

PAGE 64 **Powering ahead**
Emami has outperformed sectoral growth due to its ability to enter underpenetrated FMCG segments.

Everywhere **PAGE 38**
Emami's supply chain efficiency makes it possible to reach 4.5 million outlets across the country.

emami

EMAMI LIMITED | ANNUAL REPORT 2018-19

COVER STORY

20 wellness

How Emami is creating wellness for all its stakeholders.

PAGE 04

Founders' statement
Emami's wellness prescription

PAGE 34

Wellness, naturally
Blending the rich ancient wisdom of ayurvedic principles with modern-day scientific protocols



www.emamiltd.in

For a digital copy of the Annual Report and other related information, scan this QR Code.



Corporate Information

Chairman

R.S. Agarwal

Managing Director

Sushil K. Goenka

CEO-Finance, Strategy & Business Development and CFO

N.H. Bhansali

Company Secretary & VP-Legal

A.K. Joshi

Auditors

S.R. Batliboi & Co. LLP

Chartered Accountants

Directors

R.S. Goenka

K.N. Memani

Y.P. Trivedi

Rama Bijapurkar

P.K. Khaitan

C.K. Dhanuka

S.B. Ganguly

Amit Kiran Deb

Debabrata Sarkar

Mohan Goenka

Aditya V. Agarwal

Harsha V. Agarwal

Priti A Sureka

Prashant Goenka

Board committees

Audit Committee

S.B. Ganguly, Chairman

R.S. Goenka

C.K. Dhanuka

Amit Kiran Deb

Nomination and Remuneration Committee

Amit Kiran Deb, Chairman

C.K. Dhanuka

S.B. Ganguly

Risk Management Committee

R.S. Goenka, Chairman

S.B. Ganguly

Sushil K. Goenka

Mohan Goenka

Harsha V. Agarwal

Priti A Sureka

Stakeholders' Relationship Committee

C.K. Dhanuka, Chairman

S.B. Ganguly

Mohan Goenka

Harsha V. Agarwal

Prashant Goenka

Corporate Social Responsibility Committee

Sushil K. Goenka, Chairman

Amit Kiran Deb

Mohan Goenka

Harsha V. Agarwal

Priti A Sureka

Prashant Goenka

Finance Committee

R.S. Goenka, Chairman

Sushil K. Goenka

Mohan Goenka

Aditya V. Agarwal

Harsha V. Agarwal

Priti A Sureka

Corporate Governance Committee

S.B. Ganguly, Chairman

R.S. Goenka

Y.P. Trivedi

Amit Kiran Deb

Share Transfer Committee

Mohan Goenka, Chairman

Aditya V. Agarwal

Harsha V. Agarwal

Priti A Sureka

Our Presence

60+ Countries | 9 Factories (including 1 Overseas Unit)

4 Regional Offices | 26 Depots.

Bankers

ICICI Bank Ltd. | HDFC Bank Ltd.

HSBC Ltd. | Citi Bank N.A.

DBS Bank Ltd. | Yes Bank Ltd.

Registrar & Transfer Agent

Maheswari Datamatics Private Limited,

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Tel : +91-33-6613 6264

Email: investors@emamigroup.com

Website: www.emamiltd.in

CIN: L63993WB1983PLC036030

CONTENTS



Founders' statement
Emami's wellness prescription **04**



Q & A
A conversation with the Managing Director **16**

Emami's Board of Directors **10**

Highlights, FY19 **12**

10-year highlights **14**

Special Stories

Wellness, naturally **34**

Everywhere **38**



Life changer **52**

Features

Regrowth **26**



Man-edge **30**

What a relief! **48**

Healthcare, ayurveda way... **56**

From India to the World **60**



Raahat ka Raja **44**

Cover story Wellness

PAGE 20



Infographics

Powering ahead **64**

India's consumerist revolution **66**



Perspective

"A meaningful collaboration between scientific institutions and industry players is the need of the hour and could bring about a paradigm shift in the realm of ayurvedic medicine." **37**

Q & A with Dr. Ram A Vishwakarma, Director, Indian Institute of Integrative Medicine, Jammu



Omnipresent 62



Management discussion and analysis **72**



Awards & accolades **85**



Emami making headlines **86**



All-round protection **40**

Statutory Reports

Directors' Report	88
Corporate Governance Report	134
Business Responsibility Report	166
Standalone Financial Statements	178
Consolidated Financial Statements	242

Editorial Board

N H Bhansali
Rajesh Sharma
Mahasweta Sen
Arpit Shah
Pritha Roy Chakrabarti

Forward-looking statement

In this Annual report, we have disclosed the Company's objectives, expectations and forecasts to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make may be forward-looking within the meaning of applicable securities laws and regulations. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. Although we believe that we have been prudent in our assumption, actual results may differ materially from those expressed in the statement. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Note(s)

1. All financial figures and growth data are based on consolidated financials unless otherwise stated
2. All market Shares pertain to MAT March 2019 in volume terms unless otherwise stated

Editors' note

To all our Stakeholders,

We are happy to present the annual report of Emami Limited.

Across the globe, there has been an increasing awareness of wellness. Consumers are investing additional effort to stay well. There has been growing preference for ayurveda to help the journey of wellness. Ayurveda is becoming increasingly popular world over for its ability to deliver long-term solution to problems without side-effects.

Emami has been one of the pioneers in India in offering ayurveda-based lifestyle and healthcare products. Emami has proven the efficacy in the use of ayurvedic elements through scientific studies, thereby winning consumer trust.

In a progressively conscious world where people strive to stay healthy, Emami offers a range of products to suit their lifestyle. In doing so, we expect it to further open up new avenues to drive our growth in a profitable and sustainable way.



Additional details, investor information and the latest financials can be accessed at www.emamiltd.in across devices

Readers' speak



Poonam Gandhi,
shareholder

Emami Ltd's Annual Report stands out amongst a whole number of reports that we keep getting. It provides relief in terms of its rich visual content and informative story-telling. The Company's differentiated approach is evident. I love collecting the Annual Reports for its magazine-like look and feel.



Madhusudan Dey,
shareholder

Apart from routine information pertaining to the Company's performance, Emami's FY18 Annual Report stood out for its macroeconomic insights. The in-depth insights on rural India, digital revolution and FMCG growth drivers were not only useful for shareholders but also valuable for a layman interested in studying the prospects of the consumer industry in India.



Kuldeep Kumar Gattani,
shareholder

The message conveyed through Emami's FY17-18 Annual Report was loud and clear - Emami was evolving to meet the demands of young consumers. This messaging was something very important for a small investor like me as it not only gave me comfort, but also confidence of the Company's prospects. I thank the editorial team for making the Annual Report insightful, rich and vibrant.

Generally Annual Reports deal with numbers which, while being factual are mundane. Emami's Annual Report enjoys a rich legacy of breaking away from that set pattern. Through its non-statutory section, it offers a deep insight into the ethos, culture and vision of the Company. Every year, the Company's Annual Report typically highlights one of its key characteristics and successfully holds it up to the investors to seek.



Sanjeev Losalka,
shareholder



2017-18

Annual reports over the years



2012 -13

2013 -14


2014 -15

2015-16

2016-17



Founders with second generation leaders



“There is an increasing trend among people to spend more money and time for an enhanced being of wellness”

**Standing (left to right):
Harsha V Agarwal, Prashant Goenka
Manish Goenka, Mohan Goenka**

**Sitting (left to right):
RS Agarwal, Aditya V Agarwal
Priti A Sureka, RS Goenka**

Dear shareholders,

One of the biggest changes that we have seen in the last 50 years is that the Indian of today is more concerned about looking and feeling better than his/her predecessor.

This is not just an urban phenomenon. We find it virtually everywhere across the country. People are willing to spend more in terms of time and money for an enhanced being of wellness, convinced that they deserve better. It is increasingly evident that the spirit of saving has been replaced by a willingness to spend; that a spirit of sacrifice has been replaced by the idea of 'gratification now'.

There are a number of reasons for this sweeping and unprecedented transformation.

One, the average Indian is earning more than he or she has done earlier.

Two, he/she has more reasons to spend than before.

Three, he/she is being increasingly influenced, particularly by wider choices and lifestyle changes advertised over the social media.

The outcome has been the formalisation of a sector and the emergence of a word in our consciousness called wellness that we would possibly have rejected as bad grammar a few decades ago. Quite remarkably, the indispensables of modern living that read 'health, wealth and happiness' until recently now read as – 'health, wealth, wellness and happiness.'

The Indian wellness revolution So what is wellness?

A couple of decades ago, an answer to this question would have been synonymous with emotional well-being. There has been an extension in the meaning of this word in the recent past. Wellness is no longer just about feeling good in the mind;

it is also about being physically fit, spiritually balanced and emotionally centred.

There is a greater receptivity for the word and its new meaning. There is an increased use of the word 'wellness' in our everyday conversation; there is a greater reference to this holistic concept when doctors prescribe therapies; there is a greater emphasis on wellness in rebalancing the stress of everyday existence.

The result is that wellness is no longer side-stream. The concept is now mainstream, integral to our sense of our modernity and only likely to grow in importance from this moment onwards.

From a corporate point of view, we believe that an increasing number of companies will need to accommodate wellness in their business strategy just as the need for a broader environmental responsibility that grew into their consciousness a few decades ago. Moving ahead, wellness will play a more central role in the business model across a number of sectors, benefiting those who will proactively accept, adjust and invest.

Emami's preparedness

The idea of wellness was integral to the business of Emami when the Company started its journey more than four decades ago.

Even though the term had not been brought into the Company's consciousness, we recognised that this concept would perhaps be a fitting differentiator of our intent and content. Looking back, we believe that we were one among the first few companies to champion this idea, emerging as a flagbearer.

Emami promoted wellness for all; not just for a certain economic strata of society. It created products with the objective of enhancing feeling of total well-being through enhanced personal health and beauty. Leveraging the ancient wisdom of ayurveda (over chemicals) it provided efficacious solutions without harmful side-effects.



Emami promoted wellness for all; not just for a certain economic strata of society.

It created products with the objective of enhancing a feeling of total well-being through enhanced personal health and beauty.



The Company also highlighted its presence in relatively under-penetrated segments through differentiated products. Emami's growth was spearheaded by a basket of wellness-centric products and conveniences.

The Navratna range of products provide relief from stress and heat. BoroPlus provides a one-stop solution for skin problems. The unique 7 Oils-in-One helps maintain lustrous and healthy hair. Kesh King helps to restore and regrow damaged hair. Emami's pain management products provide relief from stress and body pain. The OTC and generic products range provide long-term relief from lifestyle-induced ailments.

Over the years, the relative first-mover's advantage translated into enhanced recall, increased market share, attractive revenue growth

and superior as well as sustainable margins.

As a result, Emami has emerged as one of the most profitable FMCG companies. We are pleased to report that product wellness has translated into financial wellness. An investment of ₹4,000 in Emami shares at the time of its inception has grown to ₹6.7 crore today.

Emami fortified its financial wellness through a cash-rich business reinforced through a relatively low cost structure, prudent sourcing, attractive value-addition and propensity to invest out of accruals wherever possible.

Emami's social wellness proposition encompasses direct and indirect employment opportunities to impact more than 8,000 families. The Company also touches the lives of more than 100,000 individuals through community development

Emami's wellness prescription

- Focus on personal care products infused with the goodness of ayurveda
- Conduct extensive scientific studies to legitimise the efficacy of wellness products
- Enter high-growth segments through the acquisition of complementary brands and companies
- Grow the topline, deleverage the Balance Sheet and strengthen margins
- Source raw materials responsibly
- Comply completely with GMP guidelines

From a corporate point of view, we believe that an increasing number of companies will need to accommodate wellness in their business strategy just as the need for a broader environmental responsibility grew into their consciousness a few decades ago. Moving ahead, wellness will play a more central role in the business models in a number of sectors, benefiting those who will proactively accept, adjust and invest.

initiatives in education, healthcare, skill development and livelihood creation projects.

Emami's environmental wellness proposition has embraced modern and responsible agricultural methods in sourcing raw materials, preservation of endangered plants, bio-resource development and implementation of cutting-edge farming technologies benefiting economically-disadvantaged farmers.

Emami's holistic wellness proposition comprises scientific studies to support product effectiveness, which includes collaborative scientific studies with the Indian Council of Medical Research related to the impact of fermentation on medicinal plants.

At Emami, we have responded with urgency in addressing opportunities related to wellness growth and expansion. The Company continues to grow its global footprint through strategic acquisitions, a recent

instance being Creme 21, a German personal care brand of global repute, strengthening Emami's portfolio and extending its reach beyond existing global markets.

To enhance business sustainability and grow the circle of influence of wellness, the Company expanded its Indian presence to more than 9.4 lac retail outlets directly and more than 4.5 mn retail outlets indirectly. The Company's products are also available online on major e-commerce platforms, enhancing accessibility and availability.



Outlook for FY20

At Emami, we continue to be optimistic of our prospects.

With trade channels regaining their vitality in the wake of the implementation of the GST, the global trade scenario reporting improvement and a growing acceptance of Emami's products, we believe that the Company is attractively placed to capitalise in FY2019-20.

The Company's newly-launched products are gaining traction and could account for a sizeable share of the Company's growing revenues, enhancing stakeholder wellness.

Acknowledgment

Emami is grateful for the unstinted support of all its stakeholders and expects to continue enhancing value in the long-term.

RS Agarwal | RS Goenka
Founders