



emami* limited

Making people healthy & beautiful, naturally

Company Overview

June 2016

Navratna
AYURVEDIC OIL

**BORO
PLUS**

**ZANDU
BALM®**

emami
**MENTHO
PLUS**
BALM

**FAIR AND
HANDSOME**

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

Himani
Navratna
Cool
TALC



Some of the statements made in this presentation may look forward looking information that involves number of risks and uncertainties. Such statements are based on certain assumptions, estimates, projections or plans that are inherently subject to significant risks, uncertainties and contingencies that are subject to change. Actual results can differ materially from those anticipated in the Company's forward-looking statements as a result of a variety of factors, including those set forth from time to time in the Company's press releases and reports and those set forth from time to time in the Company's analyst calls and discussions. We do not assume any obligation to update the forward-looking statements contained in this presentation.

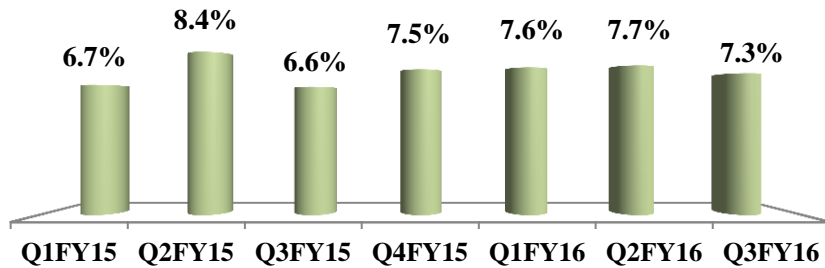
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All market shares stated are as per AC Nielsen MAT Mar'16. Conversion rate : 1 US\$ = ₹67.0/-

Economy Overview

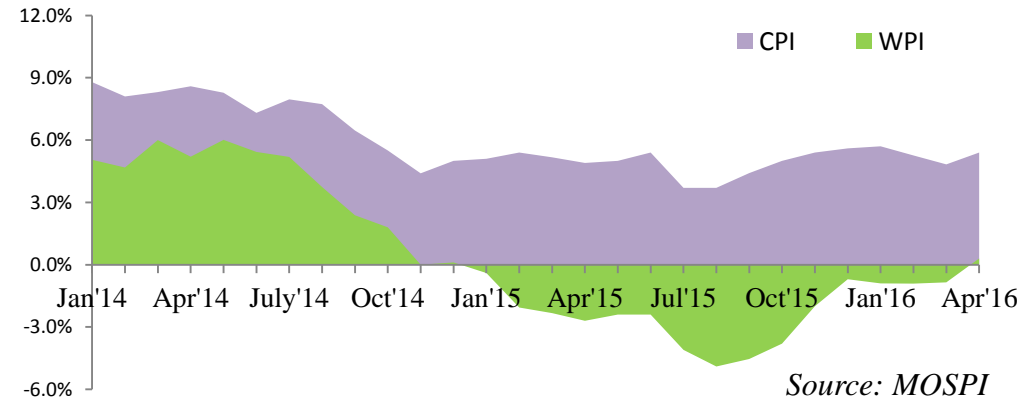


Q3FY16 GDP grows by 7.3%.
FY16 GDP growth estimated at 7.6%



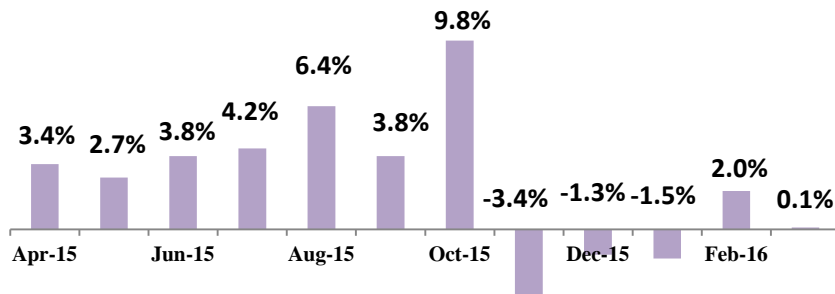
Source: MOSPI

CPI rose to **5.4%**, WPI rises to **0.3%** after 17 successive months of disinflation



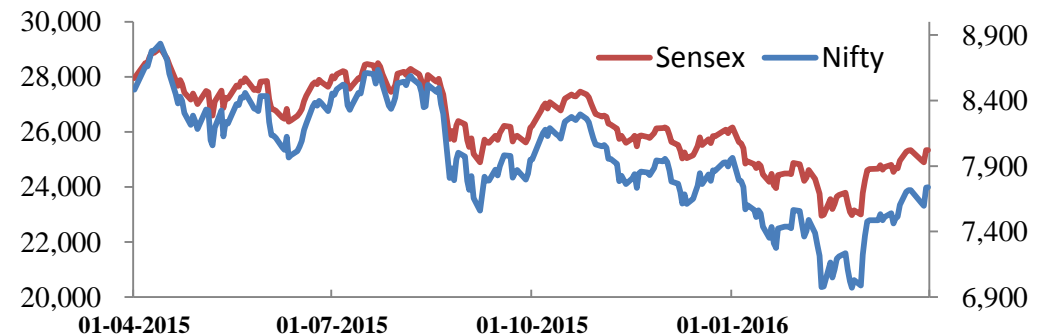
Source: MOSPI

Industrial Growth stood at **2.4%** in FY16.



Source: MOSPI

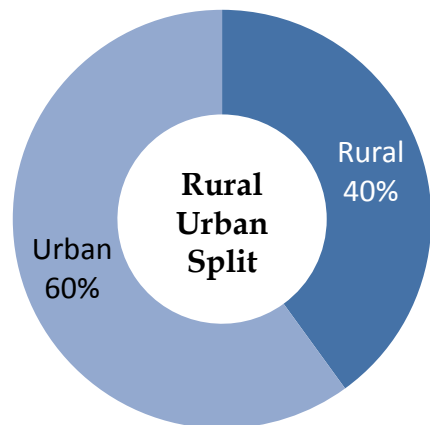
Sensex & Nifty degrew by **9%** each in FY16



FMCG Sector...Key Growth Drivers

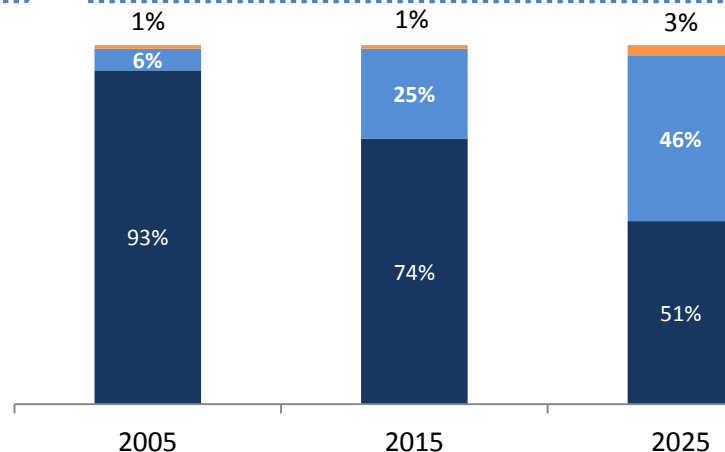


**Rural FMCG Market to grow @14% CAGR
To reach \$ 220 bn by 2025**



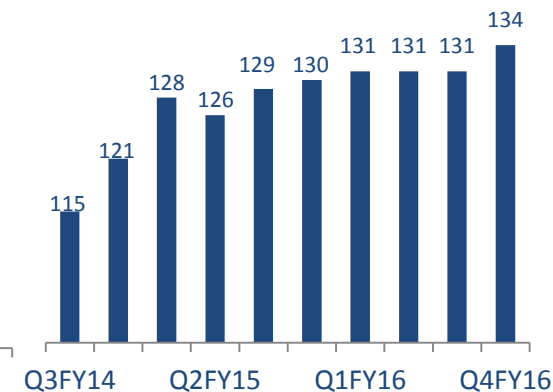
Source: BCG, Dinodia Research

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



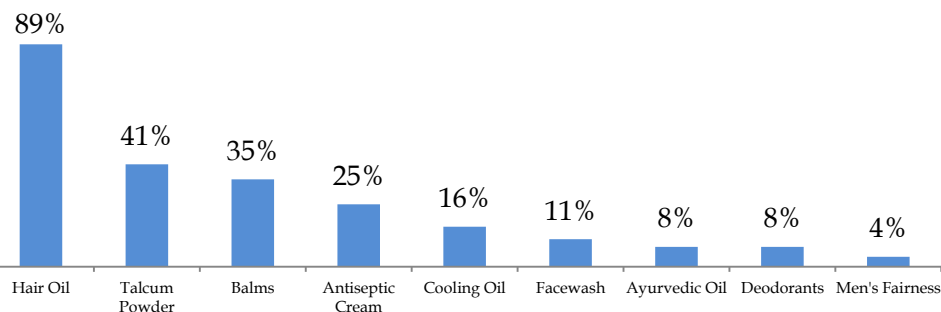
Source: Hitting the sweet Spot, EY, McKinsey Global Institute

**India's Consumer Confidence Index
highest among 61 global markets**



Source: Nielsen

Low penetration indicates long term growth story...



Source: IMRB

Other Growth Drivers



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 17% respectively

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

Increased its Market capitalization by more than 4 times to ~ ₹250 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.

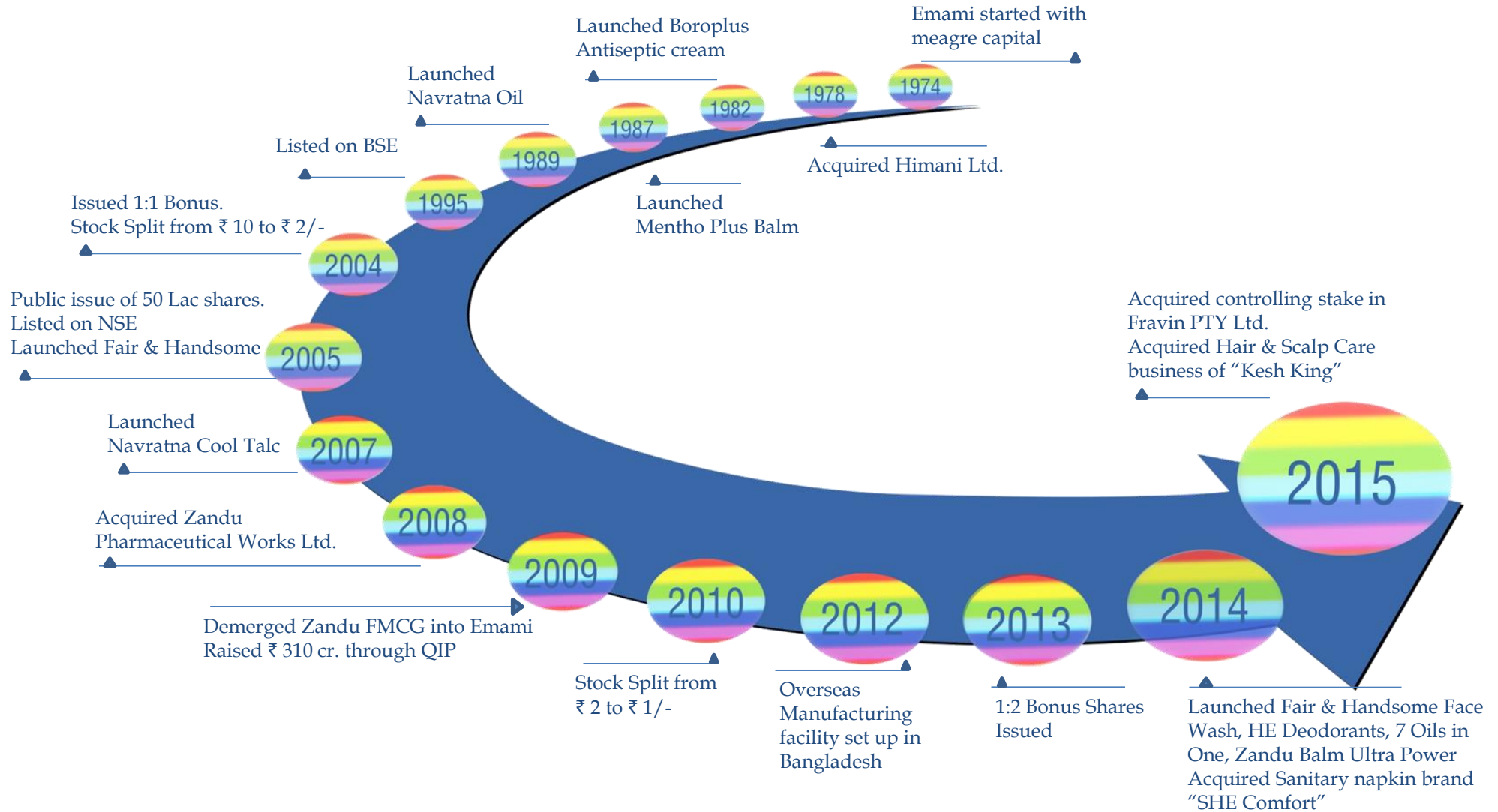
Appointed senior industry veterans as advisors.



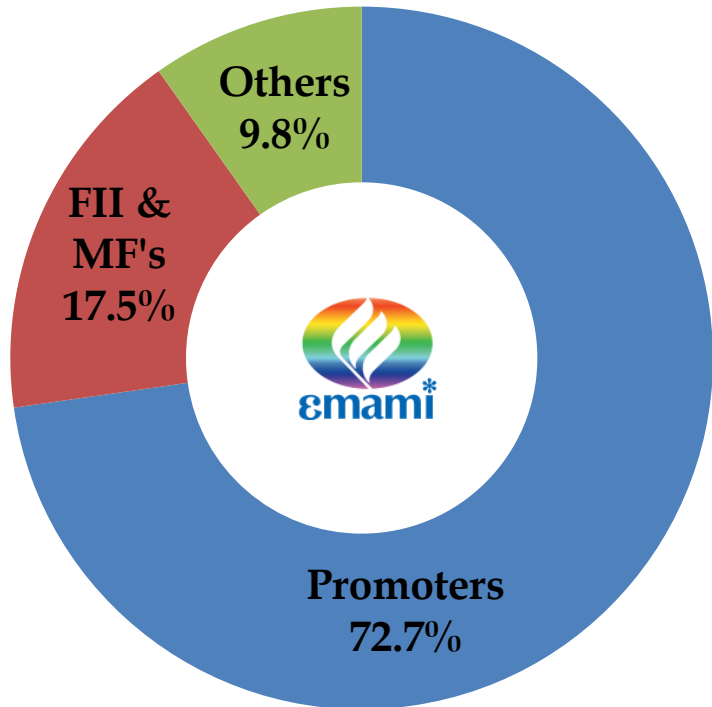
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The Journey

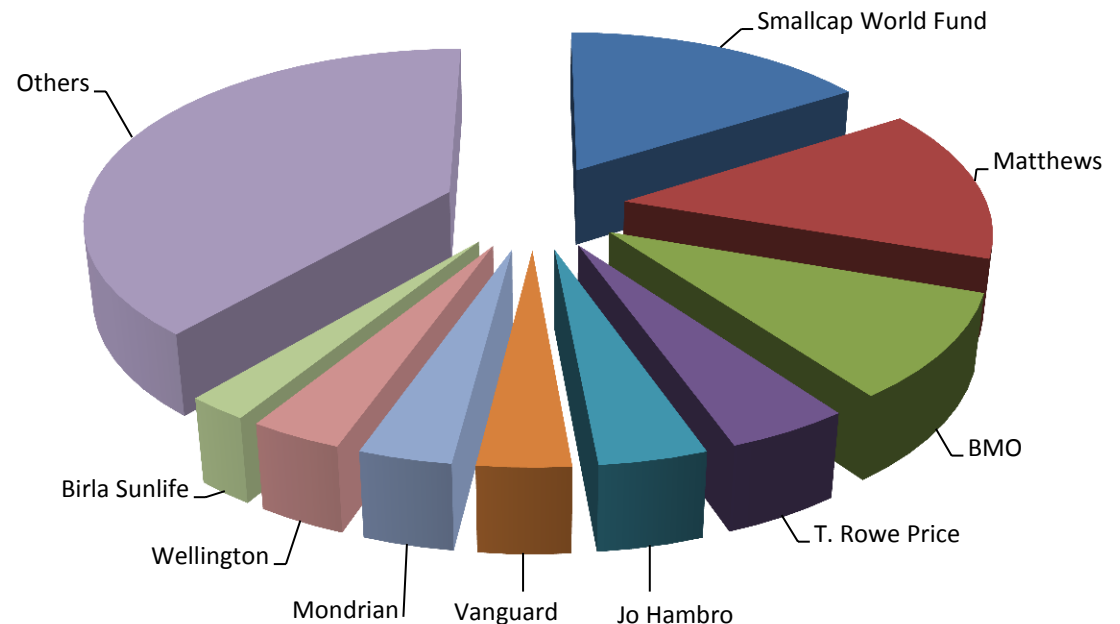


Shareholding Pattern...as on 31.03.2016



- Listed on the NSE, BSE and Kolkata stock exchanges
- Market capitalization of nearly ₹ 250 bn (US\$ 3.7 bn)

Major Institutional Investors



- ~47x returns to investors following the public issue in March 2005
- ~11x 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, Ex-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	Market Size	Market Share (%)	
		(₹ in bn.)	(\$ in Mn)	2011	2016
Navratna Oil	Cooling oil	8.6 bn	128 mn	54%	60%
BoroPlus Cream	Antiseptic Cream	4.3 bn	64 mn	75%	72%
Fair & Handsome	Men's Fairness Cream	3.9 bn	58 mn	57%	59%
Navratna Cool Talc	Cool Talc	4.9 bn	73 mn	17%	27%
Kesh King	Ayurvedic Hair and Scalp care	6.4 bn	96 mn	-	36%

Source: AC Nielsen, MAT Mar'16

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Navratna Oil



- Growing at a **CAGR of 13%** in last 5 years
- Navratna Brand has been ranked **3rd among India's most trusted brands in hair oil category** by Brand Equity Survey, 2015
- Formulation improved with goodness of Brahmi & Amla.
- 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

Market Size	₹ 8.6 bn (\$ 128 mn)
Market Share	60%



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



- Antiseptic Cream growing at a **CAGR of 11% in last 5 years**
- 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, 2015
- Relaunched BoroPlus Moisturising Lotion as **BoroPlus "Total Results" Moisturising Lotion** and also launched a Cocoa Variant - "**BoroPlus Cocoa Soft Moisturizing Lotion**"
- Brand endorsed by superstars Amitabh Bachchan and Kangana Ranaut

Market Size	₹ 4.3 bn (\$ 64 mn)
Market Share	72%



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



Fair & Handsome



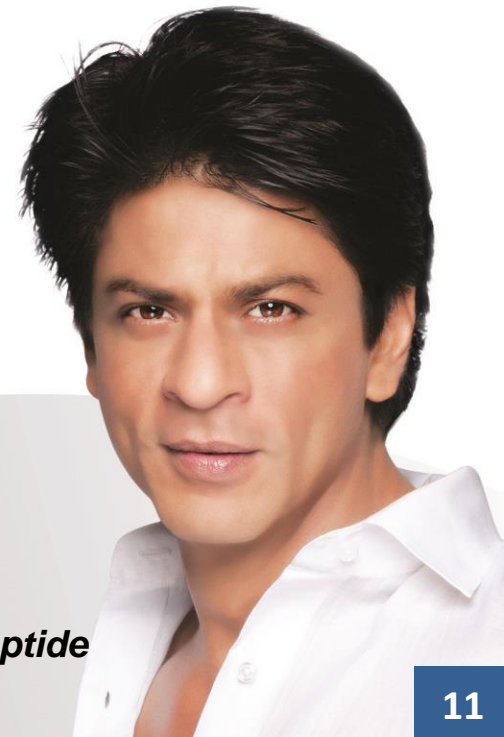
- Fairness cream growing at a **CAGR of 15% in last 5 years**
- Re-launched with new formulation and packaging providing 5 Key benefits namely –Sweat Absorption, Oil Control, Sun Protection, Dark Spot Reduction and Long Lasting fairness.
- **Fair and Handsome ranked 22nd among India’s most trusted brands in Personal care category by Brand Equity Survey, 2015**

Market Size	₹ 3.9 bn (\$ 58 mn)
Market Share	59%

- Launched extensions: “Fair & Handsome Instant Fairness Facewash” and “Fair & Handsome Complete Winter Solution”
- Brand endorsed by superstars Shah Rukh Khan & Hrithik Roshan



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



Navratna Cool Talc



- Growing at a **CAGR of 19%** over last 5 years.
- An innovative launch in the talcum powder category; **with cooling properties.**
- **Launched** new variant “Navratna i-Cool Talc” with intelligent sweat sense technology releasing instant cooling when one sweats.
- **Shruti Haasan** joins the Navratna Cool Talc endorsers’ club along with Shah Rukh Khan.

Market Size	₹ 4.9 bn (\$ 73 mn)
Market Share	27%



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



- 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.
- **Superior Gross & EBIDTA Margins.**
- **Launched 60ml SKU** to increase rural penetration.
- **Enhanced formulation** by moving from **16 to 21 Ayurvedic herbs** for higher efficacy.

Market Size	₹ 6.4 bn (\$ 96 mn)
Market Share	36%

- **Shruti Haasan & Sania Mirza** also roped in to promote the brand along with **Juhi Chawla**.

- Launched new ad campaign featuring Bollywood actress **Huma Qureshi** and directed by **Imtiaz Ali**



HE Deodorants

- Relunched HE Deodorants with an easy to use premium packaging
 - Introduced a new fragrance “HE Respect”
- Forayed into “No-Gas” Category”-
 - Passion & Hypnotic fragrances.
 - ICY Collection- Offering cooling effect on users along with long lasting fragrance
- Advantage for Emami over competitors, with brand endorsement by Bollywood superstar Hrithik Roshan



7 Oils in One

- Launched in April 2014
- Combination of 7 different types of oils - almond, coconut, Amla, argan, olive, walnut and jojoba offer an expert formulation for damage repair and give superior nourishment.
- Brand endorsement by Bollywood actress Yami Gautam.



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 Balms & Mentho Plus Balm

Zandu Pancharishtha
Zandu Vigorex

Sales growing by over 29% CAGR in last 5 years
Targeting to grow aggressively in the next 5 years

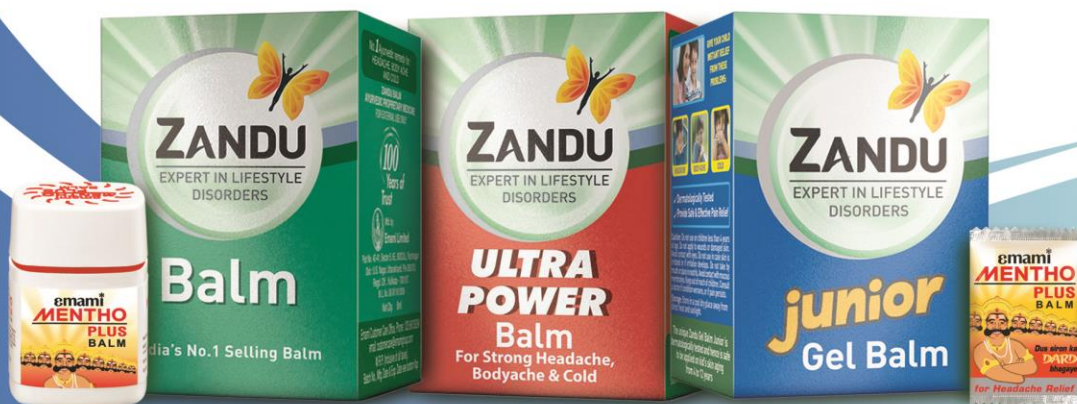
ZANDU 100 YEARS
Swasth jeevan ka vaada

Zandu Balm & Mentho Plus Balm



- Growing at a **CAGR of 13% over last 5 years**
- 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, 2015**
- Zandu Balms re-launched with new formulation with better sensory and efficacy.
- Launched extensions **Zandu Balm Ultra Power** a strong formulation fortified with potent ayurvedic ingredients to cure pain & **"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.

Market Size	₹ 8.5 bn (\$ 128 mn)
Market Share	60%



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

New Launches



Zandu Pure Honey

Launched in Dec'15



- 100% Pure Honey with no added sugar
- Scientifically tested for “no added sugar” in an independent laboratory in Germany.
- Sourced from the best and the most indigenous beekeepers.

Fair and Handsome Complete Winter Solution

Launched in Nov'15



- First ever winter cream in India for men with 8 Action formula to fight tough winters.
- Offers overall winter face care needs of men - moisturisation and dryness defence along with oil-free fairness.

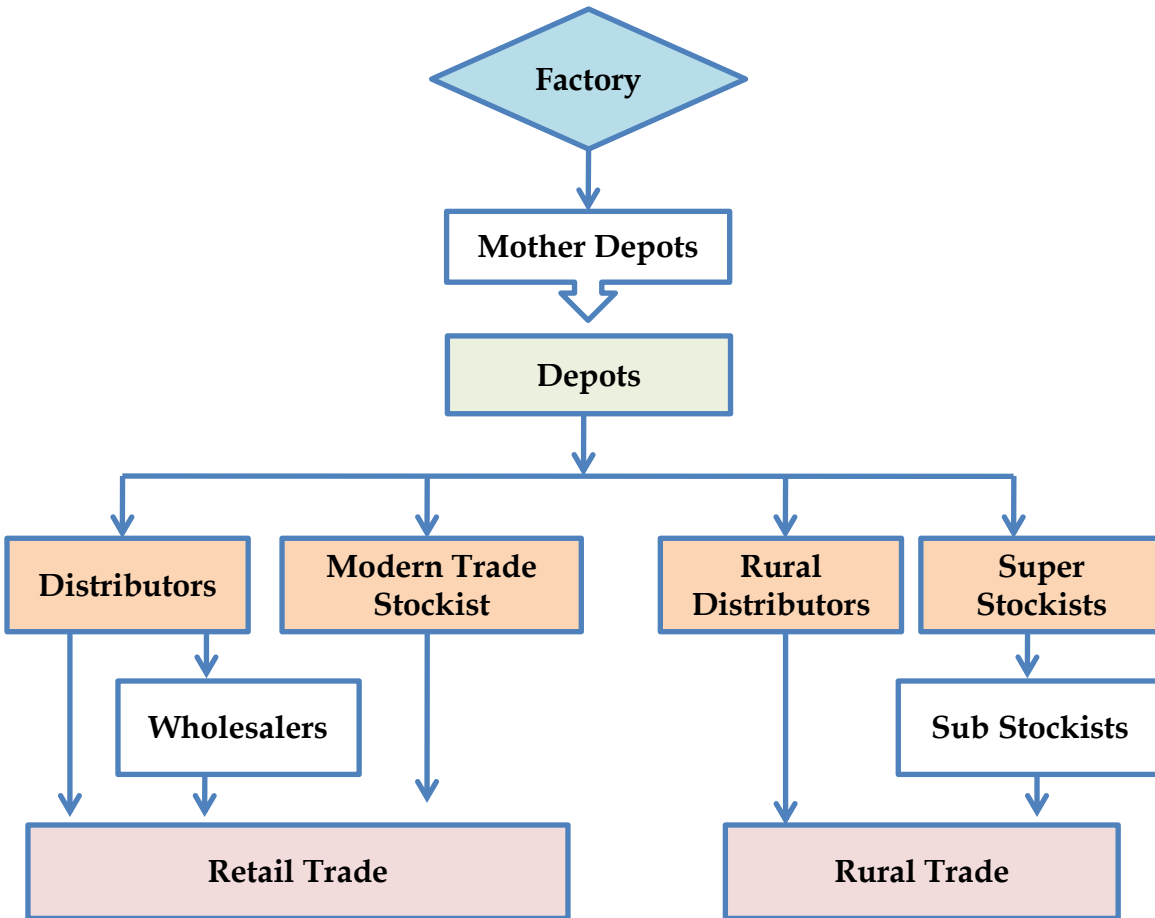
BoroPlus Cocoa Soft Moisturizing Lotion

Launched in Nov'15

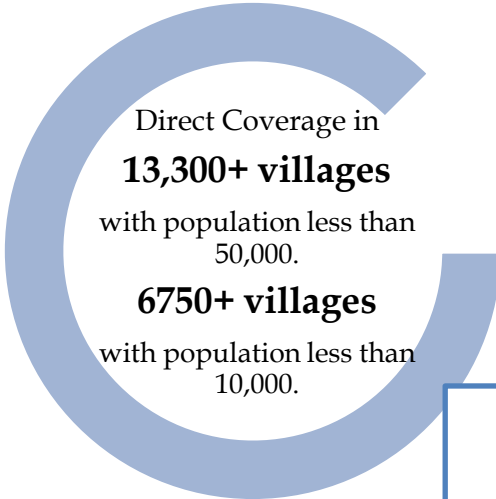
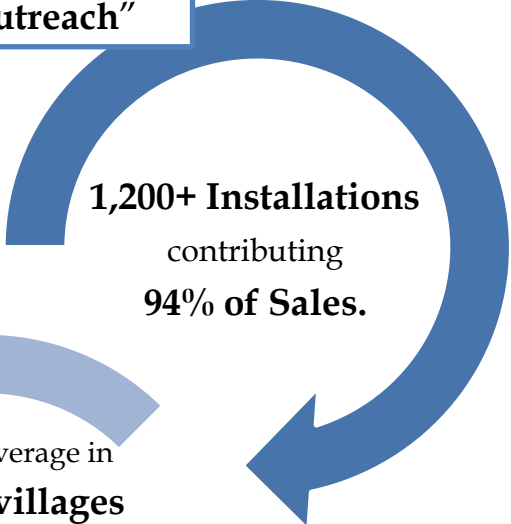


- Fortified with the goodness of natural ingredients, the lotion renders tenderness of smooth chocolate with 7x more moisturisation compared to other regular variants to beat the winter dryness.
- Parineeti Chopra roped in to promote the brand

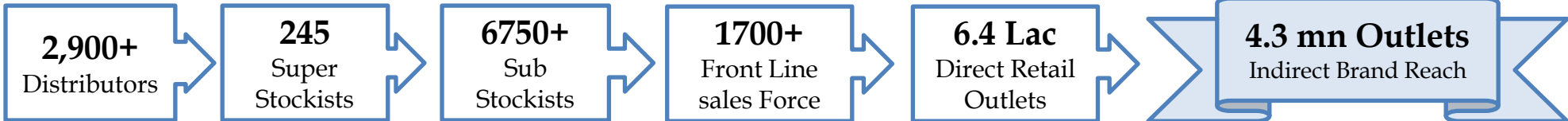
Domestic Distribution



Initiated Secondary Sales Automation Process- "Outreach"



Project Swadesh

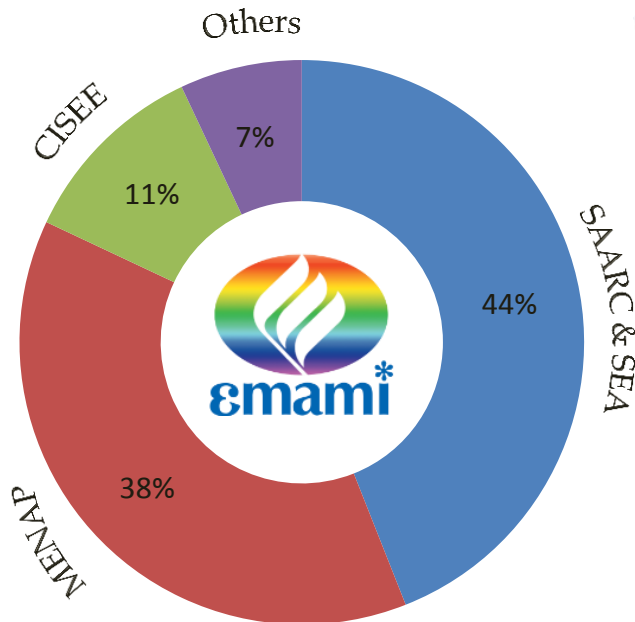


International Business



- CAGR of 17% over last 5 years
- 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

#1 in UAE; **#2** in Bangladesh, & 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



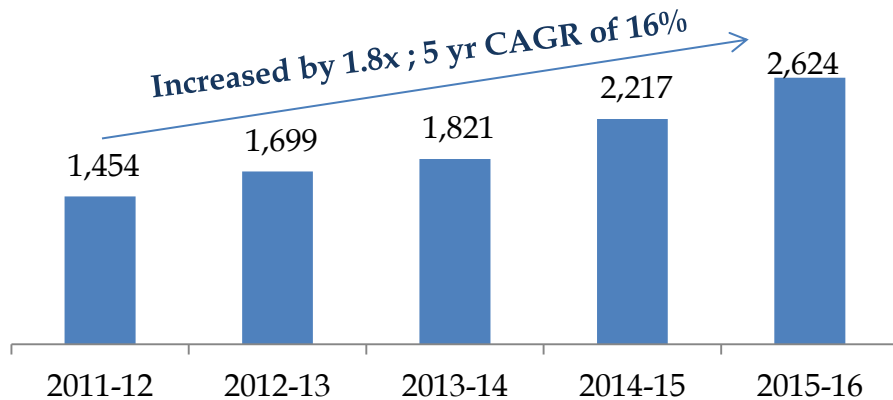
- 7 manufacturing facilities; 2 in Guwahati and 1 in Pantnagar, Uttarakhand enjoying fiscal benefits
- Overseas manufacturing facility at Bangladesh
- Most of the facilities are cGMP and ISO 9000 compliant
- Units follow highest standards of safety and environment protection
- State of the art new manufacturing unit being established at Guwahati at an outlay of ₹ 250 crore



Growing Robustly

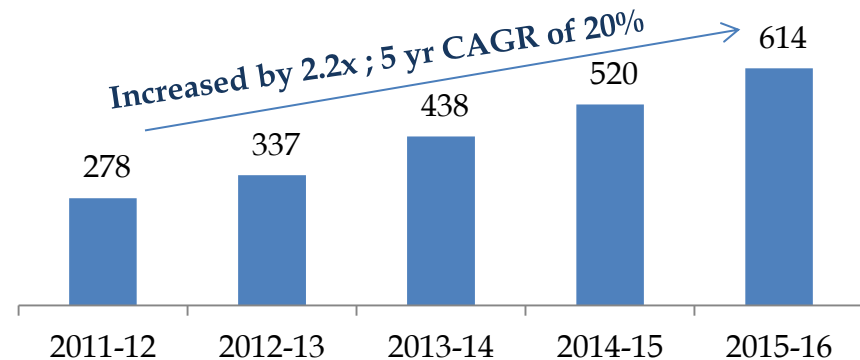


Revenues

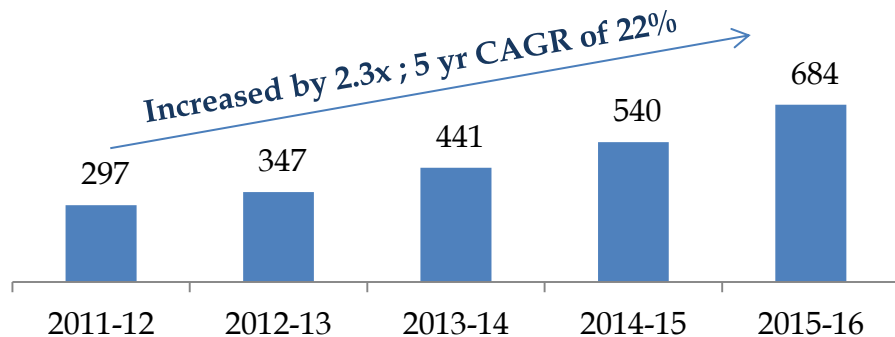


Cash Profits*

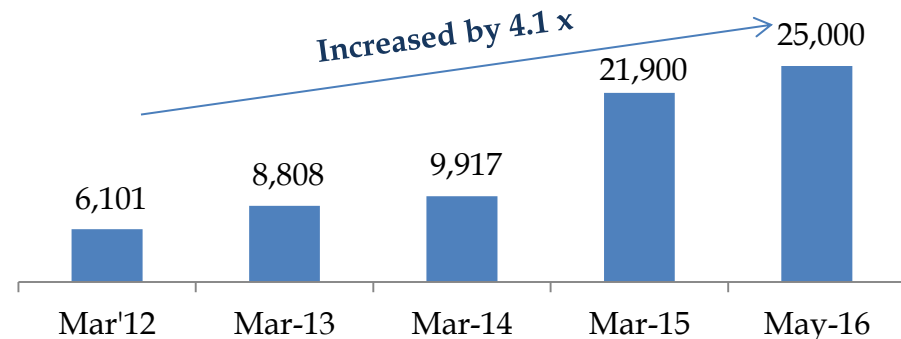
₹ in crores



EBIDTA



Market Capitalization

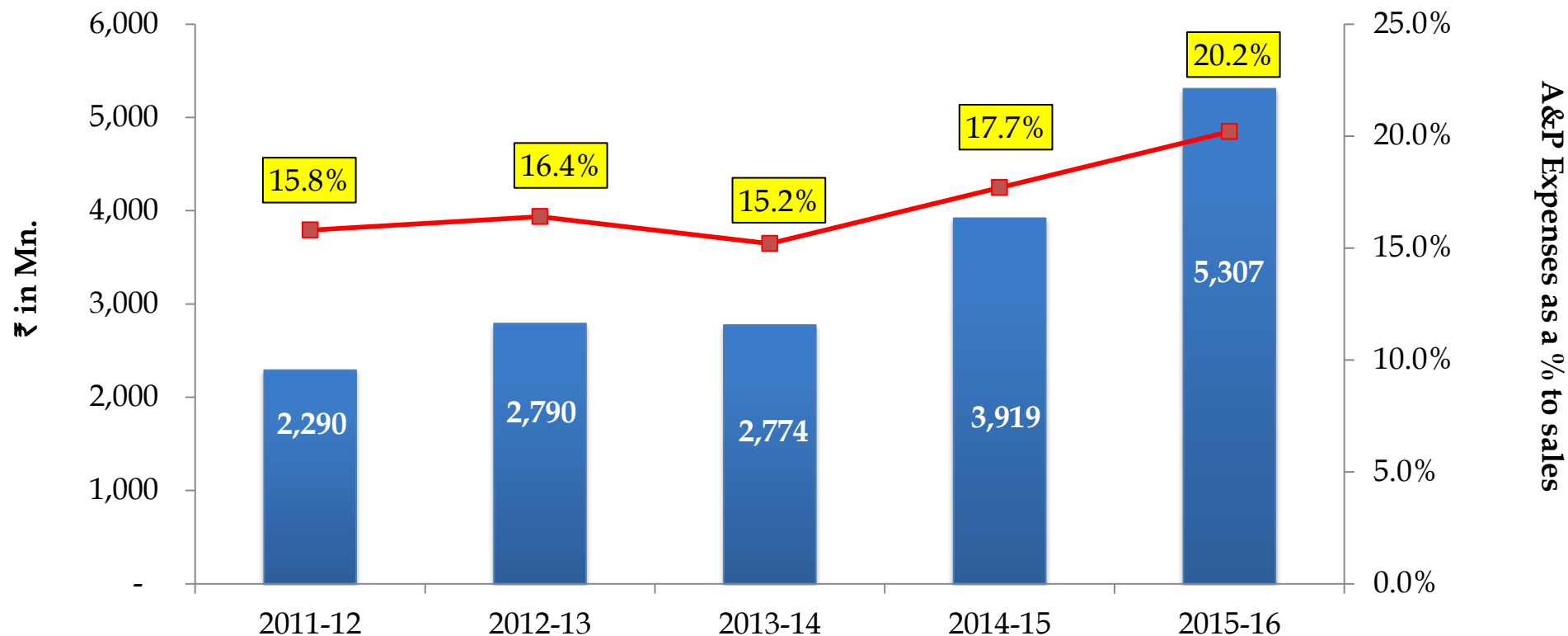


*Cash Profits = PAT+ Depreciation & Amortization.

A&P Expenses

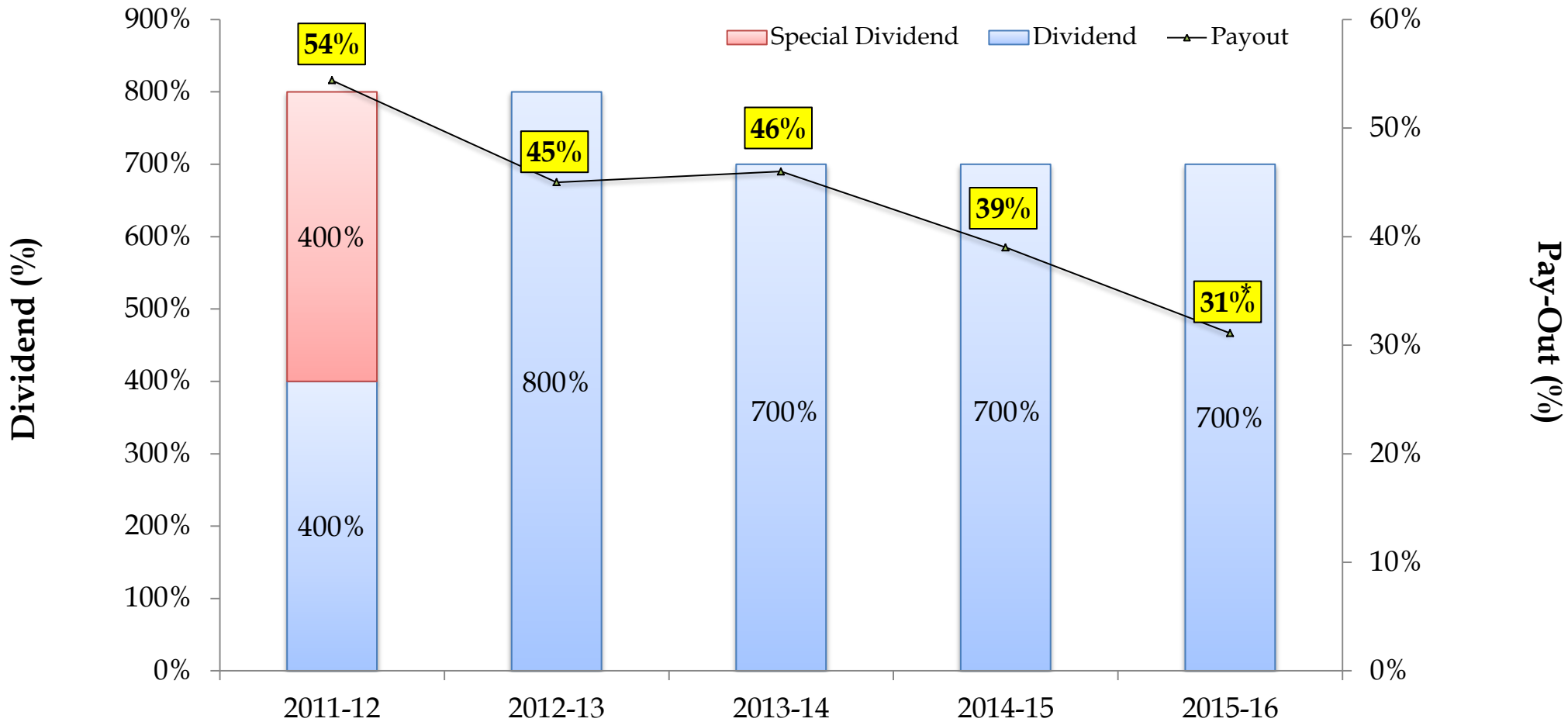


■ Rs. in Million ■ % to sales



Nearly ₹17 bn invested in A&P in last 5 years

Dividends



*FY16 Dividend Payout on Cash Profits

Summarized Balance Sheet



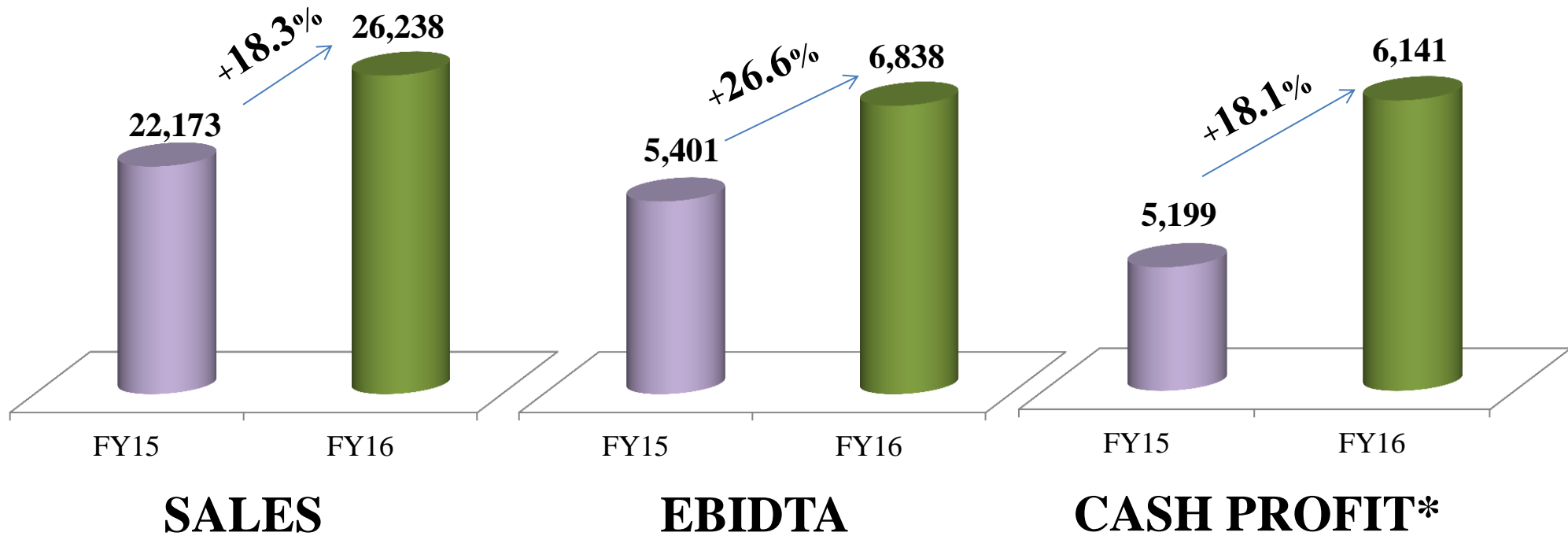
₹ in Mn

S.N.	LIABILITIES	As at 31.03.2016	As at 31.03.2015	S.N.	ASSETS	As at 31.03.2016	As at 31.03.2015
1	Shareholders Fund	14,031	12,306	1	Non-Current Assets	21,606	5,328
	a. Share Capital	227	227		Net Fixed Assets	20,379	4,776
	b. Reserves and Surplus	13,804	12,079		- Tangible Assets	5,395	4,450
2	Minority Interest	41	46		- Intangible Assets	14,984	326
3	Non-Current Liabilities	3,446	546		Goodwill On Consolidation	41	41
	Long-Term Borrowings	3,000	17		Non-Current Investments	66	66
	Deferred Tax Liabilities (Net)	-	121		Deferred Tax Asset	9	-
	Other Long Term Liabilities	147	163		Long-Term Loans and Advances	1,103	445
	Long-Term Provisions	299	245		Other Non-Current Asset	7	-
4	Current Liabilities	9,127	3,865	2	Current Assets	5,039	11,435
	Short-Term Borrowings	3,714	177		Current Investments	119	4,947
	Trade Payables	2,465	1,932		Inventories	1,505	1,267
	Other Current Liabilities	646	620		Trade Receivables	1,301	1,018
	Short-Term Provisions	2,303	1,136		Cash and Cash Equivalents	1,084	3,541
					Short-Term Loans and Advances	1,029	663
	TOTAL	26,626	16,763		TOTAL	26,626	16,763

FY16 Performance



₹ in Million



However, PAT at ₹3,591 mn was lesser compared to FY15 because of amortization of Kesh King intangibles by ₹ 2,101 mns.

**Cash Profits = PAT + Depreciation & Amortization.*

ROE at 43.8% & ROCE at 49.4% on Cash Profits

Awards & Accolades

- **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 Limited won the **ET Bengal Corporate Awards 2016** in the category of Best Financial Performance with turnover exceeding Rs.1000 cr.
- **Rated (by CRISIL & CARE) A1+** for Short Term borrowings and **AA+** for Long Term borrowings signifying high levels of safety.
- 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 66th and Boroplus ranked 84th among the Top 100 Brands** in the Economic Times Brand Equity -Most Trusted Brands, 2015 across categories
 - **Zandu Balm ranked 5th in the Personal Care (OTC) category,**
 - **Navratna ranked 3rd in the Hair Oil category,**
 - **Boroplus ranked 19th and**
 - **Fair & Handsome ranked 28th in the Personal care category**
- **Navratna** received the prestigious **‘Flame Awards Asia - Silver Trophy 2016’** in the category of ‘Promotion & Activation (Sales Promotion)’ for its **“Kumbh Mela Campaign”** in Nasik.



Operations

- Emami's manufacturing units have received many awards in the sectors of Manufacturing excellence, Health & Safety-
 - Received "Greentech Safety Award - 2014" in the Gold Category.
 - Awarded, Arogya World's - "Healthy Workplace Gold Award- 2014".
 - Abhoypur unit accredited with ISO 14001:2004 and ISO 18001:2007 accreditation.
 - Abhoypur unit received GOLD Award for excellence in manufacturing at the Economic Times India Manufacturing Excellence Awards in partnership with Frost & Sullivan.
 - Asia Pacific Quality Organization awarded prestigious "Global Performance Excellence Award" to Abhoypur unit
- 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
- Internal Audit Division accredited with ISO 9001:2008 certification.
- The Enterprise Risk Management system is also ISO 31000 : 2009 certified



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 46%
- Production from tax free zones

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.

Thank you



Making people Healthy & Beautiful, Naturally

