorsement by youth celebrity Yami Gautam.



HE Deodorant



- **Largest and fastest growing category in the male grooming segment** as the level of penetration level is very low.
- Advantage for Emami over competitors, with **brand endorsement by Bollywood superstar Hrithik Roshan**
- No brand having a substantial leadership in the cluttered Deodorant segment



SHE Comfort

- **Forayed in the feminine hygiene category with the acquisition of 'She Comfort'.**
- Category to grow exponentially, with increasing awareness, affordable pricing and **low penetrations levels of just 9%,**
- It's **'rash free' positioning,** highly appreciated by consumers and received good market response



Health Care Range



Indian Healthcare Opportunity

Rise in chronic health issue due to unhealthy lifestyle

Growing consciousness that health needs to be actively managed & diseases need to be prevented

Increase in per-capita spends on healthcare. Higher income & willingness to spend on health

Consumer perception that allopathic medicines are harmful when used for extended period of time

Ayurveda has effective solutions for day to day chronic health problems & has no side effects

- Leveraging the India Health Opportunity:
 - Key health need areas identified
 - Robust innovation funnel with breakthrough products in place
 - Launch plan starting FY16 under Zandu brand

Major brands :



Zandu Balm &
Zandu Balm Ultra Power

Mentho Plus
Balm

Zandu
Pancharishtha

Zandu
Vigorex

Sales grew by 25% in FY15 and growing by over 26% CAGR in last 5 years

Targeting to grow aggressively in the next 5 years

ZANDU 100 YEARS
Swasth jeevan ka vaada

Zandu Balm & Mentho Plus Balm



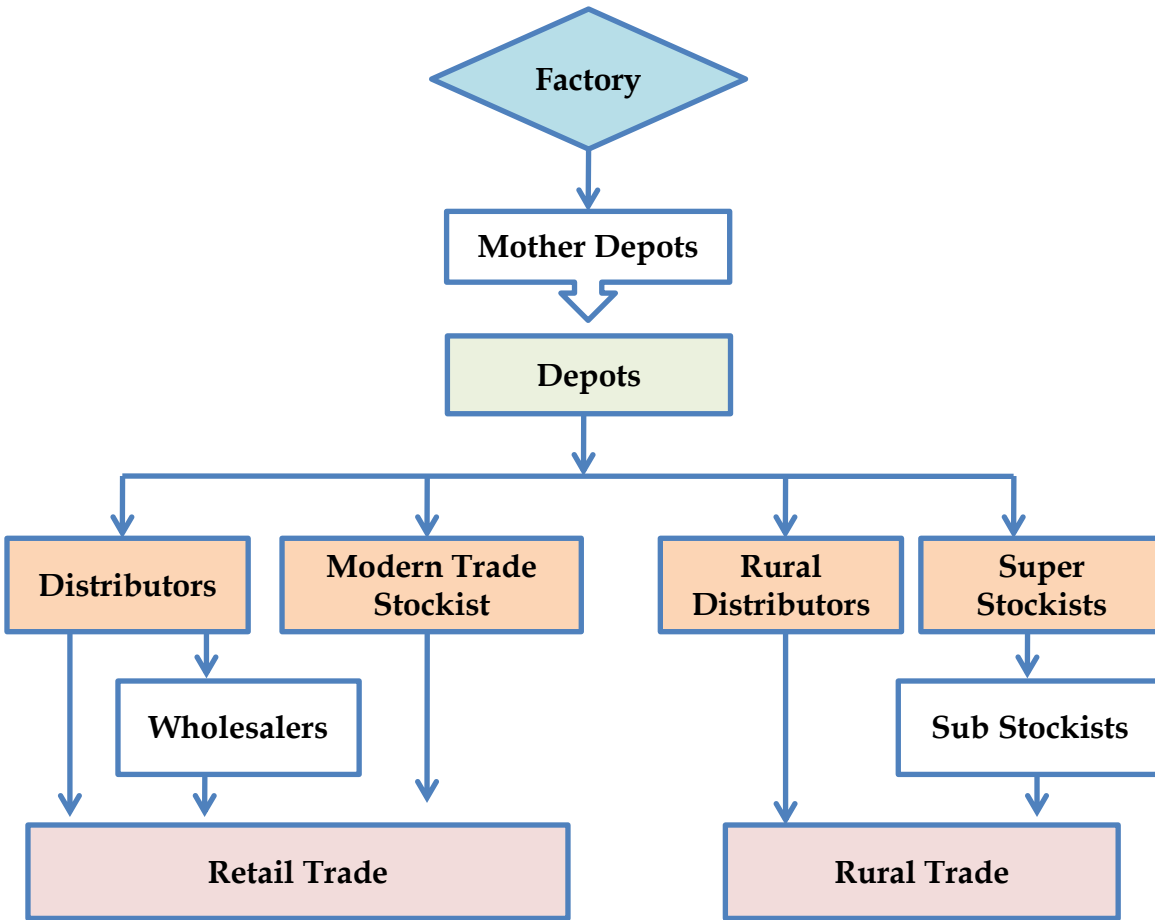
- Sales grew by **16%** in FY15
- Zandu, a dominant player in pain management category, **ranked 3rd among India's most trusted brands in OTC Personal care category by Brand Equity Survey, 2014**
- Launched extension **Zandu Balm Ultra Power** a strong formulation fortified with potent ayurvedic ingredients to cure pain.
- Launched extension "**Zandu Gel Balm Junior**", India's first mild gel balm for children which is clinically proven to give relief from headache, body ache and cold.
- **CAGR of 13% over last 5 years**

Market Size	₹ 7.4 bn (\$ 115 mn)
Market Share	61%

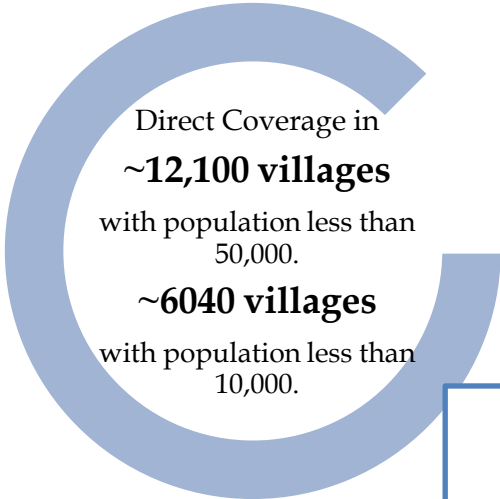
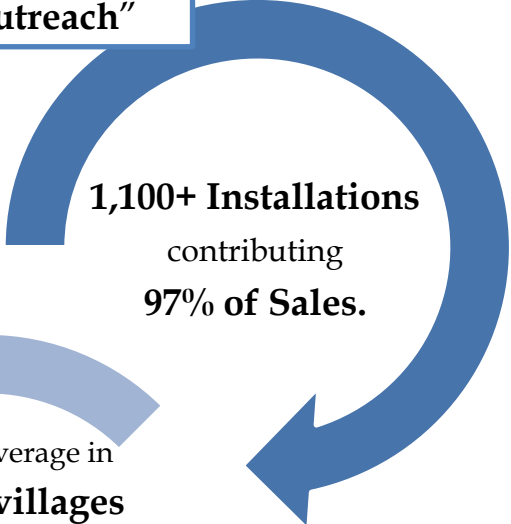


**Relief from headaches,
body aches and cold**

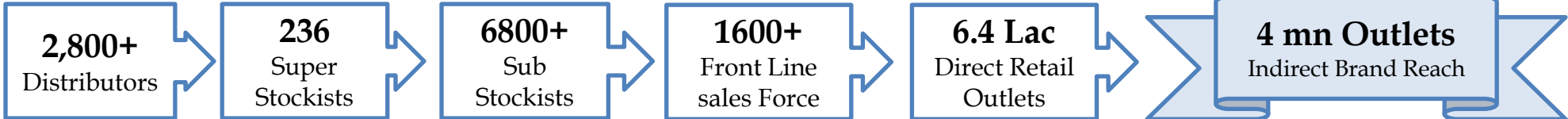
Domestic Distribution



Initiated Secondary Sales Automation Process- "Outreach"



Project Swadesh

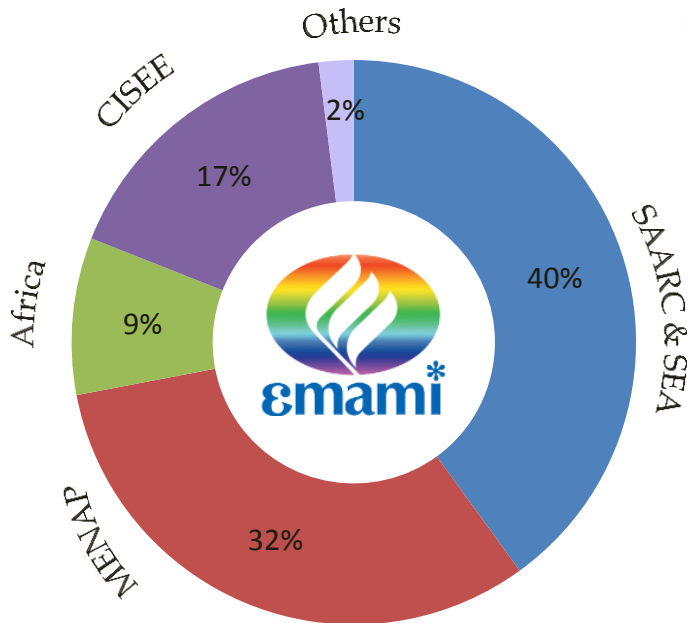


International Business



- Sales grew by **44%** in FY15.
- Divided into four clusters, which are : Middle East, North Africa & Pakistan (MENAP), SAARC & South East Asia (SSEA), CIS and Eastern Europe (CISEE) and AFRICA
- Contributes around 14% of the total consolidated revenues.

Geographical breakup of IMD Sales



Presence in International Markets



International Business



MENAP

- Targeting Arab consumers along with Indian diaspora with relevant products and increased media spends.
- Increased marketing inputs with improved distribution.
- Evaluating local manufacturing at Egypt.

SSEA

- Having its own manufacturing unit in Bangladesh.
- Introducing brand extensions & New launches

CISEE

- Launch of new products are on track to boost the sales. New product launch planned till 2016-17.
- Apart from Russia, increasing focus on Ukraine, Kazakhstan and Belarus.

AFRICA

- Huge potential and special focus given to grow the brands in the region, especially in Kenya, Uganda and Angola in existing markets.
- Distributors identified, registrations under process in Nigeria.

Leadership in International Markets

Himani
Navratna

Cooling Oil

#1 in Bangladesh, UAE & KSA

BORO PLUS

Antiseptic Cream

#1 in Russia

FAIR AND HANDSOME

Men's Fairness

#2 in Bangladesh, UAE & KSA

Celebrity Endorsements



Research & Development



- Focus: Product innovation, product differentiation, cost control and maintaining excellent product quality
- Team comprises qualified Ayurvedacharyas and specialized Ayurveda scientists; advisory panel comprising top Ayurvedic experts
- A modern fully equipped laboratory with cGMP practices
- Set up a 30,000 sq. ft. State-of-the-art ultra modern R&D centre in Kolkata
- Also set up a Market intelligence and innovation centre in Kolkata



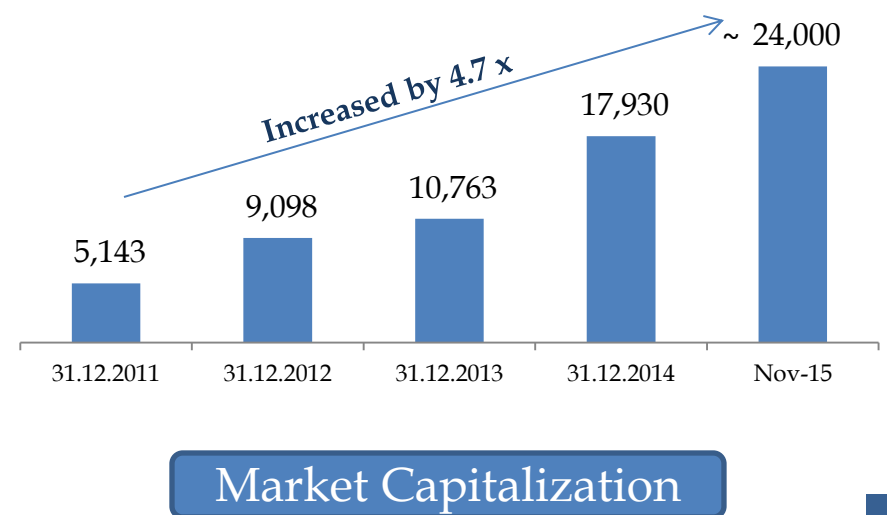
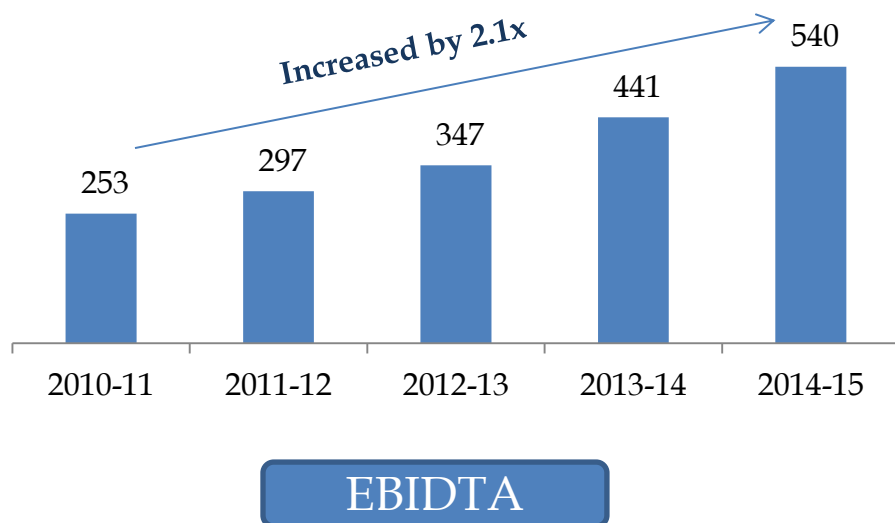
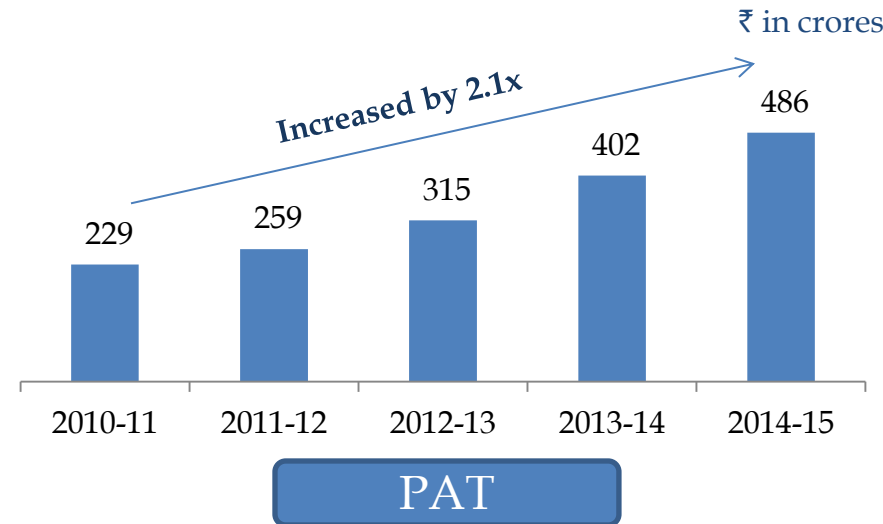
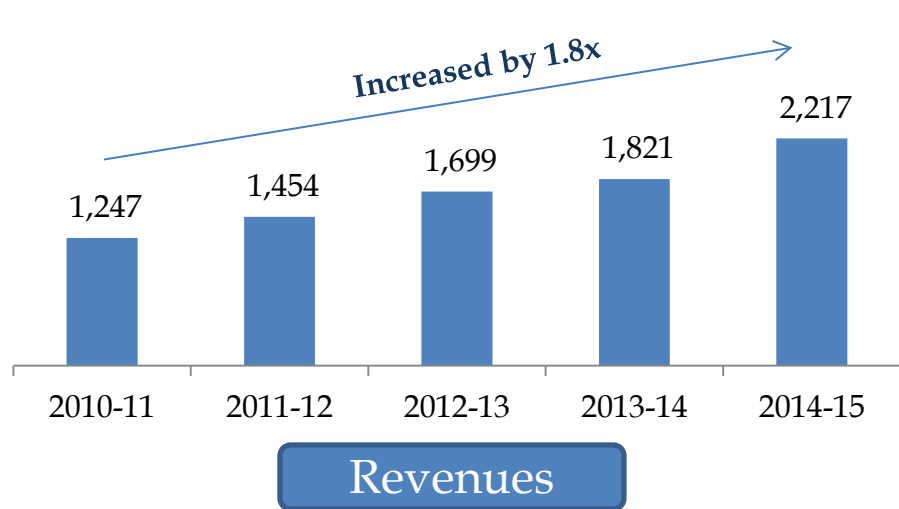
Operations



- 7 manufacturing facilities; 2 in Guwahati and 1 in Pantnagar, Uttarakhand enjoying fiscal benefits
- Set up first overseas manufacturing facility at Bangladesh
- Most of the facilities are cGMP and ISO 9000 compliant
- Units follow highest standards of safety and environment protection
- Land acquired for putting up 3rd unit at North-east under mega project scheme and the unit is expected to commence operations in FY16



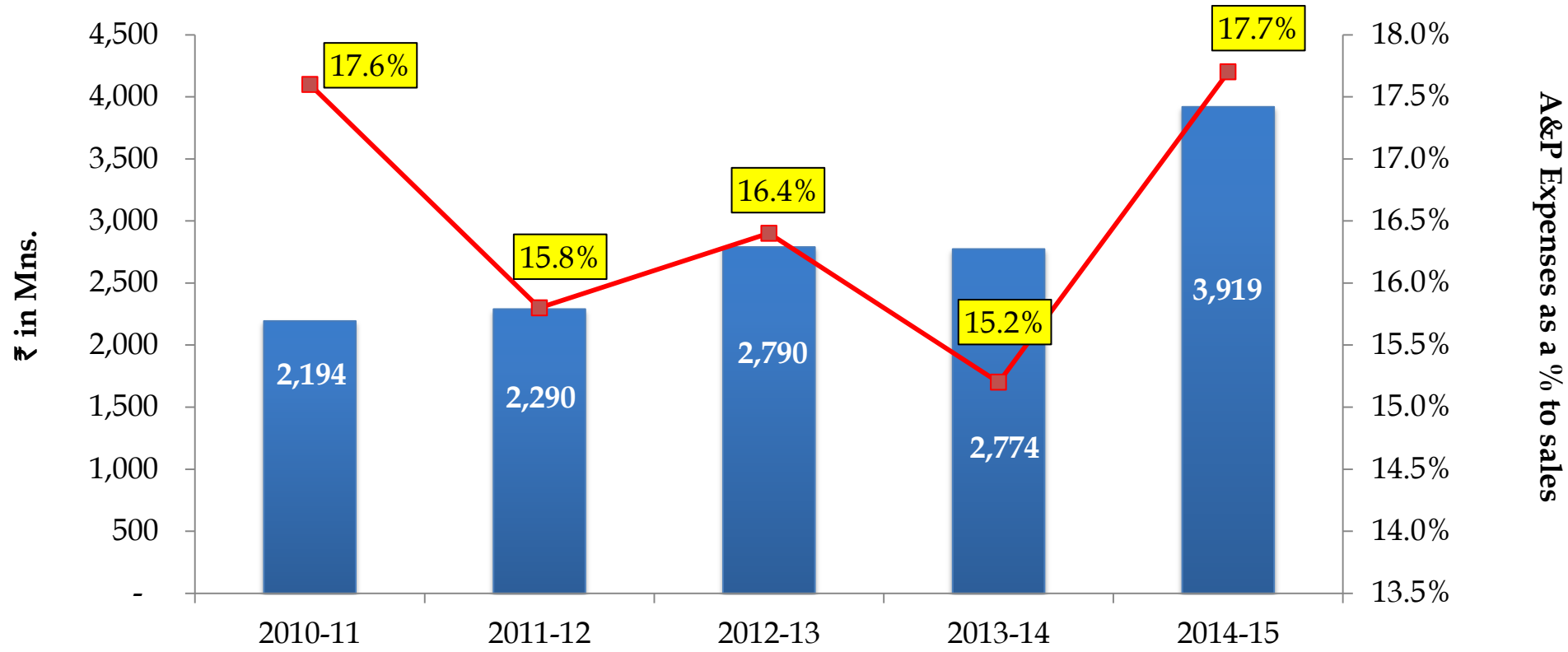
Growing Robustly



A&P Expenses

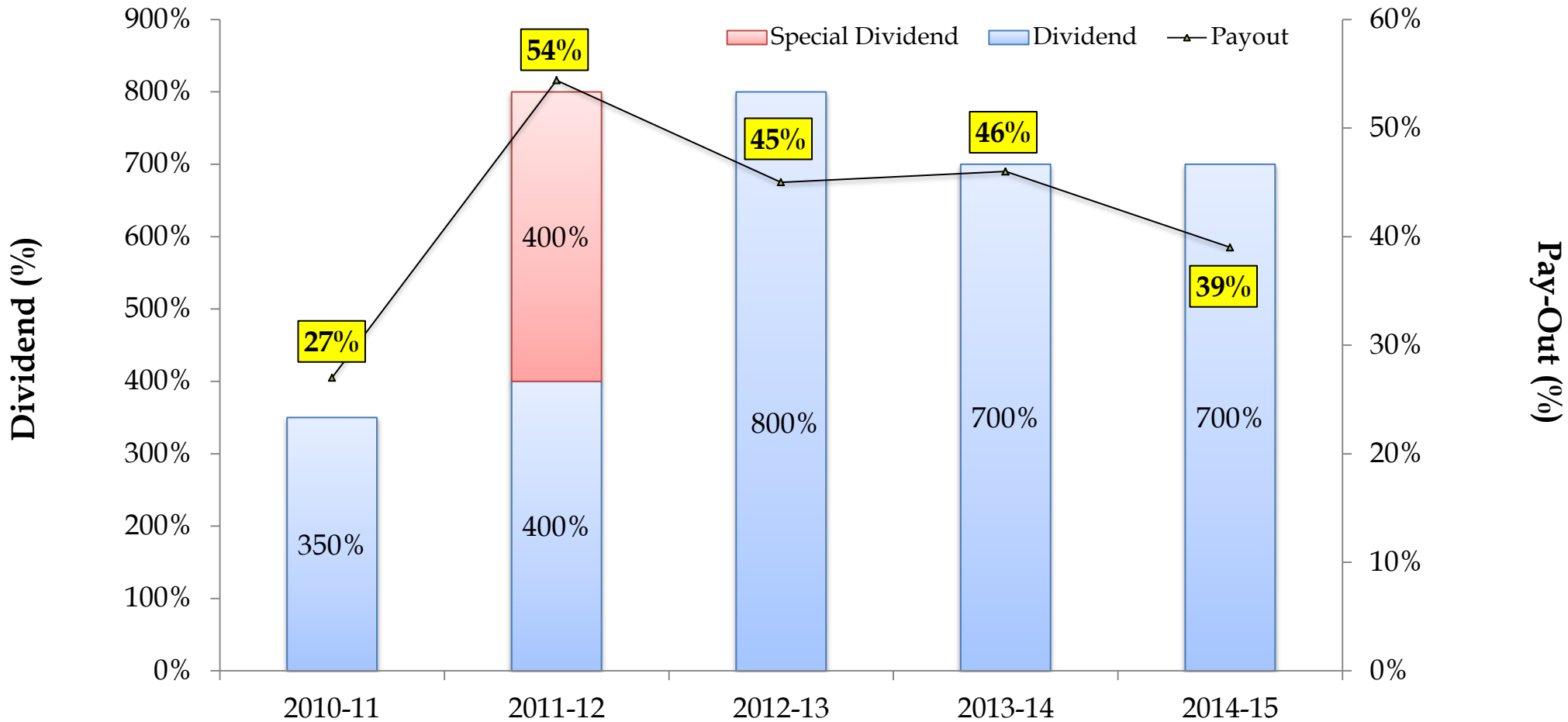


■ Rs. in Million ■ % to sales



Nearly ₹14 bn invested in A&P in last 5 years

Dividends



Summarized Balance Sheet



₹ in Mns

S.N.	LIABILITIES	As at 31.03.2015	As at 31.03.2014	S.N.	ASSETS	As at 31.03.2015	As at 31.03.2014
1	Shareholders Fund	12,306	9,321	1	Non-Current Assets	5,320	4,566
	a. Share Capital	227	227		Net Fixed Assets	4,776	4,078
	b. Reserves and Surplus	12,079	9,094		Goodwill On Consolidation	41	-
2	Minority Interest	46	-		Non-Current Investments	66	66
3	Non-Current Liabilities	546	512		Long-Term Loans and Advances	437	422
	Long-Term Borrowings	17	174		Other Non-Current Asset	-	-
	Deferred Tax Liabilities (Net)	121	48	2	Current Assets	11,444	8,457
	Other Long Term Liabilities	163	119		Current Investments	4,947	2,892
	Long-Term Provisions	245	171		Inventories	1,267	1,411
4	Current Liabilities	3,865	3,189		Trade Receivables	1,027	793
	Short-Term Borrowings	177	44		Cash and Cash Equivalents	3,541	2,700
	Trade Payables	1,932	1,430		Short-Term Loans and Advances	663	661
	Other Current Liabilities	639	505		Other Current Assets	-	-
	Short-Term Provisions	1,117	1,211				
	TOTAL	16,763	13,023		TOTAL	16,763	13,023

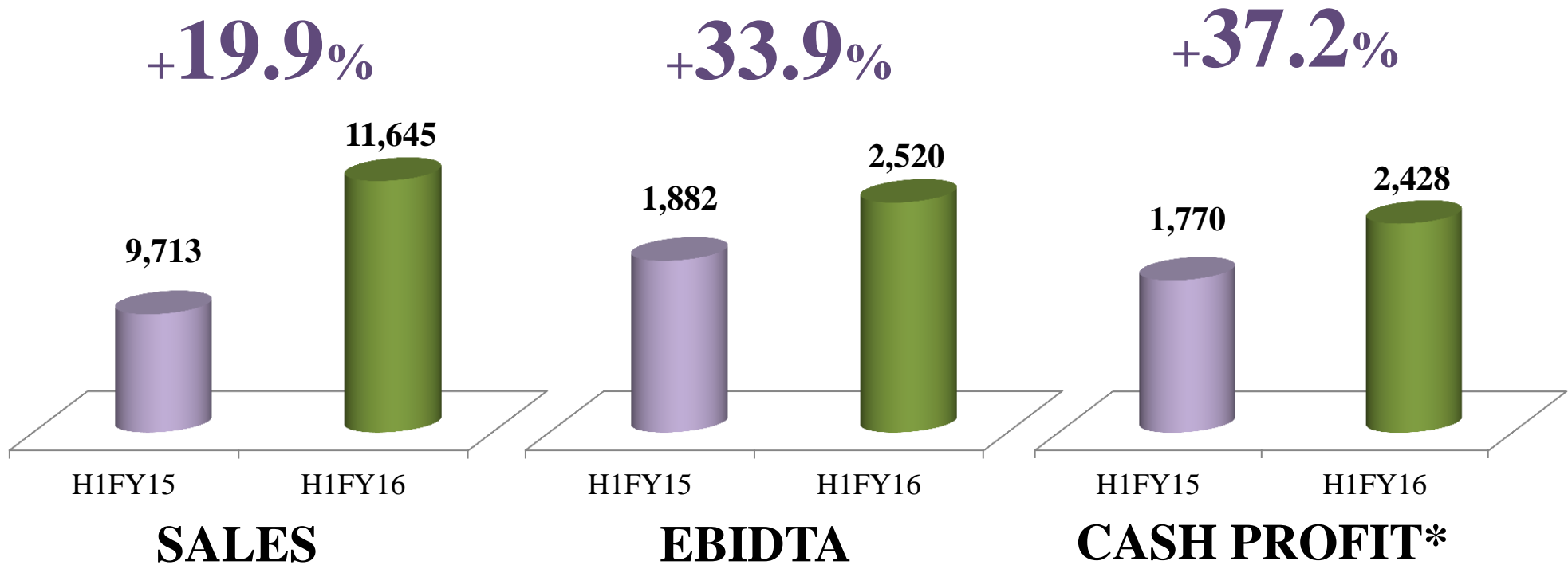
Key Highlights...FY15

- **Working Capital (holding period)**
 - **Average Inventory holding** decreased from 28 days to **21 days**
 - **Average collection period** increased from 16 days to **17 days**
 - **Average Payment Period** increased from 29 to **32 days**
 - **Average Advance period** decreased from 20 to **11 days**
 - **Net working Capital** improved from 29 days to **17 days**
- **Net Cash of over ₹ 8 bn.**
- **Current Ratio** improved from **2.7%** to **3.0%** signifying high level of liquidity.
- **ROE at 39.5% & ROCE at 37.5%**
- **Ratings (by CRISIL & CARE)**
 - **AA+ ratings** for long/ short-term bank facilities and **A1+** for short-term debt by CRISIL signifying high levels of safety.
 - **AA+' ratings reaffirmed** to long/ short-term bank facilities and **highest rating of A1+'** for short-term debt by CARE signifying highest safety.

H1FY16 Performance



₹ in Millions



However, PAT degrew by 8.9% on account of Amortization of Kesh King Intangible assets for ₹ 756.4 mns.

*Cash Profits = PAT+ Depreciation & Amortization.

Awards & Accolades



Corporate

- Emami ranked 84th among BT-500 Most Valuable Companies of India Rankings 2015 by Business Today
- Emami featured in the maiden “SUPER 50 Companies” listing by Forbes India with knowledge support from PwC, India.
- Emami ranked 112th in “Business India’s Super 100 Companies” ranking by Business India magazine.
- Emami Limited won the ET Bengal Corporate Awards 2014 in the category of Best Financial Performance with turnover exceeding Rs.1000 cr.
- Emami ranked 7th among the “Most Enduring Stocks” in the 19th Annual Wealth Creation Report of Motilal Oswal Securities Ltd. Also ranked 31st among the “MOSL 100 Fastest Wealth Creators” and 71st among the “MOSL 100 Biggest Wealth Creators”.
- Emami ranked at 22nd position by Dalal Street Investment Journal’s Top Super 50 list.
- Rated (by CRISIL & CARE) A1+ for Short Term borrowings and AA+ for Long Term borrowings signifying high levels of safety





● Brands

- The **2015 Brand Trust Report, India**, of TRA (formerly Trust Research Advisory) comparing the 'trust' held in brands, ranks **Emami's brands as the most trusted in the Diversified FMCG category**
- **Zandu Balm ranked 58th and Boroplus ranked 85th among the Top 100 Brands in the Brand Equity Survey, 2014 across all categories**
 - **Zandu Balm ranked 3rd in the Personal Care (OTC) category,**
 - **Navrtana ranked 3rd in the Oil category,**
 - **Boroplus ranked 18th and**
 - **Fair & Handsome ranked 22nd in the Personal care category**
- **Emami Limited has made it to Inc. India Innovative 100 Awards, 2013 in the mid-size category**
- **Emami Limited was adjudged the winner in the Pitch Brands 50 Awards 2013- Globetrotters Category for Excellence in Marketing**

Operations

- BT Road unit received “**Greentech Safety Award - 2014**” in the Gold Category.
- **Abhoypur unit accredited with ISO 14001:2004 and ISO 18001:2007 accreditation** signifying compliance with Environment management system and Occupational health and safety management system
- Abhoypur unit received **GOLD Award for excellence in manufacturing** at the Economic Times India Manufacturing Excellence Awards in partnership with Frost & Sullivan.
- Awarded, **Arogya World’s - “Healthy Workplace Gold Award- 2014”**. (Manufacturing facilities which follow healthy, wellness practices at the workplace)
- **Internal Audit Division awarded ISO 9001:2008 accreditation**
- The **Enterprise Risk Management system is also ISO 31000 : 2009 certified**
- Received **WORLDSTAR 2013 International Award for excellence in packaging** for the following packs :
 - Himani Navratna Cool Talc in Twisted Pack
 - Bi-Colour Injection dibbi of Menthoplus Balm 1.1ml Pack
- **Asia Pacific Quality Organization awarded prestigious “Global Performance Excellence Award” to our Abhoypur unit**



Key Investment Highlights



- One of the fastest growing FMCG company
- Niche category player + innovator - in Therapeutic and Ayurvedic segment - strong entry barriers for the competition
- Key brands are strong market leaders in their respective categories
- Bigger basket of power brands and entry in new segments
- Over 80% of the business comes from Wellness categories.
- Focus on each Brand with patience and continuous investment.
- Superior gross margins in the industry - EBITDA margin before A&P at 42%
- Production from tax free zones

Thank you



Making people Healthy & Beautiful, Naturally

