

### 3R MATRIX

	+	=	-
Right Sector (RS)	✓	✓	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗

+ Positive = Neutral - Negative

### What has changed in 3R MATRIX

	Old		New
RS	✗	↔	✗
RQ	✓	↔	✓
RV	✓	↔	✓

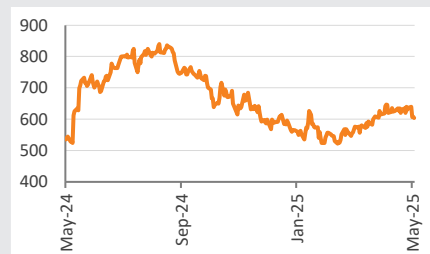
### Company details

Market cap:	Rs. 26,356 cr
52-week high/low:	Rs. 859 / 467
NSE volume: (No of shares)	6.0 lakh
BSE code:	531162
NSE code:	EMAMILTD
Free float: (No of shares)	19.7 cr

### Shareholding (%)

Promoters	54.8
FII	12.6
DII	23.7
Others	8.9

### Price chart



Source: NSE India, Mirae Asset Sharekhan Research

### Price performance

(%)	1m	3m	6m	12m
Absolute	-5.9	8.5	-5.5	12.9
Relative to Sensex	-7.6	1.0	-7.8	3.8

Source: Mirae Asset Sharekhan Research, Bloomberg

## Emami Ltd

### Steady Q4

Consumer Goods	Sharekhan code: EMAMILTD		
Reco/View: Buy	↔	CMP: Rs. 604	Price Target: Rs. 745 ↑
↑ Upgrade	↔ Maintain	↓ Downgrade	

### Summary

- Emami's consolidated revenue and adjusted PAT grew by 8% and 9% y-o-y, respectively in Q4FY25. OPM at 22.8%, declined by ~90 bps y-o-y.
- Emami forayed into the brightening cream category with the launch of 'Emami Pure Glow' in Q4. It is currently available in select markets across South, West, and North India and will be scaled up gradually.
- Company has guided for mid-single-digit growth in Q1FY26 led by a gradual recovery in demand, Emami's efforts to expand distribution reach, continued new product launches, and marketing initiatives. Benign input costs and operational efficiencies will support margins.
- Stock trades at 27x/24x its FY26E/FY27E EPS, respectively. We maintain a Buy with a revised PT of Rs. 745.

Emami's Q4FY25 performance was steady with consolidated revenues growing by 8.1% y-o-y to Rs. 963 crore, OPM declining 89 bps y-o-y to 22.8% and adjusted PAT rising by 9.2% y-o-y to Rs. 179 crore. Core domestic business (ex-D2C portfolio) grew 11% y-o-y, led by volume growth of 7%. Boroplus range grew by 27% y-o-y, the Navratna & Dermicool product ranges grew 16% y-o-y, healthcare segment grew by 13% y-o-y, male grooming rose 7% y-o-y, while pain management segment reported a 1% y-o-y growth and Kesh King fell by 1% y-o-y. International business reported 6% y-o-y growth (5% growth in CC terms). In FY25, revenue grew by 6.5% y-o-y (domestic volume growth at 4%) to Rs. 3,809 crore, OPM rose 37 bps y-o-y to 26.9% and adjusted PAT grew by 10.2% y-o-y to Rs. 885 crore. The board has declared the third interim dividend of Rs. 2 per share for FY25.

### Key positives

- BoroPlus and Navratna & Dermicool range posted 27% and 16% y-o-y growth, respectively.
- International business grew 5% (in CC terms)/6% (rupee terms) in Q4FY25 despite geopolitical volatility across Bangladesh, the Middle East and parts of Africa.

### Key negatives

- Kesh King declined by 1% y-o-y.

### Management Commentary

- While rural markets continued to perform well, mass urban demand remained subdued. Emami expects a gradual pick-up in consumption. For Q1FY26, summer has been slightly impacted by the sudden rainfalls, with the southern and eastern regions more impacted for Emami. Particularly, Dermicool offtake was hit in April 2025.
- Organized trade channels comprising modern trade, e-Commerce, and Institutional sales grew by 13% y-o-y, outpacing overall domestic growth. Their salience expanded by 140 bps y-o-y to 27.6% of domestic revenues in FY25.
- Emami rebranded its flagship product Fair and Handsome, to Smart and Handsome in Jan-25, reflecting a strategic shift toward a more inclusive and contemporary positioning in the male grooming category.
- Man Company's sales stood at Rs. 150 crore, while Brillare's sales came in at Rs. 50 crore in FY25. Management expects strong double-digit sales growth from these businesses in FY26.
- Management expects 2-3% price hikes in FY26.
- Emami launched over 25 new products in domestic business, including 11 new launches in Zanducare in FY25.
- Strategic subsidiaries saw revenue declining by 5% y-o-y in FY25. The Man Company's business was hurt by a management transition and leadership change. Emami is driving cost optimization measures to improve gross margins and focuses on a secondary approach in B2B businesses.

**Revision in earnings estimates** – We have broadly maintained our estimates for FY26 and FY27 and will keenly monitor the performance in coming quarters.

### Our Call

**View – Retain Buy with a revised PT of Rs. 745:** In FY25, Emami posted high single-digit revenue growth in core categories led by mid-single-digit volume growth. The company has a strong brand portfolio and its sustained focus on product launches, distribution expansion, scale-up of emerging channels, strong pipeline of D2C brands, growth in international business, and better penetration will help improve growth prospects in the medium term. OPM would continue to improve in the coming years. The stock trades at 27x/24x its FY26E/FY27E EPS, respectively. We maintain our Buy rating on the stock with a revised PT of Rs. 745.

### Key Risks

Emami's product portfolio is seasonal. Hence, any weather vagaries or supply disruption due to frequent lockdowns would affect performance in the near to medium term.

### Valuation (Consolidated)

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenues	3,406	3,578	3,809	4,140	4,548
OPM (%)	25.3	26.5	26.9	27.6	28.1
Adjusted PAT	747	799	873	965	1,083
% YoY growth	-0.8	6.4	10.2	10.7	12.1
Adjusted EPS (Rs.)	16.9	18.3	20.0	22.1	24.8
P/E (x)	35.5	32.8	30.0	27.2	24.2
P/B (x)	11.5	10.7	9.7	8.3	7.2
EV/EBITDA (x)	30.3	27.0	24.8	21.9	19.2
RoNW (%)	34.5	33.8	34.4	33.5	32.4
RoCE (%)	34.9	36.3	37.6	36.8	35.5

Source: Company; Mirae Asset Sharekhan estimates

## Results (Consolidated)

Particulars	Rs cr				
	Q4FY25	Q4FY24	Y-o-Y (%)	Q3FY25	Q-o-Q (%)
<b>Net revenue</b>	<b>963.1</b>	<b>891.2</b>	<b>8.1</b>	<b>1,049.5</b>	<b>-8.2</b>
Raw materials	328.4	305.0	7.7	311.8	5.3
Employee costs	110.6	90.5	22.3	112.5	-1.6
Ad promotions	188.9	180.2	4.8	175.7	7.5
Other expenses	115.7	104.6	10.6	110.8	4.4
Total expenditure	743.6	680.3	9.3	710.8	4.6
<b>Operating profit</b>	<b>219.4</b>	<b>211.0</b>	<b>4.0</b>	<b>338.7</b>	<b>-35.2</b>
Other income	21.2	10.7	97.8	14.9	41.7
Finance costs	2.8	2.9	-3.5	2.2	28.1
Depreciation	20.8	24.8	-16.3	22.3	-6.9
<b>Profit before tax</b>	<b>217.0</b>	<b>194.0</b>	<b>11.9</b>	<b>329.1</b>	<b>-34.1</b>
Tax	37.4	28.4	31.5	28.4	31.8
<b>Adjusted PAT</b>	<b>179.7</b>	<b>165.5</b>	<b>8.5</b>	<b>300.8</b>	<b>-40.3</b>
Minority interest	-0.6	-1.6	-	-4.5	-
Adjusted PAT after MI	179.1	164.0	9.2	296.3	-39.6
Extra-ordinary items	16.9	17.2	-1.8	17.3	-2.3
<b>Reported PAT</b>	<b>162.2</b>	<b>146.8</b>	<b>10.5</b>	<b>279.0</b>	<b>-41.9</b>
Adjusted EPS (Rs.)	4.1	3.8	8.5	6.9	-40.3
			<b>bps</b>		<b>bps</b>
GPM (%)	65.9	65.8	11	70.3	-439
OPM (%)	22.8	23.7	-89	32.3	-949
NPM (%)	22.5	21.8	77	31.4	-882
Tax rate (%)	17.2	14.7	256	8.6	861

Source: Company; Mirae Asset Sharekhan Research

## Category/Brand-wise performance y-o-y basis

Key brands/category	Q4FY25	FY25
Healthcare range	13	12
Pain Management range	1	1
Navratna & Dermicoool range	16	18
Kesh King range	-1	-9
Boroplus range	27	14
Male Grooming range	7	-4
Strategic subsidiaries		-5

Source: Company; Mirae Asset Sharekhan Research

## Outlook and Valuation

### ■ Sector Outlook – Volumes and margins to recover gradually

Consumer goods companies are expected to see yet another muted quarter in Q4FY25. We expect gradual uptick in volume growth on low base from Q1/Q2FY26 driven by expectations of good monsoon, moderation in urban inflation and government impetus to aid a volume recovery. With sustained input cost inflation, most companies are likely to undertake further price hikes in Q1FY26. Hence, we believe large improvement in volume growth could be seen in H2FY26 in a stable demand environment. Margins are likely to remain lower in the coming quarters and if input prices stabilise in the coming months, we might see margin expansion from H2FY26.

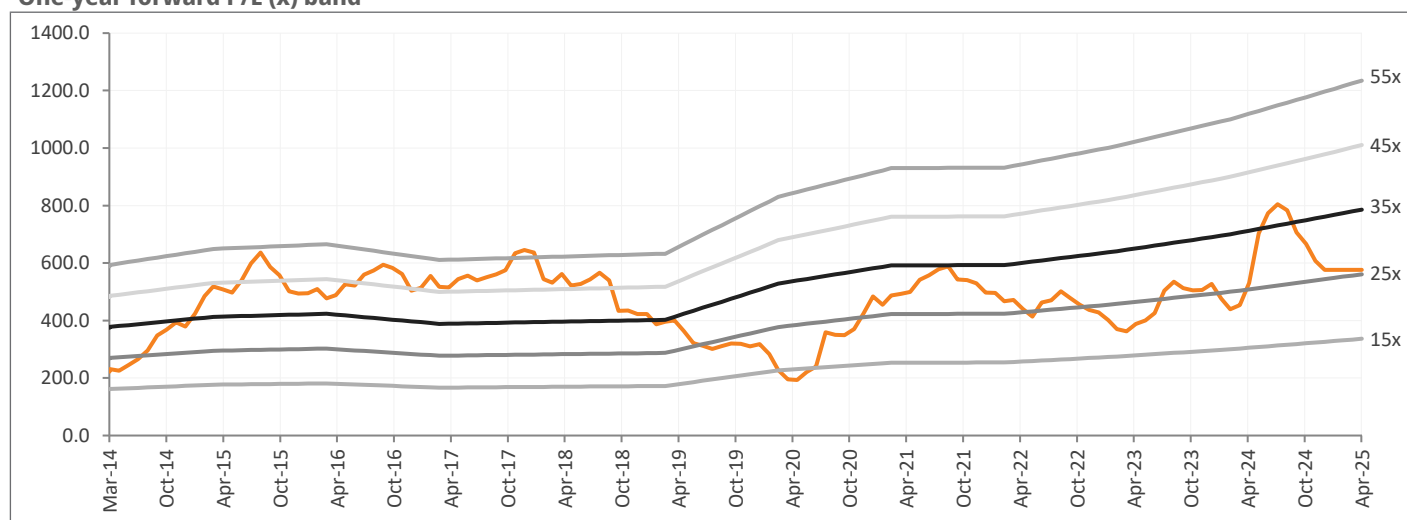
### ■ Company Outlook – Eyeing gradual recovery in FY26

Emami delivered decent performance in FY25 with consolidated y-o-y revenue growth of 6.5%, OPM rising by 37 bps y-o-y to 26.9% and adjusted PAT growing by 10.2% y-o-y. Distribution expansion, higher investment in brands, continued new product launches and recovery in rural markets will aid revenue growth in FY26, while a rise in OPM will likely be driven by expansion in gross margins due to the softening of input prices, price hikes and cost reduction initiatives. With strategies in place, we expect revenue and PAT to report a 9% and 11% CAGR, respectively, over FY25-FY27E.

### ■ Valuation – Maintain Buy with a revised PT of Rs. 745

In FY25, Emami posted high single-digit revenue growth in core categories led by mid-single-digit volume growth. The company has a strong brand portfolio and its sustained focus on product launches, distribution expansion, scale-up of emerging channels, strong pipeline of D2C brands, growth in international business, and better penetration will help improve growth prospects in the medium term. OPM would continue to improve in the coming years. The stock trades at 27x/24x its FY26E/FY27E EPS, respectively. We maintain our Buy rating on the stock with a revised PT of Rs. 745.

#### One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

#### Peer Comparison

Particulars	P/E (x)			EV/EBIDTA (x)			RoCE(%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Dabur	48.6	43.3	38.5	36.8	33.0	29.5	19.5	20.7	22.0
Marico	54.3	48.7	42.3	41.5	35.8	30.9	43.2	45.2	44.9
Emami	30.2	27.3	24.3	24.9	22.0	19.3	37.6	36.8	35.5

Source: Company; Mirae Asset Sharekhan Research

## About company

Emami is one of the leading FMCG companies that manufacture and market personal care and healthcare products. With over 550 diverse products, the company's portfolio includes brands such as Navratna, Boroplus, Fair & Handsome, Zandu Balm, Mentho Plus, and Kesh King. With the acquisition of Kesh King in 2015, the company has forayed into the ayurvedic hair and scalp care segment. Following the acquisition of Creme 21, a German brand with strong roots and brand recall in 2019, Emami went on to acquire Dermicool, one of the leading prickly heat and cool talc brands in India in 2022. Emami has a wide distribution reach in over 5.4 million retail outlets through over 3,400 distributors. The company has a strong international presence in over 70 countries, including SAARC, MENAP, SEA, Africa, Eastern Europe, and CIS countries.

## Investment theme

Emami has a strong brand portfolio, largely catering to low-penetrated categories in the domestic market. However, most of these are prone to seasonal vagaries, affecting growth in the domestic business. The company has taken various initiatives for key categories to improve its growth prospects. The company has appointed a separate sales head, international business head, and healthcare segment head recently, which gives us an indication that management is now getting its focus back on improving the growth prospects of its consumer business. The company's revenue and PAT are expected to report a 9% and 11% CAGR, respectively, over FY25-FY27E, driven by its focus on product launches, distribution expansion, scale-up of the emerging channels, a strong pipeline of D2C brands, growth in the international business, and improved penetration.

## Key Risks

- ♦ A slowdown in domestic consumption demand (especially in the rural market) would result in muted numbers for Emami in the near to medium term.
- ♦ Emami's product portfolio is prone to seasonal vagaries and, hence, remains a key risk to the category's performance.

## Additional Data

### Key management personnel

Name	Designation
R. S. Goenka	Chairman
Harsha Vardhan Agarwal	Managing Director
N. H. Bhansali	CEO-Finance, Strategy & Business Development and CFO
Ashok Purohit	Company Secretary and Compliance Officer

Source: Company Website

### Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	DSP Investment Managers Pvt Ltd	3.76
2	Kotak Mahindra AMC Ltd.	3.35
3	HDFC AMC Ltd.	3.14
4	Nippon Life India Asset Management Ltd.	3.13
5	FundRock Management Co SA	2.04
6	AVEES TRADING AND FINANCE	1.99
7	Franklin Resources Inc.	1.93
8	Vanguard Group Inc.	1.86
9	SBI Funds Management Ltd.	1.72
10	Norges Bank	1.39

Source: Bloomberg

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

## Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

**DISCLAIMER**

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts.

have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit [bit.ly/AsiamoneyPoll](https://bit.ly/AsiamoneyPoll)

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on [www.sharekhan.com](https://www.sharekhan.com)

Registered Office: The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, Maharashtra, INDIA. Tel: 022-6750 2000. Fax no. 022 2432 7343.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400708. Tel: 022 61169000 / 61150000, Fax no. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE – 748, NSE – 10733, MCX – 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-6226 3303; email id: [complianceofficer@sharekhan.com](mailto:complianceofficer@sharekhan.com)

For any complaints/ grievances, email us at [igc@sharekhan.com](mailto:igc@sharekhan.com), or you may even call the Customer Service desk on 022-41523200/ 022-61151111.