



Date	Coverage	Report Price (₹)	Buy Range (₹)	Target Price (₹)
05-Dec-24	Quick Insight	635.0	620 – 640	779 – 790

Q3FY25 Highlights

- Consolidated Revenues grew by 5% YoY to ₹1050crs driven by strong growth in Boro plus and the healthcare range.
- Core domestic net sales grew by 9% YoY driven by 6% YoY volume growth. Domestic net sales with strategic investment in Helios and Brillare grew 7% YoY with 4% volume growth. International business declined 2% YoY in constant currency terms.
- Gross margin expanded by 150bps to 70.3% led by lower packaging cost, price hike and strong growth in Boro plus range (high margin product) and EBITDA grew 8% YoY in Q3FY25 to ₹339crs led by operating efficiency and flat raw material cost. PBT and PAT margin improved by 100bps and 70bps respectively. Reported PAT grew by 7% YoY to ₹279crs.
- Urban demand faced headwinds, influenced by rising food inflation and liquidity constraints in retail and wholesale trade channels. Conversely, rural demand showcased resilience, buoyed by the favourable monsoon conditions and a robust harvest, providing a silver lining amidst market uncertainties. However, the delayed onset of winter impacted seasonal categories, adding another layer of complexity to an already dynamic market environment.

Concall Highlights

- Despite these macroeconomic headwinds, the company reported a robust growth of 9% in its core domestic business, driven by a healthy volume growth of 6% in Q3FY25.
- **Gross Margin** – Gross margin expanded by 150bps to 70.3% led by lower packaging cost, price hike (~1.5%) across format, realization improvement and strong growth in Boroplus range (high margin product). EBITDA and PAT margin expanded by 70/40bps to 32.3/26.6% respectively in Q3FY25.
- **Ad spending** – Management remains buoyant behind its brands looking at long-term potential and rural recovery. The company continues to invest aggressively in brands. A&P spend increased by 6% YoY to ₹176crs and as a percentage of revenue it stood at 16.7% vs 16.6% Q3FY24.
- **New Products/Campaign** – Emami has launched a new TVC for BoroPlus Antiseptic Cream for Bengal region in Q3FY25 along with new launches under Dermicool in 9MFY25 like Dermicool Her Talc, Dermicool Soap, DermiCool Sweat Reliever Super Active Talc, DermiCool Icy Cool Shower Gel.
- A key milestone this month was the rebranding of Fair and Handsome to Smart and Handsome, marking a significant evolution in the brand's identity. This refreshed positioning reflects a broader focus on male grooming, offering effective solutions for face, body, and hair care to address the diverse needs of today's dynamic young men. Management is focusing on face wash along with a robust NPD Pipeline across male grooming segment in next three years.
- Additionally, the launch of Mentho Plus Balm Total in the southern region in Dec'24 has expanded the company's offerings in the pain management segment, leveraging the trusted equity of Mentho Plus Balm. Bobby Deol roped in to endorse Zandu Fast Relief.

Important Data

Nifty	23,163
Sensex	76,533

Key Stock Data

CMP	₹572
Market Cap (₹ crs)	₹24,968
52W High/Low	₹859//418
Shares o/s (crs)	43.65
BSE Code	531162
NSE Code	EMAMILTD
Bloomberg Code	HMN:IN

Shareholding Pattern (%) – Dec'24

Promoter	54.8
DII's	35.8
FII's	09.4

Financials

Particulars	(₹ Cr)		
	FY22	FY23	FY24
Revenue	3192	3406	3578
EBITDA	938	855	946
EBITDA Margin (%)	29.4	25.1	26.4
Net Profit	837	627	724
PAT Margin	26.2	18.4	20.2
EPS (₹)	19.02	14.5	16.6
RoE (%)	40.3	27.2	29.6
RoCE (%)	31	28	32
P/E (x)	30.1	39.4	34.4

Source: Company Data, Way2Wealth

Relative Performance

Absolute Return (%)	1Yr	3Yr	5Yr
EMAMI	14	14	91
Nifty50	7	33	100
Sensex	7	31	93

Source: Company, Way2Wealth

Ashwini Sonawane

ashwinisonawane@way2wealth.com

91-22-4019 2913

- Modern trade, e-commerce, Institutional sales continued to perform exceedingly well, to post a growth of 13% YoY. In Q3FY25, the contribution of Modern Trade and e-commerce channel increased to 28.6% of domestic revenues against 11.3% in Q2FY22.
- **Digital Brand** – HE and Brillare declined by 13% YoY in Q3 due to challenging market with huge investments and discounts by peers. However, management is planning to invest judiciously in branding to come back to sustainable profitable growth in the next 2 quarters.
- International Business declined by 2% during the quarter due to underperformance in Russia. Product expansion in East Africa continued, and the MENA (Middle East/North Africa) region saw a satisfactory performance. A revival is expected from Q4 onwards in international businesses.
- Management is hopeful about good results in Q4 (better than Q3). January month also seen good traction in Boro plus range and the Healthcare range.
- A price increase in the 1.5-2% range is expected in Q4FY25, and growth will largely be volume-led, going forward.

Segment Performance

	Q3FY25	Q3FY25	Q2FY25	Q1FY25
Domestic Volume		6%	1.7%	8.7%
Domestic Sales		9%	2.6%	10%
% of sales		85%	82%	85%
International Sales		-2%	6%	11%
% of sales		15%	18%	15%

Brand wise Performance

Products	Sales Growth	
	Q3FY25	9MFY25
BoroPlus Range	20%+	13%+
Pain Management Range	3%+	1%+
Kesh King Range	-10%	-12%
Navratna Range	3%+	18%+
Male Grooming Range	-4%	-7%
Healthcare Range	13%+	12%+

- Despite the challenges posed by delayed and mild winters, key brands such as the Healthcare range and BoroPlus range delivered strong growth of 13% & 20% YoY respectively in Q3FY25. Meanwhile, Navratna and the Pain Management portfolio showcased remarkable resilience, achieving growth in the low single digits. Management expect momentum to continue in Q4FY25 as well.
- Keshking which focuses on ayurvedic hair products declined 10% YoY in Q3FY25. Overall oil category is witnessing pressure. BCG is evaluating various strategies and brand should revive in next 1-2 quarters.

Risk

- Slowdown in the economy
- Inflationary raw material prices

View

The company posted 9% growth in core domestic business, driven by a healthy 6% increase in volume in Q3FY25. Emami's strategic focus on execution to capture rural growth recovery along with robust growth in Boro plus and Healthcare range has helped post high single digit volume growth in domestic business despite pressure in discretionary categories (male-grooming and Kesh King), and negative growth in international business and in digital brands.

Going ahead, management is optimistic about delivering sustainable growth on account of good monsoon, price hikes, and a favorable season for winter products. Further, it has a strong presence in the niche personal care categories, with low penetration.

The company remains committed to grow through various initiatives like newer launches, expanded reach and increased digital presence through e-commerce channels despite high inflationary environment and urban slowdown.

The company is currently trading at a P/E multiple of 31.4 TTM EPS of ₹18.2. The Emami stock has corrected by around 33% from its 52-week high and investors can use this opportunity to add this stock.

Quarterly Performance

(₹ Crs)

Particulars	Q3FY25	Q3FY24	VAR	Q2FY25	VAR	9MFY25	9MFY24	VAR
Net Sales	1,049.5	996.3	5.3%	890.6	17.8%	2,846.1	2,686.9	5.9%
Other Income	14.9	16.7	-10.7%	21.6	-30.8%	47.0	36.1	30.1%
TOTAL INCOME	1,064.4	1,013.0	5.1%	912.2	16.7%	2,893.1	2,723.0	6.2%
Raw Material Consumed	214.7	202.9	5.8%	207.4	3.5%	562.0	581.6	-3.4%
Purchase of stock in trade	86.8	89.9	-3.5%	99.4	-12.6%	300.1	279.0	7.6%
Stock Adjustment	10.3	18.4	-43.8%	(45.7)	-122.5%	3.7	(5.0)	-174.9%
<i>RMC as a %age of sales</i>	<i>30%</i>	<i>31%</i>		<i>29%</i>		<i>30%</i>	<i>32%</i>	
Employee Expenses	112.5	102.1	10.2%	112.9	-0.4%	336.4	305.2	10.2%
<i>EPC as a %age of sales</i>	<i>10.6%</i>	<i>10.1%</i>		<i>12.4%</i>		<i>11.6%</i>	<i>11.2%</i>	
Advertisement & Publicity	175.7	165.7	6.0%	145.7	20.6%	505.1	472.0	7.0%
<i>Advertisement as a %age of sales</i>	<i>16.7%</i>	<i>16.6%</i>		<i>16.4%</i>		<i>17.7%</i>	<i>17.6%</i>	
Other Expenses	110.8	102.4	8.2%	120.5	-8.1%	333.1	315.6	5.6%
<i>Other Expenses as a %age of sales</i>	<i>10.4%</i>	<i>10.1%</i>		<i>13.2%</i>		<i>11.5%</i>	<i>11.6%</i>	
TOTAL EXPENDITURE	710.8	681.5	4.3%	640.1	11.0%	2,040.5	1,948.3	4.7%
EBIDTA	338.7	314.9	7.6%	250.5	35.2%	805.7	738.6	9.1%
<i>EBITDA Margins %</i>	<i>32.3%</i>	<i>31.6%</i>	<i>0.7%</i>	<i>28.1%</i>		<i>28.3%</i>	<i>27.5%</i>	<i>0.8%</i>
Interest	2.2	2.7	-19.9%	2.3	-6.9%	6.6	7.1	-7.6%
PBDT	351.5	328.9	6.9%	269.7	30.3%	846.1	767.6	10.2%
Depreciation	45.6	45.8	-0.5%	44.7	2.1%	134.7	137.9	-2.3%
PBT before share of associates & Exceptional Item	305.85	283.06	8.1%	225.05	35.9%	711.38	629.65	13.0%
Share of (Loss) of associates	(4.5)	(1.0)		(4.6)		(11.2)	(2.2)	
Exceptional items		5.9				0.0	5.9	
PBT	301.4	276.1	9.1%	220.4	36.7%	700.2	621.6	12.6%
Tax	22.4	15.5	44.5%	9.4	137.0%	59.6	44.2	34.8%
<i>Tax Rate</i>	<i>7.3%</i>	<i>5.5%</i>		<i>4.2%</i>		<i>8.4%</i>	<i>7.0%</i>	
Reported Profit After Tax	279.0	260.7	7.0%	211.0	32.2%	640.6	577.4	10.9%
<i>PATM %</i>	<i>26.6%</i>	<i>26.2%</i>	<i>0.4%</i>	<i>23.7%</i>		<i>22.5%</i>	<i>21.5%</i>	<i>1.0%</i>
Other Comprehensive Income	(4.1)	(12.0)		(3.2)		(8.3)	3.8	
Total Comprehensive Income	274.8	248.7	10.5%	207.8	32.2%	632.2	581.2	8.8%
EPS	6.28	5.86	7.0%	4.75		14.41	12.99	10.9%
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

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Disclosure of Interest Statement Emami Ltd (EMAMILTD) as on 30th January 2025

Name of the Security	Emami Ltd (EMAMILTD)
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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