emami limited

**Date: 5th August, 2024**

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

The Manager
**BSE Limited**
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
**Scrip Code: 531162**

**Sub: Transcript of Investor Conference Call pertaining to the Unaudited Financial results of the Company for the First Quarter ended 30th June, 2024.**

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Investors' conference call held on 1st August, 2024, post declaration of Unaudited Financial Results (Standalone & Consolidated) for the First Quarter ended 30th June, 2024.

The said transcript is also available on the website of the Company at www.emamiltd.in.

This is for your information and records.

Thanking You,

**For Emami Limited,**

Ashok Purohit
Digitally signed by Ashok Purohit
Date: 2024.08.05 19:18:25 +05'30'

**Ashok Purohit**
**Dy. Company Secretary**
**Membership No: F7490**

*(Encl: As above)*

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"Emami Limited

Q1 FY'25 Earnings Conference Call"

August 01, 2024

**MANAGEMENT:** **MR. MOHAN GOENKA – VICE CHAIRMAN AND WHOLE-TIME DIRECTOR – EMAMI LIMITED**
**MR. VIVEK DHIR – CHIEF EXECUTIVE OFFICER, INTERNATIONAL BUSINESS – EMAMI LIMITED**
**MR. GUL RAJ BHATIA – PRESIDENT, HEALTH CARE– EMAMI LIMITED**
**MR. MANISH GUPTA – PRESIDENT SALES – EMAMI LIMITED**
**MR. RAJESH SHARMA – PRESIDENT, FINANCE AND INVESTOR RELATIONS – EMAMI LIMITED**

**MODERATOR:** **MR. PERCY – IIFL SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Emami Limited Q1 FY'25 Earnings Conference Call hosted by IIFL Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Percy from IIFL Securities Limited. Thank you, and over to you, sir.

**Percy:** Hi. Good evening, everyone. Welcome to this Emami Conference Call for Q1 FY'25. I have on the call with me Mr. Mohan Goenka, Whole-Time Director and Vice Chairman; Mr. Vivek Dhir, CEO, International Business; Mr. Gul Raj Bhatia, President, Health Care; Mr. Manish Gupta, President, Sales; and Mr. Rajesh Sharma, President Finance and IR.

I'll hand over the call to Mr. Mohan Goenka for his initial comments and then we'll open up for Q&A. Over to you, sir.

**Mohan Goenka:** Thank you, Percy. A very good afternoon, ladies and gentlemen. Thank you all for joining us today. It's a pleasure to have you with us as we reflect on the performance of the past quarter. As we celebrate 50 years of Emami, commemorating five decades of delivering happiness to consumers across the globe, I am happy to announce that this milestone year has begun on a positive note marked by sequential improvement in demand trends and fructification of our strategic initiatives. Our resilience and innovative spirit has been the cornerstone of our success, driving us to achieve commendable performance and setting the stage for a bright and prosperous future.

Rural demand showed gradual improvement with slight green shoots emerging. As you are aware that the country experienced its hottest summer in 14 years, leading to robust demand for summer products. Discretionary consumption was, however, impacted due to increasing food prices and muted consumer confidence. In this context, the company achieved commendable profitability driven by volume growth.

Our consolidated revenue at INR906 crores grew by 10% over the previous year. The domestic business saw an 8.7% growth in volume terms and a 10% growth in value, led by our summer portfolio. Navratna and Dermicool grew by 27%, while our healthcare range grew by 11%. 7 Oils in One grew by 9%, BoroPlus grew by 4%. Additionally, The Man Company and Brillare continued to perform well, growing by 23%.

The Pain Management range faced headwinds declining by 7% due to heat waves but sales have begun to pick up since June. While the slowdown in discretionary consumptions continue to impact Male Grooming and Kesh King range, which declined by 5% and 15%, respectively, we are implementing various strategic initiatives, revitalize these portfolios and restore their growth trajectory in the coming quarters.

During the quarter, we launched the first prickly heat powder for women, Dermicool Her and Dermicool Soap with superior cooling effects in the modern trade and e-commerce channel to leverage the brand equity of Dermicool. Additionally, we also introduced various digital first products under Kesh King and Zanducare portal. Organized channels continued to perform well. The modern trade growing by an impressive 25% and e-commerce surging by 29%, both contributing 11% to our domestic business. Our institutional business also grew strongly by 23% and general trade also returned to positive territory.

International business grew by 11% in constant currency terms and by 10% in INR terms, led by MENA and SAARC regions. Despite facing currency depreciation in Bangladesh and macro issues impacting the CIS performance, we achieved double-digit growth, led by key brands such as Navratna, Creme 21, 7 Oils in One and Kesh King.

From the financial performance perspective, our gross margin at 67.7% grew by 230 basis points. EBITDA at INR216 crores grew by 14% despite a 21% increase in A&P spends with EBITDA margins increasing by 90 basis points. While profit before tax at INR128 crores surged by 19% with margins expanding by 160 basis points and profit after tax at INR153 crores also grew by 11%.

We remain committed to our aspiration of delivering sustainable and profitable volume-led growth. We continue to focus on our strategy to improve our distribution reach, invest aggressively in our key brands and drive market share growth across our portfolio. With the forecast of a normal monsoon and the government's continued focus on macroeconomic growth, we expect the improvement to further accelerate in the coming months. Thank you for your continued support and confidence in our company. We look forward to a promising year ahead. Thank you.

Now we open the floor for Q&A.

**Moderator:** The first question is from the line of Abneesh Roy from Nuvama.

**Abneesh Roy:** Congrats on the good set of numbers. My first question is on healthcare and Zanducare. So good 11% growth in healthcare overall with La Nina effect this time, which means generally harsh winter. Would you be extra aggressive in terms of the inventory buildup?

And in terms of Zanducare, if you could tell us what is the right to win here? You have done well. It seems a good double-digit growth in Q1 in Zanducare. Those five products which are being launched, for example, in the digital first, what is the competition here? How is your pricing versus the other large players? And what is the right to win here? Because digitally, many companies are launching. But ultimately, how do you get a good market share here? Will it be more of pricing-led only? If you could elaborate on that setting?

**Gul Raj Bhatia:** Yes, thank you for the very pertinent questions you raised. I think, and thanks for your compliments on the growth. I think from a Zanducare perspective, to answer the two, three questions you raised. As you're aware, the focus is on the online sales, whether it is through Zanducare as the D2C platform or through the other e-comm platforms such as Amazon, Flipkart, et cetera and then the e-pharmacy change. And we were also launching many of these products in the modern trade space.

So our pricing, obviously, compared to the regular products which are available in the GT space is as a premium. But it's more or less in line with some of our major competitors. So it's not that we are overpriced compared to competition.

Secondly, what is our right to win. One is the Zandu brand in itself. In the ayurvedic space, Zandu would be among the top leading players in terms of the consumer perception, consumer equity, brand equity.

And thirdly, the kind of product development capabilities we have from an R&D perspective would be unmatched. And the fact that we had two WHO GMP manufacturing units. WHO GMP certification is very difficult to obtain. We are probably the only player who has got two manufacturing units in the country.

So from a product quality perspective, from a product efficacy perspective, finally we are in the healthcare space, so we have to deliver on the efficacy. So from all that perspectives whether it is the price change, the marketing strategy, the product quality, the product efficacy, I think we have a right to win on each and every product which we are launching it.

**Abneesh Roy:** And which one...

**Mohan Goenka:** Just to add, we are the first mover advantage. See not many companies have their own platform. We had launched just post COVID and we are seeing good traction from Zanducare. Now we have robust data in the last 2, 2.5 years since we have launched. So we are also reached now to lakhs and lakhs of consumers. So though it is in the initial phase, but in terms of advertising, in terms of spend from healthcare, it's going to be significantly high compared to the CCD. So it -- we will see a double-digit growth going forward in the healthcare.

**Abneesh Roy:** Understood. My second question is on the category, which was the most challenging this time. So Kesh King minus 15% Y-o-Y. If I see the largest market share in hair oil, they are also being struggling in value added hair oil for many years now and Kesh King is also in the premium. So where is the customer going, is he just down trading? What will be your sense of growth for the other key player because they have also been advertising a lot? And when I compare this with the 9% growth in the 7 Oils in One, I understand it will be on a smaller base. How do you explain in one 9% growth and then in the more premium 15% decline?

**Mohan Goenka:** Abneesh, Kesh King has a pattern. In some quarters, it comes to growth, in some quarters, it declines depending on the consumer promotions and trade promotions that we offer. Overall, we will not see such kind of a decline going forward. This quarter, hopefully, we will get to growth numbers. So year-end, yes, I agree that it is in the range of about 3% to 4% decline. For that, of course, we are setting up a strategy through BCG. But I'm not very concerned that 15% decline would continue for surely it should not be the decline.

Yes. Overall, the market for hair oil, particularly the premium hair fall segment, hair oil market is on a decline for quite some time now. So that we will have to see when the consumer bounces back, not very sure. But rural, has the rural market is picking up, we are seeing some green shoots, hopefully, it should come to a positive trend.

**Abneesh Roy:** One last follow-up and that will be my last question. So, when you say that hair promotions are very quarter specific and that's how growth is. Could you comment on the competitive intensity also and why promotions are so volatile? Is it a more push strategy which is working currently? And for Kesh King, will it be like the company average 50% from rural, 50% from urban more urban salient?

**Mohan Goenka:** Kesh King is more rural salient, Abneesh. And this has been a trend in the past also, nothing that we had changed. So depending on the consumer promotions, the market behaves like that. So in a year, we do two promotions. And whenever we do promotions, the sales picks up.

**Abneesh Roy:** And competition?

**Mohan Goenka:** Competition intensity honestly has come down a bit in this segment. We have particularly Indulekha and Patanjali are main competitors. There, we are seeing intensity coming down.

**Moderator:** The next question is from the line of Awais Bakshi from Sundaram Mutual.

**Awais Bakshi:** So my only question is pertaining to the digital and new entrant portfolio. While we have seen a steady growth across 20% this quarter, can you comment on what would be the size of these brands now also on outside this? Any comments on the profitability of these then? And lastly, any guidance on margin contribution from these brands for overall EBITDA? These three broad points, if you can shed some light on would be helpful.

**Rajesh Sharma:** Overall, if you look at our portfolio, e-commerce and modern trade channels have done well over the last few years and we have also launched some D2C brands. We have also done some strategic investments in D2C portfolio via Helios and Brillare, which have become our subsidiaries in last 1 year or 1.5 years period of time. So we -- those margins are lower in these categories because of being a very smaller size compared to the larger core portfolio, but we see good growth potential and improving margins.

So when we acquired -- when we did investments in Helios, it was in investment phase. But post that, it broke even and started making profits. And others like Brillare is also into investment phase today because of the smaller size. But going ahead, we expect margins to improve on these fronts.

**Awais Bakshi:** And what would be the size of these brands now?

**Rajesh Sharma:** Like the brands which we have launched for our digital portfolio would be around INR 25 crores kind of size for us. And for The Man Company and Brillare is contributed to more than around 5% to 6% kind of revenues for us last year.

**Awais Bakshi:** Sure. In terms of profitability sir I mean they've been [inaudible 16:25] core portfolio but still better in terms of EBITDA margin?

**Rajesh Sharma:** Very small margins. Most of them are into investment phase. As I said The Man Company, which is the bulk of the revenues for this is breakeven. It is earning some profits, but others are into investment phase.

**Awais Bakshi:** Perfect sir. Thank you.

**Mohan Goenka:** Overall everything put together it is still negative.

**Awais Bakshi:** Sure sir. Helpful. Thanks.

**Moderator:** Thank you. The next question is from the line of Binay Shukla PhillipCapital. Please go ahead.

**Binay Shukla:** One question on demand side. So how was the July month with respect to demand environment side, specifically in the rural market? If you can quantify how is the overall situation during the 2Q specifically for the July month?

**Mohan Goenka:** July was quite good Binay. So we'll have to wait for another because monsoon is good in most parts of the country. So we are seeing a good demand cycle.

**Binay Shukla:** Okay. And second question is on Kesh King side. Although we are taking the initiative to drive the growth such as you have launched all new products focusing on non-hair oil portfolio and providing continuous media support and that is reflected in your A&P cost. But what kind of sustainable growth run rate should we expect for next 2 to 3 years in Kesh King even though category headwind?

**Mohan Goenka:** As we are re-working on the strategy for Kesh King and we have roped in BCG to develop the long-term strategy. We expect to get to the growth, at least 5% plus growth on Kesh King.

**Binay Shukla:** Okay. And the PPT you mentioned that you are focusing on Maharashtra, Bihar, West Bengal. So why are we focusing on only these three states, why not in other states?

**Mohan Goenka:** These are the primary states. These are the big competitors for Kesh King. So we're increasing our focus in these markets. .

**Binay Shukla:** Okay. Sir, one just data point I'm looking for. Sir, how is the mix between when you are comparing with hair oil versus non-hair oil portfolio in Kesh King?

**Mohan Goenka:** Today shampoo would be roughly one-third of the overall portfolio.

**Binay Shukla:** Okay. And last question is on the guidance side because in your previous commentary, you did mention that you are expected to grow double digit revenue growth in '25, led by 2% to 3% price hike and balance [inaudible 19:12] from the volume growth. So are we still maintaining the same guidance or should we expect some better than what we have highlighted in the past commentary, given the improving metro trend and seeing the healthy recovery in rural market?

**Mohan Goenka:** So we don't give guidance overall. We have to see how the monsoon or the winter performs. But yes the momentum is good. The external factors like monsoon, the rural markets are shining. So we will have to wait and see how the market -- how the numbers come out. But we are optimist that yes we will deliver better than our last numbers -- last year numbers.

**Binay Shukla:** Okay. If you allow there is one last question on the gross margin side. So on the rural gross margin expansion because it is led by the benign raw material prices or we are witnessing any upticking of commodity prices? And just to follow up on the gross margin price. Should we also expect some GM improvement due to the change in product mix or just data point in terms of product mix, like how is the -- what percentage of revenue is coming from the premium portfolio?

**Mohan Goenka:** So we have seen expansion of gross margin this quarter and for the full year as a whole also we see some benefits on the gross margin front. And it is coming from benign raw material prices and also judicious price hikes whatever we have taken last year and this year and some amount of cost rationalization measures also which is there ongoing effort from our side.

**Binay Shukla:** So what is your revenue coming from the premium portfolio?

**Mohan Goenka:** Sorry which portfolio?

**Binay Shukla:** Premium portfolio, sir?

**Rajesh Sharma:** Premium portfolio as such we don't define our portfolio within premium and non-premium segment as such. So if you look at our core portfolio Emami is mostly everything is core and for mass market. You can say that the strategic investments which we have done in The Man Company and Brillare are premium ones which is roughly 5.5%, 6%, as I said earlier.

**Binay Shukla:** Okay. Any exploration to increase or improve of the [inaudible 21:34] what percentage in the next 2 to 3 years?

**Rajesh Sharma:** So our endeavour would be to focus on our core portfolio as well as the new venture which we have got into and the grow them larger ones. So it would all depend on the kind of growth trajectory we see for our core as well as the new areas. So whichever -- if everything goes in line we would be at a kind of a similar - revenues will be coming in a similar fashion, but obviously the strategic investments are pretty small today. So going ahead they have potential to deliver almost double digit kind of numbers to our top line. So their proportion should increase.

**Binay Shukla:** Okay. So one clarification on the volume growth, 8.7% volume which is except inorganic business or it is including TMC and Brillare?

**Rajesh Sharma:** So there is no inorganic portion in our numbers now. So these strategic investments have become subsidiary for more than a year now. So everything is in base today.

**Binay Shukla:** If I exclude the TMC and Brillare volume what will be adjusted volume growth for the quarter?

**Rajesh Sharma:** So without the strategic investments also our volume growth is over 7% kind of for the core business.

**Moderator:** Thank you very much. The next question is from the line of Harit Kapoor, Investec. Please go ahead.

**Harit Kapoor:** So just a few questions. One was you mentioned on the pricing side. So this quarter, pricing seems a tad lower. I just wanted to know do we expect incremental pricing actions in the balance part of the year or given the commodity environment there's no real need from that perspective?

**Mohan Goenka:** So Harit, yes this year we will not be very aggressive with our price increases.

**Harit Kapoor:** Okay. Got it. Got it. And on -- you mentioned in your release as well as in your opening comments the expectation for growth to accelerate. This quarter is anyway has been quite a good quarter 9% volume growth is -- close to 9% volume growth is very healthy numbers, but there definitely has been the help of season. I'm just wondering this season being say neutral on a year-over-year basis for the next 2, 3, 4 quarters, do you still expect that the overall demand environment as well as your actions could lead to similar to accelerating growth? Is that the way to think about it?

**Mohan Goenka:** Sorry, that is, of course, our endeavour. And yes, this season, we benefited from summer no doubt. We could have done much better if you would had enough supplies. So a lot will depend on multiple factors, but let us enjoy what we are having right now, things are improving at the ground level. Rural markets are also shining. So hopefully, we expect anywhere between 5%, 6% volume; 1%, 2% value growth. So as I said, a lot depends on many external factors. Very, very difficult to really say what numbers we will achieve.

**Harit Kapoor:** Sure, sir. Fair point.

**Mohan Goenka:** But a lot is happening on distribution, Kesh King strategy, Fair and Handsome strategy, the brands which are not performing so well. Company is having increased focus on core portfolio.

**Harit Kapoor:** Great to hear. Great to hear.

**Mohan Goenka:** Advertising budgets have increased significantly over the last 2 quarters. This quarter also increased by 21%. And going forward also, we are going to be extremely aggressive in terms of trends, launches and lot happening honestly.

**Harit Kapoor:** Great to hear sir. And just you are saying let's enjoy a good thing. I was just wondering, July has been a fairly -- from a seasonal perspective, it seems like it would have aided Pain Management. You had a rough room and I think July for a monsoon perspective has been strong. So is there a right way to read it that we should see a fairly quick turnaround if this one if the coming months are also okay?

**Mohan Goenka:** Yes, Pain portfolio is doing well in July because it's a peak season for this portfolio. So -- but we have another 2 months to go for the quarter. So let's see how it turns out to be.

**Harit Kapoor:** Great. Great. And one last question was you did mention on ground green shoots and things improving. I was wondering, are you seeing this at an all India level, this improvement on ground and there are certain markets, certain regions in rural that are doing better than others? Just your experience of how it's been doing sale is so strong?

**Mohan Goenka:** Manish, can you throw some light?

**Manish Gupta:** So overall, the uptick is everywhere, but I would especially call out for our business, at least North is a little ahead. East we're doing well. West, we are experiencing a lot of expansion of modern trade and hence, kind of channel shifts happening with general trade. And South has been pretty steady like always. If I were to call somebody out, I think at least our gains have been more in North.

**Moderator:** The next question is from the line of Gaurav Jogani from Axis Capital.

**Gaurav Jogani:** My first question is with regards to tax rate. If you look at the tax rate, it has been around 15%, I think last quarter was around 14% odd. And I think we have a guidance of around 10% tax rate for the next 2 years. So how -- is there any modification of tax rate is going up?

**Rajesh Sharma:** No, I think we have seen some higher tax rate in quarter 1, but we feel it should moderate down for the remaining part of the year. So for the full year, 10% to 11% should be maintainable.

**Gaurav Jogani:** And that will be a similar number for the next year result, sir?

**Mohan Goenka:** Yes.

**Gaurav Jogani:** Okay. And sir, my next question is with regards to The Man Company and the Brillare while the sizes are lower. But we have also seen the growth rates now coming around 20% to 25% off. So if there's a seasonal phenomenon where these trends continue to grow later in the quarter, then probably you could see a higher growth going ahead? Or any light that you can through on the growth rate of these two brands particularly?

**Mohan Goenka:** It was not very audible what The Man Company and Brillare?

**Gaurav Jogani:** So the growth rates now given that the base is small, where we are growing 20%, 25% odd. So my question was whether we will be able to maintain these growth rates or there is some [inaudible 0:29:30] seasonality even in these brands as well?

**Mohan Goenka:** So there is no seasonality in The Man Company or Brillare. Brillare is growing faster than The Man Company because it is smaller but put together now they are almost in the team of INR225 crores. This year, we expect to reach to about INR275 crores, so which will be almost 8% of our revenues. But we hope to grow at about 20%, 25% in these two products.

**Gaurav Jogani:** And sir, just a clarification on this way, when you say that it's now around 5% to 6% of the sales, I'm assuming that this will be consolidated?

**Mohan Goenka:** Yes, yes. Total sales.

**Moderator:** The next question is from the line of Kunal Vora from BNP Paribas.

**Kunal Vora:** What percentage of revenue came from summer-linked portfolio in this quarter? And what was the growth in the summer portfolio overall? And what was the growth for the rest of the portfolio?

**Rajesh Sharma:** So summer portfolio this quarter grew by almost 27%, which was primarily Navratna and Dermicool. So -- and revenue of this portfolio would be -- have been roughly 50%, half of the revenue came from summer portfolio.

**Kunal Vora:** So the rest of the portfolio would have like say, not grown at all? Or what would be the performance, have not done the maths, sir?

**Rajesh Sharma:** No, I think Mohan ji mentioned in his opening remarks and also we have shared the presentation where you will see healthcare range has grown by 11% in double digits, BoroPlus range had grown. But Pain Management suffered because of the heatwaves during the first quarter. And obviously Kesh King and Fair and Handsome male grooming had their own issues this quarter as well.

Going ahead, we are taking actions to recover the lost count. And the other businesses like The Man Company and Brillare grown strongly. International business have done well. So we have seen categories of businesses have done well in this quarter apart from summer as well as some of the areas where we have been impacted.

**Kunal Vora:** But if I do the broad math, 50%...

**Rajesh Sharma:** This 50% I talked was for the domestic business for comparison.

**Kunal Vora:** It still implies that like the rest of the business almost did not grew because half the portfolio came 23% growth...

**Rajesh Sharma:** It's because Kesh King declined in double digits, Fair and Handsome, Male Grooming declined and Pain Management declined. So overall, you are right that it was the almost flattish growth for the rest of the portfolio for this domestic core portfolio.

**Kunal Vora:** In that case, in the coming quarters as you don't have the benefit of seasons, what gives you confidence that you can drive double-digit growth rate? Even 5-6% volume growth; 1%, 2% value growth, which still implies high single digits. So as you don't have the benefit going forward, how do you expect close to double-digit growth to come?

**Mohan Goenka:** So just wait and watch Kunal, we are doing a lot of strategic initiatives. And as I said, there are green shoots in the rural markets and July also has done well. So you just wait and watch, we are doing a lot of activities. Just to add on that investing on A&P...

**Rajesh Sharma:** Only to add on that, the Pain portfolio which has suffered because of the heatwaves in quarter 1, we expect good recovery in Pain portfolio. Going ahead, winter should be have a favourable base which would help us. And as Mohanji said, a lot of initiatives are being taken on Male Grooming and Kesh King through which we should be able to arrest the degrowth and some growth should also happen on those fronts also.

**Kunal Vora:** Understood. Thank you. And second and last one is on Kesh King hair oil, what's the size now in terms of revenue? And like how has it done since the acquisition, what kind of CAGR have you seen in terms of hair oil. I'm not talking about the shampoos and other extensions which you have done but Kesh King hair oil how is it done?

**Rajesh Sharma:** So overall Kesh King portfolio is over INR300 crores kind of a size. And when we acquired, it was INR230-odd crores kind of a size.

**Kunal Vora:** But you did mention 1/3 is coming from shampoo. So hair oil since that portion is not growing at all?

**Rajesh Sharma:** So shampoo was there earlier also but with a lower share. So during that time also some bit of shampoo was there. So hair oil obviously yes for last couple of quarters, we are facing challenges. So it has degrown for last couple of quarters. So it has taken off.

But shampoo, we are pretty much excited and which we are focusing as a new brand itself only and that is showing encouraging response. So overall portfolio still looks interesting to us, as only said we are taking strategic initiatives and look forward to at least mid-single-digit kind of growth going ahead.

**Moderator:** Thank you. The next question is from the line of Harit Kapoor from Investec. Please go ahead.

**Harit Kapoor:** I just had one follow up, Raj ji please help me understand the amortization schedule for this year and going forward?

**Rajesh Sharma:** Yes, sure Harit. So this year, amortization would be roughly INR92-odd crores kind of. And going ahead it would be INR88 crores, INR75 crores for next 2 years.

**Moderator:** Thank you so much. The next question is from the line of Soham Samanta from Century Broking. Please go ahead.

**Soham Samanta:** Just wondering to one thing in A&P like this quarter, we have done almost 20.3%. So what will be the expected range for this year? So normally, you have seen last 6, 7 years, we have been maintaining 70% to 80%. But will we grow more than that, like 20% range will be there in this year?

**Mohan Goenka:** On advertisement you're talking about?

**Soham Samanta:** Yes. A&P.

**Mohan Goenka:** Yes. So if you look at our advertising pattern, it is slightly higher in quarter 1. So for the full year, we should be able to manage within that range. 50 basis points to 100 basis points can always increase depending on the need.

**Soham Samanta:** So in that case, we will expect that our margin level it will be around 26%, 27%. It will be in that case?

**Mohan Goenka:** So if you look at our numbers for this quarter, also we have gained on the gross margin front, and we expect some gains for the full year as well. So we should be able to increase some bit of margins EBITDA margins also for the full despite higher advertisements.

**Soham Samanta:** In second quarter Navratna like this quarter, we had done 27% growth. So do we expect for full year like the season has gone right now. But do you expect for a full year, can you expect a lower double-digit growth in this particular plan?

**Mohan Goenka:** Sure.

**Soham Samanta:** Like as you mention that this Kesh King and Male Grooming both are working under BCG and all. Like for Kesh King as you have guided for 4% to 5% like mid-single digit growth. Sir, do we expect the similar kind of growth you can get from Male Grooming range as well?

**Mohan Goenka:** Obviously, we should expect a higher growth coming from Male Grooming. Once the strategy is in place, it will take one more quarter for the strategy to be pulled out then we will have to wait for the results.

**Soham Samanta:** Okay. And sir, the last question from my side. Like the project KHOJ as we have already completed the project. And so what are the benefits now we're getting, if you can explain...

**Mohan Goenka:** I think you can take this question offline. This is a long question. You can always talk to Rajesh and discuss it with Manish.

**Moderator:** Thank you. The next question is from the line of Nillai Shah from Moon Capital. Please go ahead.

**Nillai Shah:** Sir, I just want to delve a little bit into this growth aspiration. And a lot of things were discussed on the call about how rural is doing very well for you. Zandu and the Pain Management part doing very well in July impacted by seasonality last quarter. And then you spoke about how The Man Company and Brillare is also doing. The growth in the digital portfolio is also very strong. We've had weak winter sales last 2 years. Monsoon has been good. With all these factors in place, you still sound a little bit conservative, if I can say so on the revenue aspirations for the financial year. What is it that you're looking for to fall in place to get more constructive?

**Mohan Goenka:** Nillai, this is only through our experience in the past, we can always sound very robust but there are a lot of external factors which come into play. There are the government initiatives, monsoon has been good this month, but we don't know how the monsoons. In some parts of the country, the monsoons are extremely weak. In the eastern parts of the country, the monsoons are very, very weak. So we had a Pan India -- at times, we have seen market suddenly going up and down.

So it's not just that we sound optimistic. And at the end of the year, we could not deliver. That's not the way we look at things. So yes, there are some clear areas, which is digital front, on e-commerce, modern trade. Like this month, Bangladesh has been a disaster in the international business. So there are some external circumstances, which just keep on coming in. So how do you really guide on numbers.

**Nillai Shah:** Okay.

**Mohan Goenka:** So let us just wait as the things go by. If things improve, we will all come to know.

**Nillai Shah:** Got it, sir. This makes sense. Thank you very much.

**Moderator:** Thank you. The next question is from the coordinator, Mr. Percy. Please go ahead.

**Percy:** Can you just give us your thoughts on how you think about inorganic growth in terms of? What are the areas that you would want to look at? What kind of synergies would you sort of expect what you bring to the table? What is the rough size over 3, 4 years that you would be looking at and so on? I mean the general thoughts on inorganic growth, please?

**Mohan Goenka:** Percy, we don't discuss some inorganic growth on a con call.

**Percy:** No, sir, not asking about any specific targets. The overall thought process, how open you are to it? And if at all, in which areas you would be looking at and so on?

**Mohan Goenka:** Of course, we are open for inorganic growth. You have seen we have done Dermicool. We have done so many strategic investments in The Man Company and Brillare. There are a few more that we are looking for. So there is no doubt, we'll keep on looking for the inorganic opportunities. We have a strong balance sheet to look for inorganic opportunities. This is part of our long-term strategy, inorganic is part of our long-term strategy.

**Percy:** Correct. And this would be largely in India? Or would you look at international also as far as inorganic is concerned?

**Mohan Goenka:** The first choice is India, no doubt. But if we have some inorganic opportunities outside of India with very specific markets, then we will look outside India.

**Percy:** And how would you look at which areas to sort of prefer? Is it that you would look at inorganic in order to give you an entry into certain categories which you are not there? Or would you prefer to consolidate market share within current categories?

**Mohan Goenka:** Inorganic is a broad strategy per se, again, as I can't discuss inorganic strategy on a con call or we don't discuss inorganic strategy.

**Percy:** Sure. Understood. Understood. I just wanted to understand on the weak parts of the business, which is the Male Grooming and the Kesh King you mentioned that you would sort of look at strengthening those aspects. Again, I know you cannot talk before something actually happened. But is it more in the line of diversification of the product portfolio? Or is it more in terms of re-jigging and getting the core products growth up first?

**Mohan Goenka:** It will be a mix Percy. There would be a lot of new line extensions in both the portfolios, both in Kesh King and Fair and Handsome. The strategy we are working on it. Of course we are very unhappy with the numbers of Kesh King and Fair and Handsome. The brand teams are robustly working on the long-term strategy for both the brands. As I said, this month, this quarter was one-off for Kesh King. We would see growth bouncing back in this quarter. Same for Fair and Handsome. You will not see these kind of declines in both the categories.

**Moderator:** The next question is from the line of Binay Shukla from Phillip Capital. Please go ahead.

**Binay Shukla:** One question on the oral care segment. We have launched Zandu Dantveer in natural segment a couple of quarters back. So have we rolled out this product to GT channel? Or is it still on organized trade channel? And if you comment on how the traction is so far on the Zandu Dantveer side?

**Gul Raj Bhatia:** So yes, as you said, we launched it 2, 3 months back. The physical rollout happened about 2 months back. And we have been doing marketing inputs under trade marketing support. So we started to see the response. But we are still in the stage of testing the water here between e-com and between modern trade. As you know, this category has a certain usage time line at in-home.

So what is important is to see what the repeats are and how many people or what passenger people do purchase and what is the ramp up we get. So it will probably take us a few more months to know and understand what the real response is. So at the moment, we plan to support the launch by way of inputs in the e-com and modern trade channel.

We'll probably take some more time to decide on the further extension into the retail market. But the overall feedback seems to be good, whatever initial inputs we got from consumers and the trade. So we are still in a process. We had launched it in a couple of states. We are in the process of rolling it out into other states in margin trading.

**Binay Shukla:** Understood, sir. So how the toothpaste category growth during the quarter, if you can give any broad cut range in percentage?

**Mohan Goenka:** We don't have specific. We don't subscribe to Nielsen, etc. But my sensing is it would be in the region of around 10% for the category growth.

**Binay Shukla:** Overall, not the natural category talking about.

**Gul Raj Bhatia:** Yes. That's right overall.

**Binay Shukla:** And last question is on Dermicool. Are we planned to leverage our Dermicool brand via entering into the adjusting category like we are doing for pacing?

**Mohan Goenka:** We launched the Dermicool soap this quarter.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

**Mohan Goenka:** Thank you, everyone, for joining us for today's call on quarter 1 results for Emami. Thank you IIFL for arranging this call. Have a good day. Thank you.

**Moderator:** Thank you. On behalf of IIFL Securities Limited, concludes this conference. Thank you for joining us, and you may now disconnect your lines.