



Q1FY26 Highlights

- Despite the macro headwinds, the company maintained a stable topline performance. Revenues remained broadly flat on a year-on-year basis, with a 2-year CAGR of 5% to ₹904crs
- Gross margins expanded by 170bps to 69.4%. Normally, pain management has a higher margin compared to the talc, so it is due to the mix that the margins have gone up. EBITDA stood at ₹214crs, a marginal decline of just 1%, with a 20bps contraction in margins, primarily attributable to flat top line. Reported PAT grew 9% YoY to ₹164crs.
- Management remains confident on the margin front and does not anticipate any significant input cost pressures in the near term.
- We believe the macro environment will gradually improve supported by a buoyant monsoon, stabilizing inflation and ongoing consumption recovery.

Concall Highlights

- The overall demand environment in Q1FY26 remained challenging. Urban discretionary consumption continued to remain under pressure, while rural demand showed early signs of recovery.
- However, the unusually soft and shortened summer season, driven by unseasonal rain and the early onset of the monsoons, adversely impacted consumption across the summer-focused portfolio.
- Despite these headwinds, Emami has maintained a stable top line, with overall revenue remaining broadly flat.
- The talcum powder and prickly heat powder category, which is highly dependent on summer demand, was significantly impacted and declined by 17%. Excluding talc and prickly heat powders, the core domestic business delivered a healthy 6% revenue growth and a 3% volume growth, reflecting the underlying strength and resilience of broader offerings.
- Innovation continues to be a key growth lever. During the quarter, Emami has launched Dermicool prickly heat spray and various other variants under the Navratna and Boroplus brands. And relaunched Navratna Gold and Zandu roll-on. Further, three new digital-first innovations were rolled out via the Zandu portal.
- On the distribution front, the company saw continued traction in organized channels, which grew by 6%, with saliency improving by 190bps.
- Quick commerce remains a strategic growth channel, scaling up rapidly at nearly 3x Y-o-Y, further validating omnichannel playbook.
- International business delivered a modest 2% growth despite macroeconomic volatility and geopolitical uncertainty in some key markets and made meaningful progress in expanding footprints across some other Southeast Asian markets, where initial traction from a focused portfolio has been promising.
- **Ad spending:** Management remains buoyant behind its brands looking at long-term potential and demand recovery. The company continues to invest aggressively in brands; however, during Q1FY26, A&P spent as % of revenue contracted by 40bps to 19.9%.

Important Data

Nifty	24,768
Sensex	81,186

Key Stock Data

Close*	₹601
Market Cap (₹ crs)	₹26,379
52W High/Low	₹859/509
Shares o/s (crs)	
BSE Code	531162
NSE Code	EMAMILTD
Bloomberg Code	HMN:IN

Close* as on 31st July 2025

Shareholding Pattern (%) – Jun'25

Promoter	54.84
Institutions	35.95
Public & Others	09.21

Financials

(₹ crs)

Particulars	FY23	FY24	FY25
Revenues	3,406	3,758	3,809
YoY Growth	6.7%	10.3%	6.5%
EBITDA	855	949.5	1,025
EBITDA Margin	25%	26.5%	26.9%
PAT	627	724.1	802.7
PAT Margin	18.4%	20.2%	21.1%
EPS	14.5	16.3	18.1

Source: Company Data, Way2Wealth

Relative Performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
Emami	-26	30.9	133.9
Nifty 50	-0.7	42	120
Sensex	-0.7	39	113

Source: Company, Way2Wealth

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Segment Performance

	Q1FY26	Q4FY25	Q3FY25	Q2FY25
Core Domestic Volume	3%	7%	6%	1.7%
Domestic Sales	6%	11%	9%	2.6%
% of sales	84%	85%	85%	82%
International Sales	2%	5%	-2%	6%
% of sales	16%	15%	15%	18%

Brand wise Performance

Products	Sales Growth		
	Q1FY26	Q4FY25	FY25
BoroPlus Range	-5%	27%+	14%+
Pain Management Range	17%	1%+	1%+
Kesh King Range	-5%	-1%	-9%
Navratna Range	-5%	16%+	18%+
Male Grooming Range	-9%	7%	-4%
Healthcare Range	4%	13%+	12%+

- The male grooming segment remains largely untapped and underdeveloped, presenting significant growth potential in the market.
- The pain management portfolio recorded 17% growth, largely supported by the early onset of the monsoon season—its peak demand period. This momentum continued into July, and with a favourable monsoon forecast, the segment is expected to sustain its growth trajectory.
- Profitable growth is likely to be driven by high-margin brands such as Kesh King, pain balms, and antiseptic creams, which continue to deliver strong performance within their respective categories.
- The company is sharpening its focus on the face wash category, which has outpaced the cream segment in terms of market size. A dedicated strategy is being formulated to strengthen its presence in this space, which is expected to support growth in H2FY26.

Risk

- Slowdown in the economy
- Inflationary raw material prices

View

Despite macroeconomic headwinds, the company delivered a resilient topline performance, with revenues remaining broadly flat year-on-year and a 2-year CAGR of 5%. Gross margins improved by 170bps to 69.4%, supported by a favourable product mix—particularly the stronger contribution from the higher-margin pain management segment versus talc segment.

Management remains confident on the margin front and does not foresee any major input cost pressures in the near term. The company continues to focus on growth through strategic initiatives, including new product launches, deeper market penetration, and a stronger digital footprint via e-commerce channels, even amid a slowdown in urban demand.

Additionally, its strong positioning in niche, underpenetrated personal care categories provide ample headroom for long-term growth.

The company is currently trading at a P/E multiple of 33.2 FY25 EPS of ₹18.1. The Emami stock has corrected by around ~30% from its 52-week high and investors can use this opportunity to Add this stock.

Quarterly Performance

Particulars	Q1FY26	Q1FY25	VAR	Q4FY25	VAR	FY25
Net Sales	904.1	906.1	-0.2%	963.1	-6.1%	3,809.2
Other Income	21.6	10.5	106.4%	21.2	2.0%	68.1
TOTAL INCOME	925.7	916.5	1.0%	984.2	-5.9%	3,877.3
Total Expenditure			#DIV/0!			
Raw Material Consumed	163.6	139.9	16.9%	162.1	0.9%	724.1
Purchase of stock in trade	108.6	113.9	-4.7%	148.2	-26.8%	448.3
Stock Adjustment	4.3	39.2	-88.9%	18.1	-76.0%	21.8
RMC as a %age of sales	31%	32%		34%		31%
Employee Expenses	119.5	111.1	7.6%	110.6	8.0%	447.0
EPC as a %age of sales	12.9%	12.1%		11.2%		11.5%
Advertisement & Publicity	179.8	183.7	-2.1%	188.9	-4.8%	694.0
Advertisement as a %age of sales	19.9%	20.3%		19.6%		18.2%
Other Expenses	114.2	101.8	12.1%	115.7	-1.3%	448.8
Other Expenses as a %age of sales	12.3%	11.1%		11.8%		11.6%
TOTAL EXPENDITURE	689.9	689.6	0.0%	743.6	-7.2%	2,784.1
EBIDTA	214.2	216.5	-1.1%	219.4	-2.4%	1,025.1
EBITDA Margins %	23.7%	23.9%	-0.2%	22.8%		26.9%
Interest	2.4	2.1	18.0%	2.8	-12.6%	9.3
PBDT	233.4	224.9	3.8%	237.8	-1.9%	1,083.9
Depreciation	44.5	44.4	0.2%	43.5	2.2%	178.2
PBT before share of associates & Exceptional Item	188.88	180.48	4.7%	194.29	-2.8%	905.67
Share of (Loss) of associates	(2.1)	(2.1)		(0.6)		(11.8)
PBT	186.8	178.4	4.7%	193.7	-3.6%	893.9
Tax	22.5	27.8	-19.0%	31.5	-28.6%	91.1
Tax Rate	11.9%	15.4%		16.2%		10.1%
Reported Profit After Tax	164.3	150.6	9.1%	162.2	1.3%	802.7
PATM %	18.2%	16.6%	1.5%	16.8%		21.1%
Other Comprehensive Income	13.7	(1.1)		(21.8)		(30.1)
Total Comprehensive Income	178.0	149.5	19.0%	140.4	26.7%	772.6
EPS	3.76	3.45	9.1%	3.72		18.06
Equity	43.7	43.7		43.7		44.5
Face Value	1.0	1.0		1.0		1.0

Source: Company, Way2Wealth

Coverage

Date	Coverage	Report Price (₹)	Buy Range (₹)	Target Price (₹)
05-Dec-24	Quick Insight	635.0	620 – 640	779 – 790
30-Jan-25	Q3FY25	572.0		
20-May-25	Q4FY25	640.0		

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Disclosure of Interest Statement Emami Ltd (EMAMILTD) as on 1st August 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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