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‘Potential for Dermicool to grow in double-digits’

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FMCG-maker Emami feels there is potential for double-digit sales growth for Dermicool this summer season.

The company had acquired Dermicool from consumer giant Reckitt in March 2022 for ₹432 crore. After the acquisition, it became a market leader in the niche category with two
1 major brands — Navratna Cool Talc and Dermicool.

“It will be the second summer for Dermicool after we acquired the brand. Compared to last summer season, we expect good growth from Dermicool this summer. There is a potential for double-digit growth. Dermicool is part of our distribution now,” said NH Bhansali, CEO, Finance, Strategy and Business Development and CFO, Emami Ltd.

Last financial year, the company observed that South India and Maharashtra accounted for high Dermicool sales, whereas it was higher in North and East India for Navratna Cool Talc. This helped it establish a foothold in the Prickly Heat Powder and Cooling Talc category across markets.

“We expect both Navratna Cool Talc and Dermicool to perform well since summer is setting in,” said Bhansali.

The company expects to register good sales growth in the fourth quarter this fiscal, driven by improved distribution, aggressive marketing and new product launches.

“We expect reasonable growth to come in during the last quarter of FY24. We expect the challenges, which were there in the third quarter, to reduce in the fourth quarter. And we are also putting in a lot of efforts to improving our distribution, the right kind of aggressive marketing, and coming out with new launches in the DTC (direct-to-consumer) and in the mainstream as well. So, all these taken together, it will help us grow in Q4,” Bhansali told *businessline.*

In the third quarter, the company faced challenges in terms of subdued rural demand and season disruption.

REVENUE GROWTH

In Q3 FY24, the company’s revenue grew 1.38 per cent year-on-year at ₹996.32 crore, against ₹982.72 crore in the same period of FY23.

“In the third quarter, around 65 per cent of our revenue comes from winter products. But the winter during this quarter was the warmest in the last few years. It impacted all winter products.

“The best part is that despite this situation, our market share has remained intact. But the offtakes were impacted mainly because of the disrupted winter and also because of the pain in the rural market where inflation continued,” the CEO pointed out.