

Agility

HOW EMAMI INTEGRATED ABILITY AND AGILITY
TO OUTPERFORM IN A CHALLENGING YEAR

PAGE 06

FOUNDERS' STATEMENT

THE GREATER THE
CHALLENGE, THE
MORE SPIRITED IS
OUR RESPONSE

PAGE 20

COVER STORY

AGILITY: THE
ESSENCE OF EMAMI'S
TRANSFORMATION IN
2020-21

PAGE 24

TRANSFORMATIONAL STORY

HOW EMAMI
REINVENTED ITS
DISTRIBUTION
FOOTPRINT



emami*

www.emamilttd.in

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

**Ceased to be a Director w.e.f closure of business hours on 2nd August 2021*

Our presence

60+ Countries | 8 Factories (including one overseas unit)

4 Regional Offices | 26 Depots.

Bankers

ICICI Bank Ltd. | HDFC Bank Ltd.

HSBC Ltd. | Citi Bank N.A.

DBS Bank Ltd.

Registrar & Transfer agent

Maheswari Datamatics Private Limited,

23, R.N. Mukherjee Road,

Kolkata 700 001, West Bengal, India

Tel: +91-33-2248 2248, Email: mdpldc@yahoo.com

Registered office

Emami Tower, 687, Anandapur,

EM Bypass, Kolkata 700 107, West Bengal, India

Tel : +91-33-6613 6264

Email: investors@emamigroup.com

Website: www.emamiltl.in

CIN: L63993WB1983PLC036030

Audit Committee

S.B. Ganguly, Chairman

R.S. Goenka

C.K. Dhanuka

Amit Kiran Deb

Debabrata Sarkar**

***Appointed as a member of Audit Committee from 2nd August 2021*

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

CONTENTS

EMAMI LIMITED | INTEGRATED ANNUAL REPORT 2020-21

Founders' statement

The greater the challenge, the more spirited is our response

RS Agarwal and RS Goenka

Page 06

About the Integrated Report	02
Editor's note	02
About Emami	03
Founders' statement	06
Board of Directors	10
Our performance over the years	12
10-year financial highlights	12
The statement by the Managing Director	14
The Spirit of Emami	18
Cover story	20
Transformational stories	24



MD&A and Integrated Report	28-87
MD&A and Integrated Report	28
The foundation of Emami's value-creation framework is a positive sectorial context	30
Emami's key initiatives, 2020-21	32
Stakeholder engagement	34
How we manage risks at Emami	36
Brand Capital - The Emami Brand Report, 2020-21	40
Emami's Financial Capital	46
Emami's Social & Relationship Capital	56
How our international business stands at a decisively positive moment in its existence	58
Emami widened its distribution across the Modern Trade format	62
Emami's Human Capital	48
Emami's Intellectual Capital	52
How Emami widened its sales footprint in a difficult year	64
Emami's Manufacturing Capital	68
The role of packaging in a transforming Emami	72
How Emami managed its supply chain in a challenging year	76
How we manage quality at Emami	78
Emami strengthened our IT framework in a pandemic year	80
Emami's Natural Capital	82
Emami's Community Capital	84



Emami Ltd. Annual Report 2020-21

Brand Features	88-112
Healthcare	88
Male grooming range	92
Pain Management	96
Navratna	100
Kesh King	104
BoroPlus	108
Awards & Accolades	112
Statutory Section	113-174
Directors' Report	113
Corporate Governance Report	136
Business Responsibility Report	167
Financial statements	175-308
Standalone financial statements	175
Consolidated financial statements	240



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

**ABOUT THE
INTEGRATED REPORT**

Introduction to the integrated report

The Integrated Report is a part of Emami Limited's (hereafter referred to as 'Emami') primary report to stakeholders. This report reviews Emami's business model, risks, opportunities, operational and governance performance for the financial year ended 31st March, 2021.

Report boundary and scope

The Annual Report covers information on business operations disclosed through the six Capitals enunciated by the International Integrated Reporting Council. In assessing the issues that materially impact value-creation, we have appraised beyond the financial reporting boundary to address the material interests of relevant stakeholders and address significant risks, opportunities and impacts associated with our activities over the short-term (less than 12 months), medium-term (one to three years) and long-term (beyond three years).

Reporting framework

The Annual Report followed the International <IR> Framework as developed by IIRC (www.integratedreporting.org) and should be read in conjunction with the financial statements, included herein and the notes thereto. The financial and statutory data presented has been in accordance with the requirements of

EDITOR'S NOTE

<p>Dear shareholders,</p> <p>The year 2020-21 was the worst of times and the best of years.</p> <p>The first quarter was unprecedented for its uncertainty and hopelessness. It was the kind of quarter that tested the best of us.</p> <p>We are pleased to communicate that in these trying times, the restless Emami spirit validated itself.</p> <p>Even as some business transformation initiatives had commenced well before the outbreak of the pandemic, something remarkable manifested at Emami during that critical first quarter of 2020-21.</p> <p>While Emami's pan-India offices remained unattended, the Company now had a over thousand Emami 'offices' at work across the country; every single Emami employee, plugged into her/his laptop from</p>	<p>home, represented a virtual Emami office.</p> <p>Each Emami-ite was now driven by the need to do better when the general consensus was 'Status quo will be good enough.'</p> <p>The result of this passionate ferment was that Emami didn't just hold on; it accelerated.</p> <p>Emami didn't just benchmark with the best of the past; it raised the bar.</p> <p>If there is a big message that needs to be communicated, it would just be three sentences.</p> <p>The first quarter of the last financial year represented an unprecedented challenge.</p> <p>A number of initiatives of the recent past resulted in success, enabling Emami to strengthen its agility.</p> <p>The Company is positioned to forge ahead with vigour.</p>
<p>the Companies Act, 2013 (including the rules made thereunder), Indian Accounting Standards, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable laws.</p>	<p>significant influence on our ability to create and sustain value over the short, medium and long-term tenures.</p>
<p>Materiality</p> <p>This report provides information on all those realities that could have a</p>	<p>Assurance</p> <p>The statutory auditors, M/s S.R. Batliboi & Co. LLP have provided assurance on the financial statements and the Independent Auditor's Report has duly been incorporated as part of the report</p>

Forward-looking statement

In this Annual Report, we disclosed the Company's objectives, expectations and forecasts to empower investors to 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 tried wherever possible to identify such statements by using words such as 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of prospective performance. Although we believe that we have been prudent in our assumptions, actual results could differ materially from those expressed in the statement. The achievement of results is subject to risks, uncertainties and inaccurate assumptions.

NOTE: ALL FINANCIAL FIGURES AND GROWTH DATA ARE BASED ON OUR CONSOLIDATED FINANCIALS, UNLESS OTHERWISE STATED.

Emami Limited.

One of the most exciting FMCG companies of India founded by two childhood friends Mr. RS Agarwal and Mr. RS Goenka.

Globally present across 60+ countries.

Power Brands: BoroPlus, Navratna, Zandu, Fair & Handsome and Kesh King, enjoying leadership positions

Products available off-the shelf across every part of the country; omni-channel presence making it possible to buy online and offline.

~140 Emami products are sold every second in India.

A debt-free (net) Company with nearly ₹450 crore available in liquid assets*, after paying a 800% dividend in 2020-21.

Market capitalisation of over ₹21,600 crore; 183% return to shareholders in 12 months.*

**As on 31st March, 2021*

Editorial Board

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

Our vision

Making people healthy and beautiful, naturally

Our mission



■ To contribute whole heartedly towards the environment and society, integrating all our stakeholders into the Emami family



■ To make Emami synonymous with natural beauty and health in the consumer's mind



■ To drive growth through quality and innovation in products and services.



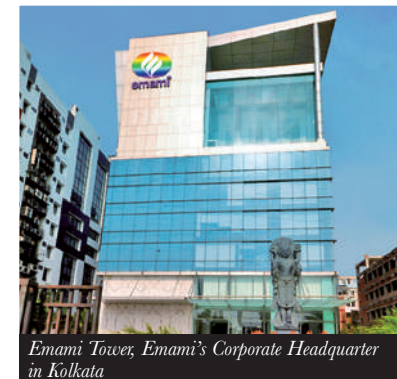
■ To inculcate the culture of inclusion and mutual trust with a commitment to their future, thereby developing and strengthening an emotional bond between the Company and its employees



■ To uphold the principles of corporate governance



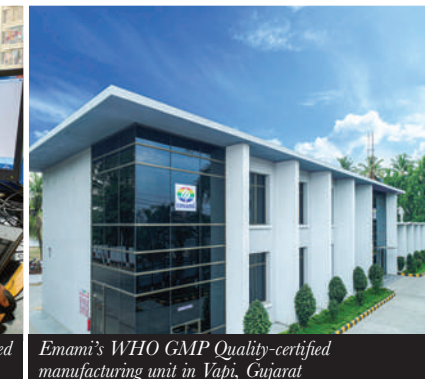
■ To empower and encourage decision making ability at all levels of the organisation



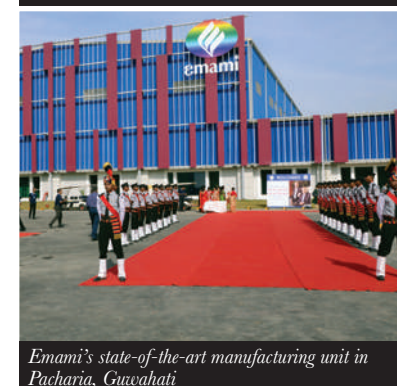
Emami Tower, Emami's Corporate Headquarter in Kolkata



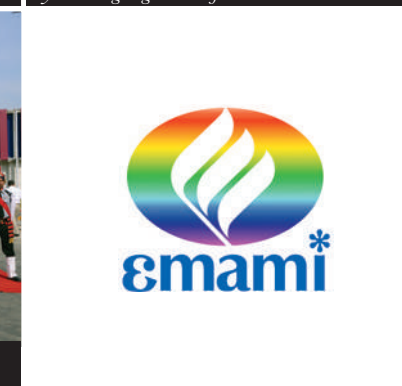
Innovation resides at the core of Emami, empowered by a cutting-edge R&D focus



Emami's WHO GMP Quality-certified manufacturing unit in Vapi, Gujarat



Emami's state-of-the-art manufacturing unit in Pacharia, Guwahati



Emami's overseas manufacturing unit in Gazipur, Bangladesh



Emami's manufacturing unit in Abhaypur, Guwahati



Emami's products are subjected to stringent quality control checks to enhance consumer safety



Emami's WHO GMP Quality certified manufacturing unit in Masat, Dadra & Nagar Haveli

Pedigree

- ▶ The Company was promoted and founded by childhood friends RS Agarwal and RS Goenka, who commenced commercial operations in 1974.
- ▶ The Company is headed by the founders and second-generation promoters, supported by a team of professionals.

Products

- ▶ The Company is engaged in the manufacture and distribution of personal care and healthcare products (with an ayurvedic leaning in most).
- ▶ The Company's prominent brands comprise Navratna, Zandu, BoroPlus, Kesh King, Fair and Handsome, Mentho Plus and 7 Oils in One, among others.

We would strive ...

- ▶ To be a part of every household in the country
- ▶ To be a major player in every product category we venture into
- ▶ To be one of the most respected marketers in the country
- ▶ To be recognised as a global brand

Presence

- ▶ Emami is headquartered in Kolkata, West Bengal.
- ▶ The Company has seven manufacturing facilities in India and one in Bangladesh.

- ▶ The Company has 26 product storage depots across India.
- ▶ The Company's products are sold in 60+ countries.

- ▶ The Company is listed on National Stock Exchange (scrip code: EMAMILTD) and Bombay Stock Exchange (scrip code: 531162).

Founders' statement

The greater the challenge, the more spirited is our response

Dear shareholders,

We are proud to present the performance of Emami Limited for 2020-21.

We are happy with an important reality that could possibly get over-shadowed by the attention being paid to the record numbers of our performance for the year. This reality was the resurgence of the distinctive Emami spirit.

This leap of faith was validated in 2020-21. The circumstances were challenging in an unprecedented way. A nationwide lockdown affected consumer sentiment, national morale and the intra-country movement of most products and services. The disruptions caused by the severity of the pandemic was difficult to address. There was an erosion in savings that affected people's willingness to spend. Seldom have we witnessed so many unprecedented challenges coming together in such a short period as we did during the first quarter of the last financial year.

In this challenging hour, Emami delved into its personality to leverage its distinctive spirit. This spirit was about demonstrating the courage to counter convention. The spirit was about whispering 'Yes' to oneself with assured self-confidence when the rest of the world was telling us 'No!' The spirit was about taking a leap of faith when the rest of the sector was hesitant. The spirit was about engaging deeper and helping humankind deal with an

unprecedented crisis. The spirit was about getting every single Emamian across levels and locations to collaborate with the objective of prevailing. The spirit was about leveraging the power of our research, product development, supply chain and distribution to put products on shelves across the country. The spirit was about doing everything 'now'.

The outcomes of this agile spirit extended into numerical and financial achievements during the year under review. Emami emerged a more purpose-driven and happier company; Emami emerged a more integrated company; Emami emerged a more employee-driven company where each individual made a difference.

Even as we were addressing the unprecedented reality of the pandemic on the one hand, Emami was engaged concurrently in restructuring its business on the other. This ability to manage the needs of the moment and the future translated into the ability to transform an unprecedented challenge into a decisive opportunity. The superior business outcomes flowed from this distinctive spirit. Emami's growth was formidable: revenues grew by 8% but EBIDTA strengthened by 28% and profit after tax grew by 50%.

On the one hand, these numbers represent the culmination of various investments we made during the

last couple of years, responding to the challenges that had arisen from the economic slowdown and demonetisation. On the other hand, these numbers represent the foundation of the next phase of our Company when growth is expected to be quicker, decisive and marked by a wider competitive moat.

If there is a singular message that we would like to leave for our shareholders, it would be this: the Emami body language will re-assert during the current year as well.

RS Agarwal and RS Goenka
Founders

One of the most heartening years in the four decades of Emami's existence

Reported record revenues and profits

Might appear to have been easy but the reverse is true

Leap of faith and courage

We fired on all cylinders; every segment of the Company contributed to our profits

We trusted our conviction against conventional challenges



What the Company promised its stakeholders...



BROADBASE
its presence



PRIORITISE
its presence in the Personal Hygiene space



REJUVENATE
revenues through new launches



STRENGTHEN
its Healthcare business space



ENHANCE revenues from the Modern Trade format



INCREASE revenues from e-commerce

... what was achieved in 2020-21



ENTERED
the Personal Hygiene segment in India and abroad



GENERATED
~4% of domestic revenues from new launches



INCREASED
Healthcare business revenues to 13% of the domestic turnover in 2020-21 from 10% in 2019-20



DOUBLED
its Modern Trade revenues from 4% in 2015-16 to 8% in 2020-21 in the domestic business



INCREASED
domestic e-commerce revenues to ~3% in 2020-21 compared to negligible revenues in 2015-16

...and what they mean



EMERGED
among few players in India to combine a niche and mainstream presence (value and volumes)



BROADBASED
the portfolio, reducing the seasonality impact on the Company's performance



ENHANCED
the relevance of the Company's brand in a fast-growing segment



EMPOWERED
the Company to capitalise on a growing distribution format



ENHANCED
convenience and access to the Company's products

Board of Directors



R S Agarwal
Founder & Executive
Chairman

A Chartered Accountant, Company Secretary, LLB and a Masters Degree holder in Commerce, Mr RS Agarwal, Founder of Emami Group, is considered as a present-day management guru with foresight. An administrator par excellence, he possesses a deep consumer insight and believes in the motto – 'Innovate to disrupt'.



R S Goenka
Founder &
Wholtime Director

A Master of Commerce and Bachelor of Law. A taxation expert, a master in strategic planning, corporate affairs and finance, Mr RS Goenka, Co-Founder of Emami Group is always open to new ways of doing things to build new capabilities. He recognises the need to go into detail and places a premium on loyalty and commitment.



K N Memani
Independent
Director

A Chartered Accountant and former Chairman and Country Managing Partner of Ernst and Young, India. He possesses expertise in business and corporate advisory, foreign taxation, financial consultancy and has advised several domestic and foreign companies on corporate affairs.



Y P Trivedi
Independent
Director

Eminent tax expert and advocate, Supreme Court. Mr. Y P Trivedi was also a former member of the Rajya Sabha of the Parliament. He is a member of the Managing Committee of the Merchants Chamber of Commerce and a member of various Government Committees like the Standing Committee on Finance and Consultative Committee for the Ministry of Commerce, among others.



Rama Bijapurkar
Independent
Director

A recognised thought leader on market strategy and India's consumer economy, Ms. Bijapurkar holds a degree of B.Sc. in Physics from Delhi University and a PGDM from IIM Ahmedabad. She is a keen commentator on social and cultural trends in a fast-changing India. She has an independent management consulting practice and works with a range of global and domestic companies across sectors.



P K Khaitan
Independent
Director

A Bachelor of Commerce, ALLB and Attorney-at-Law (Bells Chamber, Gold Medalist). He is an Advocate and the Senior Partner of Khaitan & Co, a leading Indian law firm and also member of the Bar Council of India, the Bar Council of West Bengal and the Indian Council of Arbitration.



C K Dhanuka
Independent
Director

A graduate in Commerce and well-known industrialist and promoter of Dhunseri Group of companies. He is the Managing Director of Dhunseri Tea & Industries Ltd and Executive Chairman of Dhunseri Ventures Limited.



S B Ganguly
Independent
Director

The former Chairman of Exide Industries Ltd. He serves as a Director of Paharpur Cooling Towers Ltd and Sucharitra Printers Pvt. Ltd., among others.



Amit Kiran Deb
Independent Director

Former Chief Secretary, Government of West Bengal and former Chairman of Gujarat Ambuja Housing Development Limited, a joint sector company. He is also the former Commissioner cum Secretary, Education and Social Welfare Department, Government of Tripura and Former Joint Secretary, Cabinet Secretariat and Department of Electronics, Government of India.



Debabrata Sarkar
Independent Director

A Master of Commerce and a holder of distinctive qualifications of FCA and CAIIB, he is the former Chairman & Managing Director of Union Bank of India. As a successful banker, he handled various significant positions.



S K Goenka
Managing Director

One of the pillars of Emami Ltd. Possessing a rich industry experience, he drives production, factory operations, distribution, procurement and packaging, among others. His leadership skills have led to excellence in quality management, which has been recognised by awards and accolades.



Mohan Goenka
Executive Director

A Management Graduate from Cardiff University, UK, Mohan Goenka co-leads the FMCG business with other Promoter Directors of Emami Ltd. He is a key member of Emami Group's core Advisory Team. A natural leader with strong people skills and team building capabilities, Mohan drives the business with his extensive knowledge and experience in brand building, sales & supply chain, marketing, finance and investor relations.



Aditya V Agarwal
Non-Executive Director

A key member of the Group's Core Advisory Committee, Aditya V Agarwal has been an intrinsic part of the Company's growth from its humble beginning to being one of the leading FMCG companies in the country today. He is respected for his vision, strategic mindset and diverse experience in managing businesses across verticals like FMCG, edible oil, bio-diesel, cement, healthcare and paper manufacturing. His people's skills are exemplary, which make him a respected leader.



Harsha V Agarwal
Executive Director

Harsha V Agarwal, known for his strong leadership qualities, strategic vision and in-depth knowledge of various businesses, co-leads the FMCG business with other Promoter Directors of Emami Ltd. Harsha, a key member of the Group's core Advisory Team, passionately steers the organisation with a futuristic outlook, while continuing to strengthen its core values. From strategic investments in new-age start-ups to acquiring some of the biggest names in the FMCG industry like Zandu, Kesh King and German brand, Creme 21 were spearheaded by Harsha successfully as part of the Company's growth plans.



Priti A Sureka
Executive Director

An alumnus of the Harvard Business School, Priti A Sureka is an inspiring woman business leader. A key member of Emami Group's core Advisory Team, Priti co-leads the FMCG business along with other Promoter Directors of Emami Ltd. With her deep understanding of the evolving needs of consumers resulting in dynamic changes to product lines across the globe, she passionately and successfully steers the Company from strength to strength.



Prashant Goenka
Executive Director

An MBA in International Marketing & Finance, from the University of Wales, Cardiff, UK, and also from IIM-Calcutta, Prashant Goenka, with his strategic vision, business acumen and in-depth knowledge of the overseas markets, has been able to establish footprints of Emami brands in 60+ countries over the last two decades. Being passionate and result oriented, Prashant spearheads a team of high performing professionals across geographies delivering sustained growth.

10-year financial highlights

₹ in lac

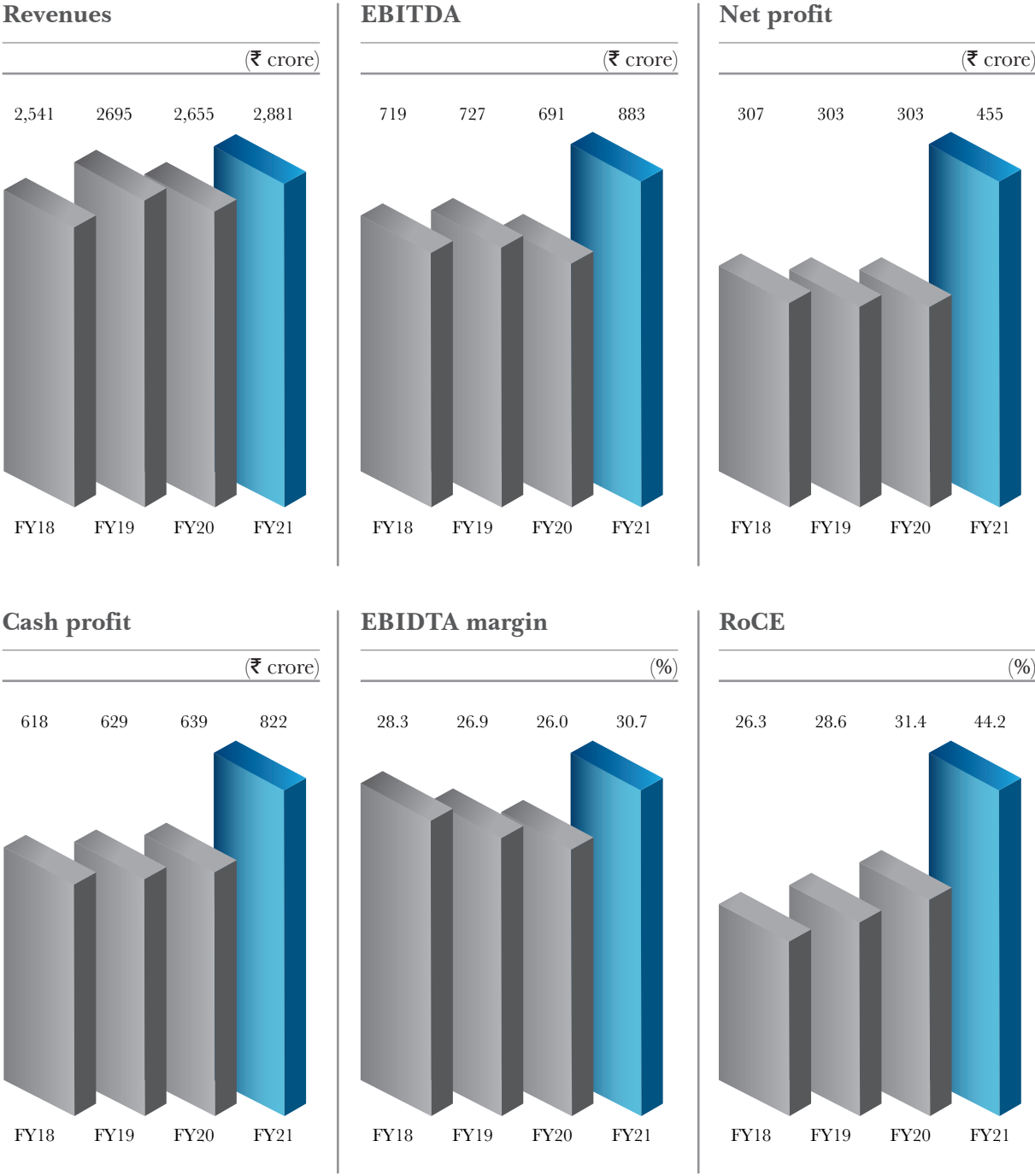
PARTICULARS**	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
A. OPERATING RESULTS										
Revenue from Operations	2,88,053	2,65,488	2,69,463	2,54,083	2,52,774	2,39,755	2,06,767	1,72,765	1,60,996	1,38,116
EBITDA	88,305	69,055	72,722	71,944	75,913	68,727	54,312	44,704	34,968	29,604
PBT	56,892	37,358	40,341	39,256	42,362	42,277	58,899	46,753	37,461	29,621
PAT (after minority interest and associate)	45,471	30,292	30,323	30,714	34,042	36,353	48,215	41,287	32,067	25,612
Cash Profit^	82,165	63,925	62,854	61,801	64,900	61,846	51,646	44,804	34,264	27,492
B. FINANCIAL POSITION										
Fixed Assets (Net Block)	1,13,827	1,46,722	1,71,232	1,82,845	2,01,122	2,03,705	47,759	40,777	43,965	48,034
Liquid Investments	8,891	6,833	786	12,806	3,332	1,193	49,657	28,922	15,634	7,356
Other Assets	1,29,251	1,14,293	1,10,219	84,423	55,862	64,324	73,455	60,530	62,018	61,927
Total Assets	2,51,969	2,67,848	2,82,237	2,80,074	2,60,316	2,69,222	1,70,871	1,30,229	1,21,617	1,17,317
Equity Share Capital	4,445	4,532	4,539	2,270	2,270	2,270	2,270	2,270	1,513	1,513
Reserves & Surplus	1,71,820	1,77,843	2,03,067	1,99,091	1,73,200	1,58,891	1,28,934	87,401	76,348	77,023
Net Worth	1,76,265	1,82,375	2,07,606	2,01,361	1,75,470	1,61,161	1,31,204	89,671	77,861	78,536
Minority Interest	(89)	(86)	(20)	57	141	410	456	1	5	12
Loan Funds	9,191	21,023	10,987	32,591	47,295	67,144	3,588	4,502	12,010	16,114
Deferred Tax (Net)	416	346	1,604	1,467	2,816	904	2,212	479	1,368	1,450
Capital Employed	1,85,784	2,03,658	2,20,177	2,35,477	2,25,722	2,29,618	1,37,460	94,653	91,244	96,112
C. KEY RATIOS										
ROE (%) (on Cash Profit)	46.61	35.05	30.28	30.69	36.99	38.38	39.36	49.96	44.01	35.01
ROCE (%) (on cash Profit)	44.22	31.39	28.55	26.25	28.75	26.93	37.57	47.33	37.55	28.60
Debt - Equity Ratio	0.05	0.12	0.05	0.16	0.27	0.42	0.03	0.05	0.15	0.21
EBIDTA Margin (%)	30.66	26.01	26.94	28.32	30.03	28.67	26.27	25.88	21.72	21.43
Cash Profit Margin (%)	28.52	24.08	23.34	24.32	25.63	25.80	24.98	25.93	21.28	19.91
Interest Cover	43.87	18.78	19.85	12.44	8.30	8.82	115.57	87.85	58.02	20.47
D. EQUITY SHARE DATA*										
Cash Earnings per Share (₹)	18.48	14.08	13.85	13.61	14.30	13.62	11.38	9.87	7.55	6.06
Dividend per Share (₹)	8.00	4.82	4.19	4.21	4.21	4.21	4.15	4.09	3.12	3.10
Book Value per Share (₹)	39.63	40.18	45.74	44.36	38.65	35.50	28.90	19.75	17.15	17.30

* Previous year EPS, DPS and Book value has been adjusted as per the present face value of ₹1 per share.

**All figures have been restated as per Ind AS

^Cash Profit = PAT+ Depreciation & Amortisation

How have we grown across the years





The statement by the Managing Director

“We expect growth at Emami to not just sustain, but accelerate across the foreseeable future”

SUSHIL GOENKA, MANAGING DIRECTOR
OF EMAMI LIMITED, EXPLAINS WHY

I am absolutely pleased with the way the Company performed, considering that when we entered the financial year there was a complete uncertainty on when the markets would re-open, to what extent they would re-open and how consumers would respond. When we ended the financial year under review, the country appeared to be looking out at a five-year economic growth possibility, which explains the extent of sea-change that transpired during the course of the year.

Q: Were you pleased with the way the Company performed in 2020-21?

A: I am pleased with the way the Company performed, considering that when we entered the financial year there was complete uncertainty on when the markets would re-open, to what extent they would re-open and how consumers would respond. When we ended the financial year under review, the country appeared to be looking out at a five-year economic growth possibility, which explains the extent of sea-change that transpired during the course of the year.

Q: What could be the reason for this sharp divergence between the first and last quarters?

A: There were a number of factors at play. While on the one hand there was definitely a decline in consumer incomes during the first lockdown quarter, there was, on the other hand, a financial saving in staying at home. I also believe that years of thrift and saving found an expression at a critical point in the country's existence: consumers voted with their spending rather than postponing for another day.

Q: Why did this transpire?

A: Rural India was not as extensively affected by the pandemic as urban India. Rural India benefited on the back of reasonable monsoons and high minimum support prices. Besides, rural India did not suffer lockdowns or

a decline in their income cycle. The result is that rural India continued to spend across staples and affordable products. Faced with inventory depletion when the companies reopened, it was a rush to play catch-up to produce more to replenish what had already been sold, kick-starting a virtuous cycle of increasing production and consumption.

Q: How did Emami respond in this growth environment?

A: I am pleased to communicate that Emami returned to attractive profitable growth; EBIDTA margin grew 460 bps, RoCE strengthened 1,280 bps and the Company finished the year under review with 6 times higher cash on its books despite rewarding shareholders with dividends amounting to ₹356 crore and a share buyback worth ₹221 crore.

Q: What are some of the initiatives that contributed handsomely to the Company's outperformance?

A: Before one explains the various initiatives that contributed to the outperformance, it would be relevant to communicate an over-arching message: Emami could have played defensively in a transforming marketplace; it responded by playing positively and aggressively – and that made all the difference. The Company had been engaged in addressing a range of challenges in the last few years that found collective expression

during the first half of the last financial year. These challenges were related to sales and distribution on the one hand and growth of brands on the other (Zandu Pancharishta, Kesh King, Fair and Handsome). As an analogy, I would state that at a time when batsmen would have been concerned about protecting their wicket on a turning track, Emami selected to bat its way out of the challenge on the front foot.

Let me provide a simple instance. Most companies in Emami's place would have deferred the launches of new products at a time of sectorial flux; Emami trusted its conviction and went ahead with more than 40 new launches in the domestic market. Most companies in Emami's place would have deferred spending on brand re-positioning and relaunch; Emami felt that a weak consumption market, when spending was being deferred by most players, was the best time to capture consumer attention. This contrarian streak, coupled with boldness, made all the difference.

Q: What else contributed to the Company's sharp performance improvement?

A: The second point that one needs to highlight is that Emami addressed a challenging market place by not playing for incremental gains; it responded with a number of calculated concurrent initiatives – its decision to focus on Power Brands as opposed to spreading itself thin across its vast portfolio; its commitment to broad-base its distribution presence beyond wholesalers and towards e-commerce, modern trade format and direct distribution; its commitment to strengthen its international business; its commitment to moderate costs, reducing its break-even point and strengthening any-market competitiveness. The fact that Emami could engage in these concurrent initiatives, pull them off and create a new foundation of sustainable growth, is a validation of our managerial capabilities, knowledge bandwidth, courage and strategic vision.

Q: Emami faced a priority in reviving growth in some of its brands like Kesh King, Zandu Healthcare Range and Fair and Handsome.

A: The message that I wish to communicate is that even as the sector was faced with slowdown and pandemic challenges, there were teams focused on repositioning specific brand segments with the objective of reviving growth.

Take the instance of Kesh King. The Company focused on a combination of approaches: direct to consumer delivery, while promotions highlighted its superior price-value proposition and brand positioning as India's No.1 Hairfall Expert. The result is that Kesh King Oil returned to growth, growing by 15% over 2019-20.

Turn to the Zandu Healthcare range, where the Company strengthened processes, decision-making and time-to-market for all new product launches. Besides, the Company widened the rural and urban coverage for ayurveda products. The Company collated feedback from the medical fraternity and retailers leading to responsible product development. The result was an appreciable improvement in the offtake of this segment during the year under review.

Come to the performance of Fair and Handsome where the consumption of men's fairness creams and face washes declined due to a decline in discretionary spends. Emami could have waited for the market sentiment to change; instead, the Company rebranded Fair and Handsome 'Fairness Cream' and 'Fairness Facewash' as 'Instant Radiance Cream' and 'Instant Radiance Facewash' respectively. Besides, the Company engaged Salman Khan and launched a new TV campaign. The proactive counter-response resulted in the Fair and Handsome portfolio growing 18% in the second half of the year following the relaunch.

Q. How did the Company's International business perform?

A. Here too, a distinctive response became visible. Even as the COVID-19



Emami's state-of-the-art manufacturing unit at Pacharia, Assam

pandemic translated into a global economic slowdown and trade disruption, which initially affected Emami's international business, the Company responded with speed: it extended its international brand Creme 21 into skin care (for all ages), graduating this acquired brand into a multi-category platform, widened its ASEAN footprint and empowered teams across various global markets. The result is that the Company's international revenue grew 12% by value over 2019-20.

Q: How does Emami intend to grow from this point onwards?

A: Emami will do what it has always done: keep pushing the frontier, keep daring the odds, keep thinking contrarian and keep reinventing the conventional. This means that new categories are likely to be explored, new products launched, old products relaunched, brand extensions made, new territories entered, fresh acquisitions made, new areas for costs to be moderated in – everything that one will associate with a company that intends to grow faster.

Q: What provides you with the optimism that this is likely and possible?

A: What we are seeing is a transforming India and world: there is a greater propensity to consume natural and herbal products, which is something that we have been doing for nearly four decades; more than 80% of Emami's products today have an

ayurvedic base.

What we are seeing is a bigger willingness to buy online or through modern trade formats, which is where Emami is proceeding.

What we are seeing is a greater focus on digitalisation, which is why we have been investing and will continue to invest in the future in digital transformation.

What we are seeing is a greater consumer focus on the Personal and Home Hygiene segments following the pandemic, spaces where we forayed into.

The result is that Emami is in the midst of increased sectorial relevance, the full benefit of which will play out across the foreseeable future.

Q: If you had to leave one principal message with shareholders, what would it be?

A: This is a new digitalised Emami that is moving with considerable agility. Most initiatives – whether in terms of cost management, product launches and promotions – are being increasingly digitalised. This has enhanced organisational agility, moderated costs and enhanced our consumer engagement, especially with millennials. We are optimistic that this re-interpretation of Emami is broadening the foundation of appeal across a younger spending population, which will generate improved prospects across the foreseeable future.

Our founders with the second generation leaders



Sitting (left to right): R S Agarwal, Aditya V Agarwal, Priti A Sureka and R S Goenka

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