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We are adopting many strategies to grow sales in rural markets: Emami

bl.interview

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1 With commodity prices coming down, Emami Ltd expects its EBITDA margin to improve by around 200 basis points year-on-year this fiscal compared to last fiscal, says NH Bhansali, CEO, Finance, Strategy and Business Development and CFO. In an interview with *businessline*, Bhansali said the company is improving its distribution network and launching lot more low-unit packs (LUPs) to drive sales in the rural markets where the demand is still subdued. Excerpts:

Emami's revenue from operations rose 6.28 per cent y-o-y to

₹864.47 crore in the second quarter this fiscal. What were the factors that contributed to it? Do you think the revenue growth is satisfactory?

We could have aspired for more, but looking at the current circumstances, it is reasonably good. There are many challenges — rural offtakes are still not coming in, inflation is still high, and high currency depreciation in Russia and Bangladesh.

Despite these, our domestic business grew 4 per cent and international business delivered a constant currency growth of 16 per cent during the quarter. For modern trade and e-commerce, growth was good. In the second quarter, brands such as Navratna and Dermicool performed well. As the base of the pain management-based

products became large, it was almost a one per cent kind of a growth. But it is good and in line with what we have projected.

The company also witnessed significant growth in its subsidiaries during the quarter. EBITDA growth stood at 20 per cent during Q2 FY24.

What were the international markets that performed well during the period?

MENA (Middle East and North African region) has done well. In CIS countries and Bangladesh, growth was not good. In Bangladesh, there are currency challenge and elections. Despite this the market is doing okay there. There are challenges in Russia due to the currency and Ukraine war.

But despite that, the international business



On a full-year basis, we expect EBITDA margin to improve by around 200 basis points y-o-y this fiscal compared with last fiscal

NH BHANSALI
CEO, Finance, Strategy and Business Development and CFO



posted a constant currency growth of 16 per cent during the quarter.

As commodity prices are coming down, do you expect the company's EBITDA margin or gross margin to improve going forward?

Yes, for us, the cost of raw materials such as rice bran oil

and camphor, among others, have reduced. Also, packaging costs have come down compared to the previous year.

On a full-year basis, we expect EBITDA margin to improve by around 200 basis points y-o-y this fiscal, compared to last fiscal. For the six months, EBITDA margin improved by around 190 basis points. It should

continue going forward.

There is still subdued demand in rural markets. What is the outlook for rural demand in the third and fourth quarters? What strategies are the company taking to grow sales?

Rural demand should improve gradually. We are taking many strategies to grow sales in the rural markets. We have done a lot of things in terms of increasing market penetration. We are improving the distribution and launching lot more low-unit packs (LUPs) because people are downing trading.

We are also taking many technology-led initiatives, such as capturing orders and supporting field people with the appropriate guidance.