SHRIRAM Financial Services
associated with Sanlam group

Result Update

Q2FY27

Emami Ltd.

Hold

18 November 2026 | CMP*: ₹412/- | Sector – FMCG

Q2FY27 Performance

- Consolidated revenue grew by 36% to ₹1,088crs. Domestic sales grew 49%, driven by 43% volume growth. On a like-to-like basis, considering the previous period revenue of Axiom and IncNut Digital, consolidated sales grew by 24%, and domestic business grew 32% with a volume growth of 26%.
- The sharp Q2 gross-margin contraction was primarily driven by an unfavorable mix shift toward lower-margin strategic investments. Management believes the margin pressure is transitional rather than structural and expects these investments to achieve high single-digit EBITDA margins over the medium to long term. Despite these pressures, EBITDA grew by 25% to ₹222crs, and profit before tax grew by 29% to ₹194crs.
- Profit after tax stood at ₹ 144crs, lower by 3%, and that is largely due to the normalization of the effective tax rate following the phasing out of fiscal benefits. For H1FY27, revenue stood at ₹ 2,127crs, up 25%. EBITDA was at ₹449crs, up 15%, and profit before tax was ₹388crs, going by 15.
- Ad spend up 38%: The extra spend went into building the core brands for the long term and scaling up the new businesses faster.

Key Highlights

- Skincare grew by 31%, driven by robust growth in the talc portfolio, which grew by over 2X in the quarter. BoroPlus grew in the ~20s, and Fair and Handsome delivered double-digit growth. Hair and scalp care grew by 30% during the quarter. Navratna Oil grew in the 30s, and Kesh King grew in the high teens. Emami also launched the Kesh King Scalp First range in modern trade and e-com.
- 7 Oils in One, which continued its remarkable run and nearly doubled its sales this quarter. It is now one of the fastest-growing brands in the core portfolio. Healthcare range grew by 11%, with the pain management range growing in the teens. The OTC portfolio also performed well, growing in the high teens. Medico range posted steady single-digit growth.

Segment	Net Sales (₹ cr)	Contribution %	YoY Growth	Key Brands
Hair & Scalp Care	194	~22% of domestic	30%	Navratna, Kesh King, 7 Oils in One
Skin Care	191	21% of domestic	31%	BoroPlus, Fair and Handsome, Navratna talc
Health Care	284	31% of domestic	11%	Zandu, Mentho Plus, Fast Relief
Strategic Investments	239	26% of domestic	73%*	The Man Company, Brillare, Axiom, IncNut (AloFrut)
Domestic total	**908**	**100%**		
International	171	16% of consolidated	-2%	

Source: Company, ShriramFS Research

Important Data

Nifty	25,387
Sensex	82,532
Close* (₹)	412
M.CAP (₹ tn)	~0.18
52 Week H/L (₹)	551 / 357
BSE Code	531162
NSE Code	EMAMILTD
Bloomberg Code	HMN:IN

**CMP is Close as on 17th November 2026*

Shareholding	Mar-26	Jun-26	Sep-26
Promoter	54.8	54.8	54.8
FII	8.6	7.9	9.0
DII	26.9	27.0	23.6
Public & Others	9.7	10.3	12.6

Financials

(₹ crs)

Particulars	FY26	FY27E	FY28E
Revenue	3,780	4,260	4,657
EBITDA	964.21	1066.96	1141.01
EBITDA Margin (%)	**25.5%**	**25.0%**	**24.5%**
Net Profit	790.04	855.43	902.70
PAT Margin	20.9%	20.1%	19.4%
EPS (₹)	18.1	19.6	20.7
P/E (x)	22.7	21.0	19.9

Source: Company, ShriramFS Research

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
Emami	-21	-18	-22
Nifty 50	-3%	28%	48%
Sensex	-3%	24%	44%

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- To capitalise on the fast-growing infant hygiene segment, the company entered the baby care category by launching the FromMaa range under its BoroPlus brand. While this new line targets the mass market, the company simultaneously introduced its premium Kesh King Scalp First range exclusively through modern trade and e-commerce channels.
- Organised channels are now 37% of the domestic business. Quick commerce is about 15% of digital sales.
- **Strategic investments (Axiom, Brillare, IncNut, The Man Company):** On a like-to-like basis, it grew an impressive 73% and contributed ~26% of domestic business. Axiom and Brillare more than doubled their sales. IncNut grew by over 50%, and The Man Company by over 30%. Management now expects ₹800–850 cr this year. At the current run rate, it would be about ₹1,000–1,100 cr.

International Business:

- International business's performance was impacted by external disruptions, with revenue declining by 2%. Importantly, the weakness was not broad-based.
- Nepal was impacted by severe floods, and Gulf markets continued to face supply chain challenges arising from ongoing regional conflicts. Excluding Nepal and Iraq, international business grew by 6%. Inflationary pressures remained elevated through the quarter, and the sharp rise in input costs weighed on margins.

Concall highlights

Margins and cost guidance

- ~400 bps of the 520bps gross margin fall came from raw-material costs. The rest came from the change in business mix.
- Price increases have been about 5.5% for the year, with costs fully passed on to consumers. Management expects margins to improve in the second half, and more next year when input costs ease.
- Ad spending (A&P) should be at most 18–19% of sales for the full year.

Outlook and other points

- Second-half growth guidance is 18–20% for the total business.
- Rural demand is mixed. It was weak in drought-hit parts of the South and West and in some pockets of Uttar Pradesh. Management expects a pickup after Diwali as the winter season starts.
- New launches: a BoroPlus Ayurvedic baby-care range (the "Maa range"), priced 25–50% below rivals in a ₹30,000–40,000 cr market, and Kesh King Scalp First, a premium serum range at ₹500–1,000.
- An AI project to digitise processes from forecasting to delivery should be finished next quarter, with gains expected from April.
- Capital return: a ₹281 cr buyback (73 lakh shares) was completed, and the Board approved an interim dividend of ₹5 per share.

Risk

- Crude-linked packaging/material costs and vegetable-oil inflation
- Uneven rainfall in some states could affect rural consumption

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Valuation & Outlook

Persistent execution challenges continue to weigh on Emami's valuation. At **20x estimated FY28 earnings**, the stock trades at a significant discount to most FMCG peers, partly reflecting the high seasonality risk in its portfolio and near-term margin pressure. Q2 gross-margin compression was primarily driven by an unfavourable mix shift toward lower-margin strategic investments; management views this as transitional and expects these businesses to achieve high single-digit EBITDA margins over the medium to long term.

While Emami offers a reasonable long-term opportunity through portfolio diversification and premiumisation, the risk-reward remains balanced at current levels. We would await clearer evidence of a sustained recovery in the business, stabilisation of margins, and tangible profitability improvement in strategic investments before turning more constructive. **We therefore maintain a HOLD rating on Emami.**

Consolidated Quarterly Performance

(₹ crs)

Particulars	Q2FY27	Q2FY26	VAR	Q1FY27	VAR	H1FY27	H1FY26	VAR
Net Sales	**1,087.7**	**798.5**	**36.2%**	**1,039.2**	**4.7%**	**2,126.9**	**1,702.6**	**24.9%**
Other Income	23.0	21.4	7.4%	18.5	24.1%	41.5	43.0	-3.5%
TOTAL INCOME	**1,110.6**	**819.9**	**35.5%**	**1,057.7**	**5.0%**	**2,168.3**	**1,745.6**	**24.2%**
Raw Material Consumed	304.1	200.5	51.7%	214.9	41.5%	519.0	364.0	42.6%
Purchase of stock in trade	131.1	98.9	32.5%	114.6	14.4%	245.7	207.5	18.4%
Stock Adjustment	(63.5)	(68.1)	-6.7%	25.7	-346.9%	(37.8)	(63.7)	-40.7%
RMC as a %age of sales	*34%*	*29%*		*34%*		*34%*	*30%*	
Employee Expenses	140.1	121.2	15.6%	135.7	3.2%	275.9	240.7	14.6%
EPC as a %age of sales	*12.6%*	*14.8%*		*12.8%*		*12.7%*	*13.8%*	
Advertisement & Publicity	215.7	156.4	37.9%	203.4	6.0%	419.1	336.1	24.7%
Advertisement as a %age of sales	*19.8%*	*19.6%*		*19.6%*		*19.7%*	*19.7%*	
Other Expenses	137.8	111.0	24.1%	118.7	16.1%	256.5	225.2	13.9%
Other Expenses as a %age of sales	*12.4%*	*13.5%*		*11.2%*		*11.8%*	*12.9%*	
TOTAL EXPENDITURE	**865.3**	**620.0**	**39.6%**	**813.0**	**6.4%**	**1,678.4**	**1,309.9**	**28.1%**
EBIDTA	**222.3**	**178.5**	**24.5%**	**226.2**	**-1.7%**	**448.5**	**392.8**	**14.2%**
EBITDA Margins %	***20.4%***	***22.4%***	***-1.9%***	***21.8%***		***21.1%***	***23.1%***	***-2.0%***
Interest	6.1	2.6	131.2%	5.6	8.4%	11.7	5.1	131.0%
PBDT	**239.2**	**197.3**	**21.3%**	**239.1**	**0.1%**	**478.3**	**430.7**	**11.1%**
Depreciation	45.3	45.3	0.0%	42.8	5.9%	88.1	89.8	-1.9%
PBT before share of associates & Exceptional Item	**193.90**	**152.00**	**27.6%**	**196.31**	**-1.2%**	**390.21**	**340.88**	**14.5%**
Share of (Loss) of associates	**(0.3)**	**(1.8)**		**(1.6)**		(1.9)	(3.9)	
PBT	**193.6**	**150.2**	**28.9%**	**194.7**	**-0.6%**	**388.3**	**337.0**	**15.2%**
Tax	48.1	1.8	2529.5%	55.8	-13.7%	103.9	24.3	326.8%
Tax Rate	*24.8%*	*1.2%*		*28.4%*		*26.6%*	*7.1%*	
Reported Profit After Tax	**145.5**	**148.4**	**-1.9%**	**138.9**	**4.7%**	**284.4**	**312.6**	**-9.0%**
PATM %	***13.4%***	***18.6%***	***-5.2%***	***13.4%***		***13.4%***	***18.4%***	***-5.0%***
Other Comprehensive Income	**25.8**	**(2.7)**		**22.7**		48.4	10.9	
Total Comprehensive Income	**171.3**	**145.6**	**17.6%**	**161.6**	**6.0%**	**332.9**	**323.6**	**2.9%**
EPS	**3.33**	**3.40**	**-1.9%**	**3.18**		**6.52**	**7.16**	**-9.0%**
Equity	43.7	43.7		43.7		43.7	43.7	
Face Value	1.0	1.0		1.0		1.0	1.0	

Source: Company, ShriramFS Research

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Disclosure of Interest Statement: Emami Ltd. as on 18 November 2026

Name of the Security	Emami Ltd.
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	NIL No No No
Conflict of Interest	No
Receipt of Compensation	No
Shriram FS ownership of any stock related to the information contained	NIL
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