


emami limited

Making people healthy & beautiful, naturally

Q4FY24 Highlights

- Consolidated revenues grew to ₹891crs by 7% YoY. Domestic business grew 8% with volume growth of 6%.
- Major brands like BoroPlus, Pain Management range, Healthcare range, 7 Oils in One, The Man Company, and Brillare performed strongly during the quarter. However, extended winters led Navratna and Dermicool to post low single digit growth.
- Gross margin expanded 270bps to 65.8% YoY in light of reduced input costs. EBITDA grew 6% in Q4FY24 to ₹211crs. EBITDA margin contracted 30bps to 23.7% YoY due to strong investment behind brands. Reported PAT grew ~3% to ₹149crs with PAT margin at 16.5%.
- Extended winter drove sales of Boro Plus (up 33% YoY) and pain management (up 9% YoY).
- For FY24, the company posted revenues of ₹3,578crs in FY24, with a growth of 5%, accompanied by an expansion of gross margins by 290 basis points at 67.6%. EBITDA at ₹950crs grew by 10%, with margins expanding to 26.5%, an increase of 120 basis points. Notably, profit after tax at ₹724crs also saw an impressive growth of 13%.

Concall Highlights

- The company remains optimistic about future growth, supported by a favorable economic landscape, forecast of a normal monsoon, anticipated rural market recovery, government initiatives, and promising macroeconomic factors, all contributing to a confident outlook for sustained positive performance.
- Despite the geopolitical crisis and currency depreciations in key geographies, International business grew by 9% in constant currency and 8% in INR terms driven primarily by the MENA region. The Company's International Business further strengthened its portfolio by introducing a range of shampoo & conditioners under the 7 Oils in One brand and a Baby care range under the Creme21 brand. The NPDs were launched in select key markets and will be gradually extended to other markets as well in the coming quarters.
- During the quarter, the Company launched Nature's First healthy radiance range under the Fair and Handsome brand. Enriched with Green Tea and Olives, the range consists of a cream and facewash to provide a healthy & radiant look. The Company also introduced four digital first launches under the Zanducare D2C portal.
- Overall, the Company launched more than 50 products and variants in the Domestic and International markets in FY24 with the majority being Digital-first products.
- The management expects core brands to deliver a healthy all-round growth going forward, aided by recovery in rural, a strong summer and forecast of a good monsoon and strategic investments in innovative start-ups are expected to continue their robust growth and improve their profitability.
- The contribution from organised channels has increased to 26% of domestic business from 22% in FY23. The company also enhanced investment in A&P to strengthen brand visibility and strategic distribution initiatives like Project Khoj and other digital interventions are expected to provide impetus to sales going forward. Outlook is positive for the near and mid-term and aims to deliver healthy growth supported by a favorable operating environment.
- The Man Company and Brillare together witnessed robust growth of 86% in Q4FY24 and 59% in FY24.
- Both Modern trade and e-commerce continued to perform exceedingly well. Modern trade and e-commerce contributed 10% and 12% of sales, respectively in Q4FY24.

Important Data

Nifty	22,531
Sensex	73,961
CMP	₹624
Market Cap (₹ crs)	₹27,206
52W High/Low	645/371
Shares o/s (crs)	43.6
BSE Code	531162
NSE Code	EMAMILTD
Bloomberg Code	HMN:IN

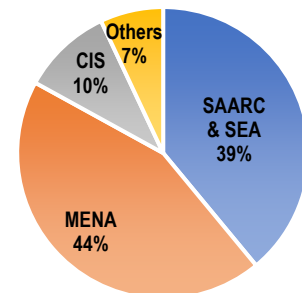
Shareholding Pattern (%) – Mar'24

Promoter	54.84
FII	13.46
DII	22.06
Public & Others	09.63

Financials

Particulars	(₹ cr)		
	FY22	FY23	FY24
Revenues	3,187	3,406	3,578
YoY Growth	11%	7%	5%
EBITDA	938	855	946
EBITDA Margin	29%	25%	26%
PAT	837	627	724
PAT Margin	26%	18%	20%
EPS	19	14.5	16.6
PE	32.8	43.0	37.6

Source: Company, Way2Wealth

FY24 Cluster wise Contribution


Source: Company, Way2Wealth

Relative performance

Absolute Return (%)	1Yr	3Yr	5Yr
Emami	58%	16%	83%
Nifty	25%	48%	96%
Sensex	21%	46%	92%

Source: Company, Way2Wealth Research

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- Through Project Khoj the company has added 20,000 towns in rural since FY21 taking the tally to 52,000+ rural towns with around 75K rural outlets.
- Promoter pledge is at ~12% in Q4FY24 and the promoters are committed to bringing it down further to single digits.
- The company aims for double digit revenue growth with premiumisation of portfolio and improved margins.

Segmental Performance

Particulars	Q4FY24	FY24
Products	Sales Growth	
BoroPlus Range	33%	-3%
Pain Management Range	9%	6%
Kesh King Range	-9%	-6%
Navratna & Dermacool Range	1%	+1%
Male Grooming Range	-2%	-3%
Healthcare Range	10%	5%

Source: Company, Way2Wealth Research

Risk

- Deficient rainfall.
- Inflationary raw material prices.

VIEW

The company remains optimistic about future growth, supported by a favorable economic landscape, a positive trend in inflation, anticipated rural market recovery, government initiatives, and promising macroeconomic factors, all contributing to a confident outlook for sustained positive performance. The management has guided double digit revenue growth and gross margins are likely to be sustained given the benign raw material prices.

The company remains committed to growing through various initiatives like newer launches, expanded reach, and increased digital presence through e-commerce channels.

The stock has moved up by ~23% from our Quick Insight note as per our expectations. Investors can consider it an opportunity to book profits at the current valuation. We thus recommend investors to BOOK PROFIT. However, with the industry uptrend and strong brand positioning, Emami Ltd is on course to deliver better earnings, going ahead. **Investors with a risk appetite can stay invested for the long term.**

Consolidated Financials

(₹ Cr)

Particulars	Q4FY24	Q4FY23	VAR	Q3FY24	VAR	FY24	FY23	VAR
Net Sales	891.2	836.0	6.6%	996.3	-10.5%	3,578.1	3,405.7	5.1%
Other Income	10.7	13.8	-22.2%	16.7	-35.9%	46.8	68.9	-32.1%
TOTAL INCOME	901.9	849.7	6.1%	1,013.0	-11.0%	3,624.9	3,474.6	4.3%
Raw Material Consumed	187.3	184.5	1.5%	202.9	-7.7%	768.8	824.8	-6.8%
Purchase of stock in trade	128.2	136.4	-6.0%	89.9	42.6%	407.2	339.7	19.9%
Stock Adjustment	(10.6)	(13.0)	-18.6%	18.4	-157.5%	(15.5)	36.7	-142.4%
<i>RMC as a %age of sales</i>	<i>34%</i>	<i>37%</i>		<i>31%</i>		<i>32%</i>	<i>35%</i>	
Employee Expenses	90.5	92.1	-1.7%	102.1	-11.4%	395.6	367.8	7.6%
<i>EPC as a %age of sales</i>	<i>10.0%</i>	<i>10.8%</i>		<i>10.1%</i>		<i>10.9%</i>	<i>10.6%</i>	
Advertisement & Publicity	180.2	129.7	39.0%	165.7	8.7%	652.2	560.7	16.3%
<i>Advertisement as a %age of sales</i>	<i>20.2%</i>	<i>15.5%</i>		<i>16.6%</i>		<i>18.2%</i>	<i>16.5%</i>	
Other Expenses	104.6	106.2	-1.5%	102.4	2.1%	420.2	413.2	1.7%
<i>Other Expenses as a %age of sales</i>	<i>11.6%</i>	<i>12.5%</i>		<i>10.1%</i>		<i>11.6%</i>	<i>11.9%</i>	
TOTAL EXPENDITURE	680.3	635.9	7.0%	681.4	-0.2%	2,628.5	2,542.7	3.4%
EBIDTA	211.0	200.0	5.5%	314.9	-33.0%	949.6	863.0	10.0%
EBITDA Margins %	23.7%	23.9%	-0.3%	31.6%		26.5%	25.3%	1.2%
Interest	2.9	1.4	110.2%	2.7	6.3%	10.0	7.4	35.0%
PBDT	218.8	212.4	3.0%	328.9	-33.5%	986.4	924.5	6.7%
Depreciation	48.0	64.0	-25.0%	45.8	4.8%	185.9	247.3	-24.8%
Minority Interest Before NP			#DIV/0!	(1.0)	-100.0%	(1.0)	(0.6)	66.1%
PBT before share of associates & Exceptional Item	170.8	148.5	15.1%	282.0	-39.4%	799.5	676.7	18.1%
Share of (Loss) of associates	(1.6)	(0.4)				(2.7)	(6.9)	
Exceptional items			-	5.9	-100.0%	5.9	0.0	-
PBT	169.2	148.1	14.3%	276.1	-38.7%	790.9	669.8	18.1%
Tax	22.5	6.3	259.7%	15.6	44.3%	66.8	42.1	58.5%
<i>Tax Rate</i>	<i>13.2%</i>	<i>4.2%</i>		<i>5.5%</i>		<i>8.4%</i>	<i>6.2%</i>	
Reported Profit After Tax	146.8	141.9	3.5%	260.6	-43.7%	724.1	627.6	15.4%
Net Profit after Minority Interest & P/L Asso.Co.	146.8	141.9	3.5%	260.6	-43.7%	724.1	627.6	15.4%
PATM %	16.5%	17.0%	-0.5%	26.2%		20.2%	18.4%	1.8%
Adjusted Profit After Extra-ordinary item	146.8	141.9	3.5%	260.6	-43.7%	724.1	627.6	15.4%
Other Comprehensive Income	(3.7)	(30.4)		(12.0)		0.2	(54.4)	
Total Comprehensive Income	143.1	111.4	28.4%	248.6	-42.4%	724.3	573.3	26.3%
EPS	3.30	3.19	3.5%	5.86		16.29	14.12	15.4%
Equity	44.5	44.5		44.5		44.5	44.5	
Face Value	1.0	1.0		1.0		1.0	1.0	

Source: Company, Way2Wealth

EMAMI LTD. – Coverage

Date	Quarter / Report	Report Price	Target Price	Recommendation
04-Jan-22	Quick Insight	521	620-640	Accumulate on Dips
09-Feb-22	Q3FY22	499		Add on Corrections
18-May-22	Q4FY22	437		Buy on corrections
01-Aug-22	Q1FY23	460		Add on Corrections
23-Nov-22	Q2FY23	433.55		Add on Corrections
08-Feb-23	Q3FY23	413		Add on Corrections
31-May-23	Q4FY23	400		Accumulate
16-Aug-23	Q1FY24	517		Accumulate
10-Nov-23	Q2FY24	519		Accumulate
13-Feb-24	Q3FY24	483		Accumulate

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Disclosure of Interest Statement : Emami Ltd. as on 03 June 2024

Name of the Security	Emami Ltd.
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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Broking relationship with company covered	NIL
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