Emami sees recovery in trade channels post GST roll-out

FMCG firm opens ₹300-crore facility in Assam

ABHISHEK LAW
Guwahati, November 14

Home-grown FMCG firm Emami Ltd is witnessing a recovery in trade channels post GST roll out.

According to NH Bhansali, CEO-Finance, Strategy & Business Development & CFO, Emami Ltd, the wholesale trade channel has been amongst the worst-affected post demonetisation and roll-out of GST.

"In the wholesale channel, normalcy is coming in. Much of the ground has been covered," he said post the inauguration of the company's new plant at Pacharia in Kamrup district of Assam. The facility, built at a cost of over ₹300 crore, was inaugurated by the Chief Minister, Sarbananda Sonowal, on Tuesday.

Power brands

Market sources say that FMCG majors have witnessed some recovery in Q2 (July to September period) over the preceding quarter (April-June), while concerns still remain. Emami was no exception.

For instance, a report by Edelweiss Securities points out that Kesh King, one of Emami's power brands saw a 16 per cent Y-o-Y revenue decline primarily due to the challenging trade sentiment in wholesale channel and rural markets.

NH Bhansali, CEO-Finance, Strategy & Business Development & CFO, Emami Ltd

Kesh King continues to be a wholesale channel dominated product.

For Kesh King, only 25 per cent of its revenues come from direct distribution, with the balance accounted by wholesale.

"Emami expects wholesale channel to fully recover by March 2018. Kesh King has not lost any market share to Patanjali as the management feels the revenue decline is more of a distribution than a consumer issue. Kesh King sells more in rural than urban areas," the report stated, adding that the management expects wholesale contribution to recover by March 2018 and revenue decline to stymie in the next two quarters.

The company is also ramping up its round-the-year offerings by expanding into categories such as facewash and hair colors across brands like Boroplus and He; and Emami Diamond Shine. The idea is to de-risk its portfolio from seasonal demand items.

Price cuts, refunds

Incidentally, Bhansali ruled out any immediate price cuts post the GST Council reducing tax rates on a variety of daily use items, including shampoos.

Some of these items have been brought down to the 18 per cent tax slab from the previous 28 per cent.

According to him, clarity on a variety of issues like refunds are yet to be put out. Call on price reduction can be taken after that.

"We have to evaluate the situation in totality before taking a call on reducing prices. There is still no clarity on refunds. Refunds are either not coming or have been halved in some cases. There is also an issue on absorption of costs," he said.

Volvo owner buys US flying car-maker

BLOOMBERG
November 14

Rather than just put more vehicles on the world's congested roadways, Volvo Cars owner Zhejiang Geely Holding Group Co is looking to the skies.

The Chinese automaker has acquired a US company trying to bring a flying car to market in 2019. Terrafugia Inc., founded by five Massachusetts Institute of Technology graduates, also plans to deliver the first vertical take-off and landing car by 2023.

Following the deal, which Geely says has been approved by all relevant regulators, Terrafugia will stay headquartered in the US The acquisition pits Geely Founder Li Shufu against billionaires including Google Co-Founder Larry Page in the race to get flying-car start-ups off the ground.

Terrafugia flew its first proof-of-concept vehicle in 2009, according to its website. Geely did not disclose the terms of the acquisition in an emailed statement. The company said Chris Jaran, a former executive at aircraft manufacturer Bell Helicopter China, will become Terrafugias chief executive officer effective immediately.

The support that Geely has pledged to make Terrafugia's vision of a flying car a commercial reality is unprecedented, Jaran said in the statement.

LuLu Group to expand retail presence in India

Plans to bring more global brands by mid-2018

SWATHI MOORTHY
Chennai, November 14

Abu Dhabi-based LuLu Group International is on a major expansion drive to increase its retail and hospitality footprint in India.

The group will accomplish this through retail division Tablez and hospitality division Twenty14, said Abeed Ahamed, Managing Director of Tablez India and Twenty14, who was in Chennai for the launch of its first Cold Stone Creamery store in the city.

Ahamed told *BusinessLine* that the company is in talks with two-three international brands and will bring them to India by mid- 2018.

"These brands will be in the space we are not there right now like sports and essentials," he added.

> **The group will accomplish expansion through retail division Tablez and hospitality division Twenty14. The company is in talks with two-three international brands and will bring them to India by mid-2018**

Established brands

Currently, Tablez India operates seven brands across 14 branches, mostly concentrated in the South.

The brands are bakery brand Bloomsbery, food and beverages brands Galito and Cold Stone Creamery, Toys 'R' Us and Babies 'R' Us in the toy segment, and apparel brands like Springfield and Women's secret.

It also operates Indian fine dining restaurant Peppermill.

Ahamed said: "We have established these brands here. Now we want to expand our presence."

Earlier, the company had announced that it would invest ₹400 crore in India. While the 70 per cent of the investment has been spent, the rest will be used for the expansion, he added.

"We plan to open 12-15 Cold Stone Creamery outlets, six Toys'R'Us outlets and four-eight Springfield outlets every year," he added.

With GST in place, the company is exploring opening outlets in the North. Ahamad said, "Before GST, expanding was difficult as we had to create an infrastructure in all the areas we were expanding. But now, we can have a centralised warehouse and ship the products."

Recently, the company announced the launch of LuLu mall in Lucknow. There are two more malls coming up in Trivandrum and Andhra Pradesh.

Hospitality network

The company is also looking to acquire brownfield projects to expand its hospitality network in India. The company already has two hotel properties at Kochi and Bengaluru. "There are lot of incomplete hospitality projects across India due to lack of funds," Ahamed said. "We are looking at them as they offer viable business model," he added.

Ahamed, who also heads Lulu exchange holdings, said the company is focusing on the Asia-Pacific region to expand the money transfer business.

Peps rolls out premium denim mattress

OUR BUREAU
Bengaluru, November 14

Peps Industries, makers of spring mattresses, launched its premium denim mattress 'Zenimo' across South India today. The company says it is the first ever mattress made from denim in India.

The ₹265-crore company, which has been growing at a 25 per cent CAGR, is looking to touch ₹500 crore in turnover by 2020, in the spring mattress category.

Speaking at the launch, K Madhavan, Founder member and Managing Director, said: "Peps has always given the utmost importance to innovation. We are proud to launch India's first-ever denim mattress. The youth today is constantly looking for comfort to keep up with their hectic life-styles. Zenimo mattresses will cater to the needs of this consumer segment." The mattress fabric is made up of 60 per cent of the finest denim material. The rugged 100 per cent denim frame protects the mattress from wear and tear, while the pocketed spring technology gives all-weather comfort and support.

K Madhavan (right), Founder-member and MD, Peps Industries, and G Shankar Ram, JMD, at the launch of the 'Zenimo' denim mattress in Bengaluru on Tuesday GRN SOMASHEKAR

The eight-inch mattresses come in three varieties, priced from ₹38,500 to ₹40,500.

"We have observed in the last five years that there has been an evident change in consumer buying patterns. There has been a growing acceptance for our high-end mattresses. This is helping us hold on to our market leadership in the spring mattress segment," said G Shankar Ram, Joint Managing Director.

The company offers mattresses at prices starting from ₹9,000 to ₹1,75,000.

Biocon arm Syngene widens partnership terms with Bristol-Myers

PRESS TRUST OF INDIA
New Delhi, November 14

Biocon's contract research arm Syngene International has expanded its ongoing drug discovery and development with US-based Bristol-Myers Squibb till 2026.

The company today said the expanded scope of partnership also includes addition of a new facility and ramping up the team of scientists working for it.

"The next phase of the partnership will see the addition of a new facility to support Bristol-Myers Squibb research and development operations, an expansion of the team and the extension of the existing agreement through 2026," Syngene said in a BSE filing.

"The expansion will enable the two companies to undertake a greater range of scientific research and development for pharmaceuticals across a broader range of activities," it added.

As part of the expansion, Syngene will set up a new dedicated facility spread across 25,000 sq ft of laboratory and office space for Bristol-Myers Squibb.

This facility will house an additional team of 75 Syngene scientists who will work exclusively for Bristol-Myers Squibb.

Syngene and Bristol-Myers Squibb have been working together since 1998. The research campus, known as Biocon BMS Research Center (BBRC), Syngene's first R&D centre, was established in 2007, which was subsequently renewed through 2020 and now has been extended through 2026.

It is the largest research and development facility for Bristol-Myers outside the US and plays an integral part within their