



Quick Insight Update

Q3FY22 Highlights

- Consolidated Revenues grew by 4% on a high base of 15% growth in previous year; 2 year CAGR was at 9%
- Domestic business volumes were flat, compared to the 16% growth in Dec'20
- Domestic Business grew by 3% in Q3; up 14% in 9MFY22
- International Business grew by 7% in Q3; up 4% in 9MFY22
- EBITDA posted flat growth in Q3, up 9% in 9MFY22
- PAT grew by 5% in Q3, up 31% in 9MFY22
- The company announced buyback upto 10% of Equity share capital & free reserves at a price not exceeding ₹550 per equity share and also declared 2nd interim dividend at 400% i.e. ₹4 per equity share

Concall Highlights

- Q3FY22 witnessed high inflation leading to a deceleration in consumer demand. Despite consumption moderation and notwithstanding a high base of 15% growth in corresponding quarter previous year, consolidated revenues at ₹972Cr grew by 4% YoY
- **The company** introduced sugar free offerings for Chyawanprash which has helped the company to gain market share
- **Modern trade** grew by 14% and e-commerce continued its robust run growing by 75% over previous year and contributes ~14 percent to revenues.
- **Distribution** initiatives continued to progress with additional 5800 rural towns being added in the last 9 months through Project Khoj. The company has also activated more than 26,000 additional outlets for its healthcare products by focusing on Ayurvedic bhandars and chemist outlets
- **Digital Platform** – The company continued to leverage the digital platforms with targeted campaigns and engaged various influencers to promote its brands A new TV & digital campaign for Navratna in Southern markets and a new campaign for BoroPlus Doodh Kesar Body Lotion were also launched
- **International Business** grew by 7% on a year on year basis. It however grew by 16% on a 2-year CAGR basis. Excluding sales of Immunity & Hygiene range, International Business grew by 14% led by key geographies like Bangladesh & Sri Lanka in SAARC and other regions like Africa & SEA

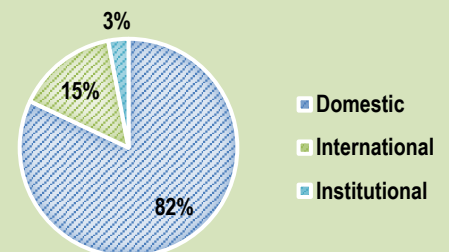
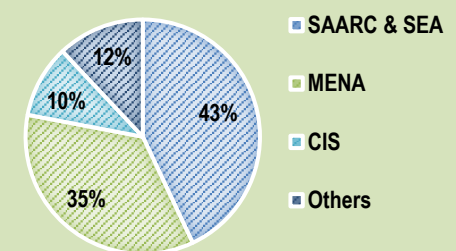
Profitability

High raw material prices impacted gross margins, which remained flat year on year (YoY). Employee cost and other expenses were down by 6% and 2%, respectively. Advertisement and publicity expenditure remained flat.

Q3FY22	₹ Cr	Growth over Q3FY21	2 Year CAGR	Q3FY22 margins	Margin Growth over Q3FY21	Margin Growth over Q3FY20
Revenues	972	4%	9%			
Gross Profit	655	0%	9%	67.40%	-300bps	-80bps
EBITDA	342	0%	14%	35.10%	-130 bps	+270 bps
PAT	220	5%	23%	22.60%	20bps	+480 bps
Cash Profit	304	0%	15%	31.30%	-120 bps	+300bps

Nifty	17,267
Sensex	57,809
Key Stock Data	
CMP	₹499
Market Cap (₹ crs)	12,168
52W High/Low	621/443
Shareholding pattern (%)	
Promoter	53.86
Institutions	38.10
Public & Others	8.14

Source: Company Data, Way2Wealth Research

Q3FY22 REVENUE MIX

CLUSTER WISE CONTRIBUTION (9MFY22)


Segmental Performance

	Q3FY22	9MFY22	
Products	Sales Growth		2 Year CAGR
BoroPlus Range	2%	8%	10%
Pain Management Range	7%	21%	10%
Kesh King Range	flat	17%	7%
Navratna Range	11%	8%	flat
Male Grooming Range	-3%	21%	1%
Healthcare Range	-6%	11%	14%

Risk

- Slowdown in the economy
- Inflationary raw material prices

View

During the quarter, the company delivered a reasonable growth despite a high base and most of brands have continued to perform well to maintain their leadership positions. Low penetration of key categories provides room for strong growth across the power brands

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

The company is currently trading at a P/E multiple of 38x TTM EPS. The Emami stock has corrected by around 20% from its 52-week high and investors can use this opportunity to add this stock on corrections.

Financials

(₹Cr)

Consolidated	Q3FY22	Q3FY21	VAR [%]	Q2FY22	VAR [%]	9MFY22	9MFY21	VAR [%]
Net Sales	971.9	933.6	4.1%	788.8	23.2%	2,421.6	2,149.8	12.6%
Other Income	16.6	9.2	81.2%	37.6	-55.8%	65.0	23.8	173.3%
TOTAL INCOME	988.5	942.8	4.8%	826.5	19.6%	2,486.6	2,173.5	14.4%
Total Expenditure			-					-
Raw Material Consumed	243.6	218.1	11.7%	247.9	-1.8%	675.4	518.3	30.3%
Purchase of stock in trade	48.0	50.9	-5.7%	27.5	74.3%	118.9	144.8	-17.9%
Stock Adjustment	25.4	7.6	236.8%	(29.1)	-187.4%	(6.3)	(6.7)	-6.0%
<i>RMC as a %age of sales</i>	<i>0.3</i>	<i>0.3</i>		<i>0.3</i>		<i>0.3</i>	<i>0.3</i>	
Employee Expenses	72.4	76.7	-5.7%	82.1	-11.8%	238.9	233.2	2.4%
<i>EPC as a %age of sales</i>	<i>7.3%</i>	<i>8.1%</i>		<i>9.9%</i>		<i>9.6%</i>	<i>10.7%</i>	
Advertisement & Publicity	158.3	155.4	1.9%	105.3	50.3%	373.4	323.2	15.6%
<i>Advertisement as a %age of sales</i>	<i>16.3%</i>	<i>16.6%</i>		<i>13.4%</i>		<i>15.4%</i>	<i>15.0%</i>	
Other Expenses	82.7	84.8	-2.4%	77.9	6.2%	232.9	216.7	7.5%
<i>Other Expenses as a %age of sales</i>	<i>8.4%</i>	<i>9.0%</i>		<i>9.4%</i>		<i>9.4%</i>	<i>10.0%</i>	
TOTAL EXPENDITURE	630.3	593.4	6.2%	511.7	23.2%	1,633.2	1,429.5	14.2%
EBIDTA	341.5	340.2	0.4%	277.2	23.2%	788.4	720.3	9.5%
<i>EBITDA Margins %</i>	<i>34.6%</i>	<i>36.1%</i>		<i>33.5%</i>		<i>31.7%</i>	<i>33.1%</i>	
Interest	1.8	1.4	28.6%	0.8	130.8%	3.2	8.6	-62.5%
PBDT	356.4	348.0	2.4%	314.0	13.5%	850.2	735.5	15.6%
Depreciation	84.4	94.4	-10.5%	83.9	0.7%	251.3	284.0	-11.5%
Minority Interest Before NP			-		-	0.0	0.0	-
PBT before share of associates & Exceptional Item	271.9	253.6	7.2%	230.1	18.2%	598.9	451.5	32.6%
Share of (Loss) of associates	3.3	0.9		3.8		8.7	2.8	
Exceptional items			-	0.0	-	0.0	0.0	-
PBT	268.6	252.7	6.3%	226.3	18.7%	590.2	448.6	31.6%
Tax	49.2	45.3	8.5%	41.1	19.7%	107.7	83.2	29.4%
Deferred Tax	(0.1)	(1.5)	-96.1%	(0.0)	200.0%	(0.1)	(1.5)	-96.1%
<i>Tax Rate</i>	<i>18.1%</i>	<i>17.3%</i>		<i>17.8%</i>		<i>18.0%</i>	<i>18.1%</i>	
Reported Profit After Tax	219.6	208.9	5.1%	185.3	18.5%	482.6	367.0	31.5%
Minority Interest After NP	0.5	0.0	-	0.0	-	0.5	0.0	-
Net Profit after Minority Interest & P/L Asso.Co.	219.1	208.9	4.9%	185.3	18.3%	482.1	367.0	31.4%
PATM %	22.2%	22.2%		22.4%		19.4%	16.9%	
Other Comprehensive Income	(26.7)	28.7		7.2		7.5	46.0	
Total Comprehensive Income	192.4	237.6	-19.0%	192.4	0.0%	489.7	413.0	18.6%
Basic:								
EPS	4.93	4.70	4.9%	4.17		10.85	8.26	31.4%
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 Data, Way2Wealth Research

9th February 2022**Disclaimer**

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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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