



Q3FY24 Highlights

- Consolidated revenues grew to ₹996crs by 1.3% YoY. Domestic sales growth was flat with domestic winter contextual products growth declining to 9% YoY. Disrupted winter, weak rural demand and continued inflationary woes impacted the winter and discretionary offtakes. International business continued to grow by 11%YoY on the back of good performance across MENAP region.
- Gross margin expanded 290bps to 68.8% YoY in light of reduced input costs. EBITDA grew 7% in Q3FY24 to ₹315crs. EBITDA margin expanded 170bps to 31.6% YoY. Reported PAT grew ~12% to ₹261crs with PAT margin at 26.2% (+240bps).
- For 9MFY24, consolidated revenue grew 5% YoY to ₹2687crs. EBITDA grew 11% YoY to ₹739crs with 170bps margin expansion.

Concall Highlights

- Emami reported 5% YoY growth in non-winter portfolio, while winter portfolio was impacted by delayed winter. The quarter witnessed subdued demand trends particularly in rural markets. Moreover, the period was characterized by the late onset of winter, negatively impacting the demand for winter contextual products. Despite these challenges, the company navigated the dynamic business environment, demonstrating resilience and achieving profit-led growth during Q3FY24.
- During the quarter, the company launched Zandu Agni Balm - a stronger multi-purpose balm to counter regional competition and gain share for overall balm portfolio. The company also launched 5 digital first launches during the quarter on its D2C portal Zanducare - Zandu Mahabhringraj Tel, Zandu Shilajitprash, Zandu Livital - Ayurvedic Liver Syrup & Tablets and Zandu Dantveer Ayurvedic Toothpaste. In the International markets, the company launched Creme21 Pure Glycerin Oil and 7 Oils in One Double Conditioning Shampoo range.
- Gross margins improved YoY on the back of benign raw material prices. The EBITDA increased 7% YoY on the back of higher gross profits and lower other expenses, while brand-building expenses continued. The percentage of advertisement-to-sales revenue stood at 16.6% in Q3FY24 compared 15.6% in Q3FY23.
- The Man Company and Brillare witnessed robust growth of 80% & 112% in Q3FY24 & in 9MFY24 on the back of good traction in E-commerce channel.
- The company remains optimistic about future growth, supported by a favourable 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.
- Both Modern trade and e-commerce continued to perform exceedingly well. Modern trade and e-commerce registered 10% and 15% y-o-y growth, respectively.
- Distribution initiatives continued to progress with additional 31000 chemist in FY23 taking the total to 130000. Through Project Khoj the company have reached 60,000 towns and focusing on building scale at existing outlets.
- The international business delivered CC y-o-y growth of 11% led by good growth in MINAP region. General elections in Bangladesh saw political disturbances and then crisis around the Red Sea affected the movement of its goods.
- Promoter pledge is at ~12% in Q3FY24 and the promoters are committed to bringing it down further to single digit.

Important Data

Nifty	21,616
Sensex	71,072
CMP	₹483
Market Cap (₹ crs)	₹21,474.46
52W High/Low	589/341
Shares o/s (crs)	43.6
BSE Code	531162
NSE Code	EMAMILTD
Bloomberg Code	HMN:IN

Shareholding Pattern (%) – Dec'23

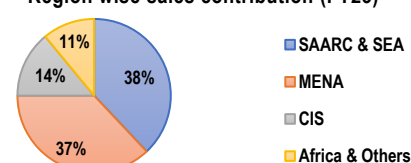
Promoter	54.84
FII	12.86
DII	23.94
Public & Others	08.35

Financials

Particulars	FY21	FY22	FY23
Revenues	2,881	3,187	3,406
YoY Growth	9%	11%	7%
EBITDA	880	938	855
EBITDA Margin	31%	29%	25%
PAT	455	837	627
PAT Margin	16%	26%	18%
EPS	10.2	19.0	14.5
PE	47.3	25.4	33.3

Source: Company, Way2Wealth

International Business Region wise sales contribution (FY23)



Source: Company, Way2Wealth

Relative performance

Return (%)	1Yr	3Yr	5Yr
Emami	21	2	34
Nifty 50	22	42	103
Sensex	18	37	99

Source: Company, Way2Wealth Research

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- The company aims at 6-8% volume growth with premiumisation of portfolio and improve margins. The management expects EBITDA margins to improve in the range of ~27% vs 25% in FY23 if raw material prices soften further.
- Kesh King Oil continued to maintain leadership position at 29.4% in the Ayurvedic Medicinal Oil category (MAT Dec'23). Men's Facewash increased market share by 40 bps at 6.5% (MAT Dec'23). Sales of immunity range impacted due to delayed winter; Ex Immunity range sales grew by 3% in Q3FY24.

Segmental Performance

Products	Q3FY24	9MFY24
Sales Growth		
BoroPlus Range	-9%	-6%
Pain Management Range	+3%	+5%
Kesh King Range	-13%	-6%
Navratna & Dermacool Range	7%	+1%
Male Grooming Range	-6%	-4%
Healthcare Range	Flat	+4%

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 for a volume growth in the range of 6-8% and a price growth of 2-3% for FY25. Gross margins are likely to sustain given the benign raw material prices.

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

The company is currently trading at a P/E multiple of 10.8x TTM EPS of ₹45.3. We advise investors to accumulate this business.

Consolidated Financials

(₹ Cr)

Particulars	Q3FY24	Q3FY24	VAR	Q2FY24	VAR	9MFY24	9MFY23	VAR
Net Sales	996.3	982.7	1.4%	864.9	15.2%	2,686.9	2,569.8	4.6%
Other Income	16.7	6.9	143.4%	11.1	50.3%	36.1	55.2	-34.6%
TOTAL INCOME	1,013.0	989.6	2.4%	876.0	15.6%	2,723.0	2,624.9	3.7%
Total Expenditure			-					-
Raw Material Consumed	202.9	240.5	-15.6%	214.7	-5.5%	581.6	640.3	-9.2%
Purchase of stock in trade	89.9	55.8	61.3%	90.5	-0.7%	279.0	203.3	37.2%
Stock Adjustment	18.4	39.3	-53.3%	(46.5)	-139.5%	(5.0)	49.6	-110.0%
RMC as a %age of sales	31%	34%		30%		32%	35%	
Employee Expenses	102.1	93.4	9.3%	101.7	0.4%	305.2	275.7	10.7%
EPC as a %age of sales	10.1%	9.4%		11.6%		11.2%	10.5%	
Advertisement & Publicity	165.7	153.3	8.1%	154.4	7.3%	472.0	431.0	9.5%
Advertisement as a %age of sales	16.6%	15.6%		17.9%		17.6%	16.8%	
Other Expenses	102.4	106.3	-3.6%	116.3	-12.0%	315.6	306.9	2.8%
Other Expenses as a %age of sales	10.1%	10.7%		13.3%		11.6%	11.7%	
TOTAL EXPENDITURE	681.4	688.5	-1.0%	631.2	8.0%	1,948.3	1,906.8	2.2%
EBIDTA	314.9	294.3	7.0%	233.7	34.8%	738.6	663.0	11.4%
EBITDA Margins %	31.6%	29.9%		27.0%		27.5%	25.8%	
Interest	2.7	1.8	53.1%	2.3	20.4%	7.1	6.0	17.9%
PBDT	328.9	299.3	9.9%	242.5	35.6%	767.6	712.1	7.8%
Depreciation	45.8	47.2	-3.0%	46.1	-0.6%	137.9	183.3	-24.8%
Minority Interest Before NP	(1.0)	(0.6)	66.1%		-	(1.0)	(0.6)	66.1%
PBT before share of associates & Exceptional Item	282.0	251.5	12.2%	196.4	43.6%	630.7	529.5	19.1%
Share of (Loss) of associates				(0.6)		(1.1)	(6.5)	
Exceptional items	5.9		-		-	5.9	0.0	-
PBT	276.1	251.5	9.8%	195.8	41.0%	623.7	522.9	19.3%
Tax	15.6	18.5	-15.8%	15.8	-1.6%	44.3	35.9	23.5%
Tax Rate	5.5%	7.4%		8.1%		7.0%	6.8%	
Reported Profit After Tax	260.6	233.0	11.8%	180.0	44.8%	579.4	487.0	19.0%
PATM %	26.2%	23.7%		20.8%		21.6%	19.0%	
Other Comprehensive Income	(12.0)	(21.9)		11.2		3.8	(24.0)	
Total Comprehensive Income	248.6	211.0	17.8%	191.2	30.1%	583.2	463.1	25.9%
Basic:								
EPS	5.86	5.24	11.8%	4.05		13.03	10.96	19.0%
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

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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
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Receipt of Compensation	No
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