

### Strong rural sales and heatwave lift Q1 volumes

Emami's Q1FY25 print was in line; consolidated revenue/EBITDA/PAT grew 9.7%/13.9%/10.1% YoY. Domestic revenues surged by 10%, led by 8.7% volume growth, yet international business saw 11.0% growth (CC). Management alluded despite challenges in rural company's enhanced distribution/village coverage helped to capture good growth around extreme heatwave in the north. Higher spends on brand building (BTL) resulted in volume-led growth reflecting rural growth continue to outpace urban in Q1. Navratna/Dermicool grew 27% followed by Healthcare at 11%, while Pain management declined by 7%. Boroplus range grew 4%, while Kesh king/Male grooming declined by 15%/5%. Sales for D2C brands TMC and Brillare (~6% of sales) grew 23% YoY. MT/ecom and CSD channels continued to post strong growth, while GT saw good recovery. Gross margin inched up to 67.7% (+226bp) aided by lower RM/PM prices. Despite higher ad-spends (+21.0%), and employee/other expenses +9.5%/+5.2%, EBITDA margins settled at 23.9% (+88bp). Management guided for HSD growth in domestic business. With strong rural recovery we tweak earnings and retain BUY with a revised DCF-based TP Rs826 (implying 28.5x avg. of FY26E/FY27E EPS).

#### Q1 sales surged 9.7% YoY, on back of 8.7% volume growth in domestic business

Emami's Q1FY25 revenue grew by 9.7% to Rs9.1bn led by 10%/8.7% growth in value/volume in the domestic business. With 15% revenue contribution, international business grew 11% (CC) driven by SAARC & SEA and MENA region reporting string double digit growth. Management alluded despite challenges in rural, company's enhanced distribution helped to capture good growth around extreme heatwave in the north. Higher spends on brand building (BTL) resulted in volume-led growth reflecting rural growth continue to outpace urban in Q1. Navratna/Dermicool grew 27% followed by Healthcare at 11%, while Pain management declined by 7%. Boroplus range grew 4%, while Kesh king/Male grooming declined by 15%/5%. Sales for D2C brands TMC and Brillare (~6% of sales) grew 23% YoY. MT/ecom and CSD channels continued to post strong growth, while GT saw good recovery. With strong focus on Healthcare segment, HMN launched 5 new digital first products in Zanducare. With good monsoon, rising wage growth, and govt. focus on rural infra may influence strong recovery in rural markets, especially in middle India. That's said, we expect rural growth to lead ahead of urban. Further focus on medico marketing/doctor coverage could yield better results for the healthcare business in our view.

#### Benign RM prices influenced margins uptick; HMN aspires hold EBITDA margins +27%

In Q1, correction in input prices (menthe + LLP) resulted in higher gross margin inched up to 67.7% (+226bp). Despite higher ad-spends (+21.0%), employee cost (+9.5%) and other expenses (+5.2%), EBITDA grew 13.9% to Rs2.2bn settling EBITDA margins at 23.9% (+88bp). We expect despite higher investments in brands, focus on high-margin NPD to boost margins.

#### Valuation comfort, revenue momentum to drive re-rating

We note Emami's performance to be driven by: (1) prioritizing distribution excellence to drive throughput, (2) product innovation and scaling up high margin NPD, (3) judicious price hikes, (4) reinvesting in marketing to build equity. Though HMN expects double digit growth in international business focus on SAARC/MENA markets to continue. Given early sign of recovery in rural, led by better MSP and govt. impetus on rural programs, and normal monsoon, we remain upbeat on Emami's growth story. With strong narrative we tweaked earnings for FY25E/FY26E by +0.3%/(1.3%) and introduce FY27E. We retain Buy with a revised DCF-based TP Rs826 (implying 28.5x avg. FY26E/FY27E EPS). Key risks include prolonged rural slowdown & competition.

#### Financial and valuation summary

YE Mar (Rs mn)	1QFY25A	1QFY24A	YoY (%)	4QFY24A	QoQ (%)	FY25E	FY26E	FY27E
Revenues	9,061	8,257	9.7	8,912	1.7	39,917	45,008	50,112
EBITDA	2,165	1,900	13.9	2,110	2.6	11,023	12,726	14,579
EBITDA margin (%)	23.9	23.0	88bp	23.7	20bp	27.6	28.3	29.1
Adj. Net profit	1,506	1,368	10.1	1,468	2.6	8,583	10,145	11,878
Adj. EPS (Rs)	3.5	3.1	11.3	3.3	3.7	19.5	23.0	26.9
EPS growth (%)						17.6	18.2	17.1
PE (x)						42.3	35.8	30.6
EV/EBITDA (x)						33.3	28.5	24.6
PBV (x)						13.2	11.7	10.1
RoE (%)						33.0	34.6	35.5
RoCE (%)						32.2	34.0	34.9

Source: Company, Centrum Broking

Result Update

India I Consumer

01 August, 2024

BUY

Price: Rs824

Target Price: Rs950

Forecast return: 15%

Institutional Research

#### Market Data

Bloomberg:	HMN IN
52 week H/L:	850/417
Market cap:	Rs361.8bn
Shares Outstanding:	439.1mn
Free float:	43.3%
Avg. daily vol. 3mth:	17,29,082

Source: Bloomberg

#### Changes in the report

Rating:	Unchanged
Target price:	Rs950 from Rs864
EPS:	FY25E: Rs19.5; Up 0.3% FY26E: Rs23.0; Down 1.3%

Source: Centrum Broking

#### Shareholding pattern

	Jun-24	Mar-24	Dec-23	Sep-23
Promoter	54.8	54.8	54.8	54.8
FIIs	14.0	13.5	12.9	11.9
DIIIs	21.6	22.1	23.9	25.2
Public/other	9.5	9.6	8.4	8.1

Source: BSE

#### Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q1FY25	Actual Q1FY25	Variance (%)
Revenue	9,024	9,061	0.4
EBITDA	2,184	2,165	(0.9)
EBITDA margin (%)	24.2	23.9	-30bps
Other Income	88	105	19
Interest	23	21	-8.8
Depreciation	446	444	-0.4
PBT	1,803	1,805	0.1
Tax	160	278	73.1
Rep. PAT	1,643	1,506	(8.3)
Adj. PAT	1,643	1,506	(8.3)

Source: Bloomberg, Centrum Broking

## Thesis Snapshot

### Estimate revision

YE Mar (Rs mn)	FY25E New	FY25E Old	% chg	FY26E New	FY26E Old	% chg
Revenue	39,917	39,691	0.6	45,008	44,389	1.4
EBITDA	11,023	11,020	0.0	12,726	12,884	(1.2)
EBITDA margin %	27.6	27.8	(18 bps)	28.3	29.0	(72 bps)
Adj. PAT	8,583	8,578	0.1	10,145	10,281	(1.3)
Diluted EPS (Rs)	19.5	19.4	0.3	23.0	23.3	(1.3)

Source: Centrum Broking

### Emami versus NIFTY Midcap 100

	1m	6m	1 year
HMN IN	14.3	65.3	78.3
NIFTY Midcap 100	3.9	21.1	55.0

Source: Bloomberg, NSE

### Key assumptions

Y/E Mar	FY25E	FY26E
Volume growth	7.5	8.0
Price/ Mix Growth	2.5	4.0

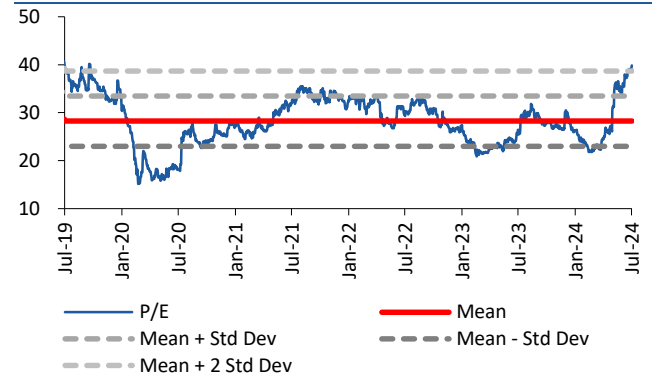
Source: Centrum Broking

### Valuations

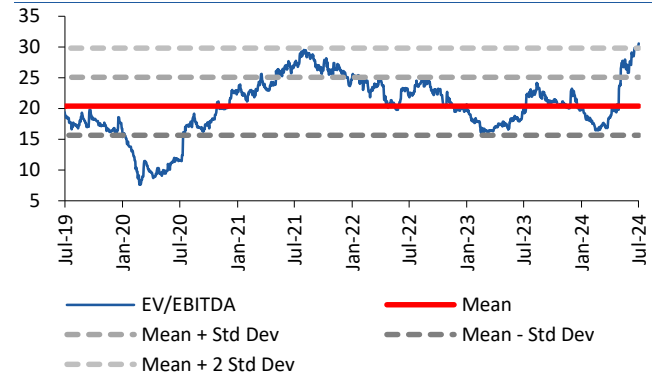
We note Emami's performance to be driven by: (1) prioritizing distribution excellence to drive throughput, (2) product innovation and scaling up high margin NPD, (3) judicious price hikes, (4) reinvesting in marketing to build equity. Though HMN expects double digit growth in international business focus on SAARC/MENA markets to continue. Given early sign of recovery in rural, led by better MSP and govt. impetus on rural programs, and normal monsoon, we remain upbeat on Emami's growth story. With strong narrative we tweaked earnings for FY25E/FY26E by +0.3%/(1.3%) and introduce FY27E. We retain Buy with a revised DCF-based TP Rs826 (implying 28.5x avg. FY26E/FY27E EPS). Key risks include prolonged rural slowdown & competition.

Valuations	Rs/share
DCF-based target price (Rs)	950
WACC (%)	10.8
Terminal growth (%)	5.5

### P/E mean and standard deviation



### EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

### Peer comparison

Company	Mkt Cap (Rs bn)	CAGR (FY24-26E)			P/E (x)			EV/EBITDA (x)			RoE		
		Sales	EBITDA	EPS	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24E	FY25E	FY26E
HUL	6,479.8	8.8	10.1	11.1	63.7	57.7	51.6	41.4	38.0	33.9	20.2	21.9	23.8
Britannia	1,312.1	13.8	15.3	19.2	55.8	45.8	39.3	37.7	32.4	28.0	58.4	60.6	57.1
Dabur	1,080.4	11.8	16.2	16.6	50.4	43.1	37.2	35.8	30.9	26.0	19.6	20.6	21.4
Colgate	873.3	11.7	12.8	15.3	65.0	55.4	48.9	38.4	34.6	31.0	74.8	79.5	86.5
<b>Emami</b>	<b>321.3</b>	<b>12.6</b>	<b>18.7</b>	<b>21.3</b>	<b>49.7</b>	<b>42.3</b>	<b>35.8</b>	<b>34.9</b>	<b>28.8</b>	<b>24.2</b>	<b>30.7</b>	<b>34.1</b>	<b>36.4</b>
Bajaj Consumer	37.3	14.4	22.0	20.6	22.2	17.1	14.9	21.1	14.2	11.7	19.1	22.8	23.3

Source: Company, Centrum Broking

**Exhibit 1: Key concall takeaways and metrics**

Centrum Quarterly Monitor	Q4FY24	Q1FY25	Our Comments
<b>Demand Environment</b>	Navigate multiple hadiths through distribution excellence.	There was a sequential improvement in demand trends, with some signs of recovery in rural areas.	Management expects 8-10% top line growth in core portfolio, yet NPD would contribute ~4% of sales.
<b>Outlook and Guidance</b>	Management expect double digit revenue growth on back of promising summer season and normal monsoon.	Management remains optimistic about future growth which is supported by forecast of a normal monsoon and favourable winter.	We believe growth would further accelerated on the back of better monsoon and expects la lina effect which indicates strong winter.
<b>Key Interventions</b>	Launched digital campaign with boxer Vijender Singh for Zandu Vigorex , along with launched 4 new digital first products on Zanducare D2C portal.	Roped in renowned comedian Kapil Sharma and team for a new campaign for Navratna Cool Oil– “Thanda ka Badshah” & launched different products across categories.	We believe focussed approach to gain market share in MT and e-commerce channel and agile product launches along with increasing traction of NPD could aid revenues in FY25.
<b>On Margins and Exceptional Items</b>	Management to increase investment behind core brand and high margin NPD to drive revenue in medium term.	The company expects EBITDA margins to be ~26%-27% for the full year, with some gains expected on the gross margin front. There will some uptick in A&P as well.	We believe , further easing of input cost and slight moderation in ad-spends could lift margins, also visible change in product mix indicate margin trajectory.

Source: Centrum Broking

# Conference Call Highlights

## Overall market outlook

- Consol. revenue grew by 9.7% to Rs.9.1bn, on back of 10% growth in domestic sales led by volume growth of 8.7%, while international business grew by 11% (CC) led by strong growth in MENA & SAARC regions
- The Company remains optimistic about future growth which is supported by forecast of a normal monsoon and favourable winter and anticipated rural market recovery
- During the quarter, there was a sequential improvement in demand trends, with some signs of recovery in rural areas. However, rising food inflation continued to affect discretionary spending. Due to the heatwaves, demand for summer products increased which can be evidenced by robust performances of Navratna Cool Talc and Dermicool, but negatively impacted sales of non-summer items and reduced out-of-home consumption as seen in Pain Management Products
- There was a higher tax rate in the first quarter, but management expect it to moderate for the remainder of the year maintaining an overall tax rate of 10-11% for the full year
- Management expects revenue from Man Company and Brillare to reach Rs2.7bn, which is around 8% of total revenue, with a growth rate of 20%-25%. The introduction of new D2C brands like Helios and Brillare is yielding positive results, although smaller brands are currently in an investment phase
- The company expects EBITDA margins to be ~26%-27% for the full year, with some gains expected on the gross margin front
- During this quarter, benign raw material prices and price actions which was taken during last year have contributed to the expansion of gross margins. Going forward the company will not be very aggressive with price increases
- For the Kesh King segment where there was 15% drop in the revenue, management highlighted that strategy is being revised with a target growth expectation of 5%, emphasizing Maharashtra and Bihar. The hair oil segment, valued at Rs3bn (acquired for Rs2.3 bn), is encountering challenges, whereas the shampoo segment is experiencing positive feedback
- Management expects ~5-6% volume growth with 1-2% price increase, external factors like weak monsoon in the eastern parts could influence results
- Digital and modern trade (MT) channels are performing well. North India is seeing more gains, while South India remains steady
- During the quarter the company has launched 5 new Digital first products on Zanducare, a new SKU of BoroPlus Aloe Neem Lotion for traditional trade channel, Dermicool Her for women, Fair and Handsome Nature F1rst range of Cream and Facewash, Kesh King Organic Rosemary Oil & Shampoo

## Brand/category-wise commentary

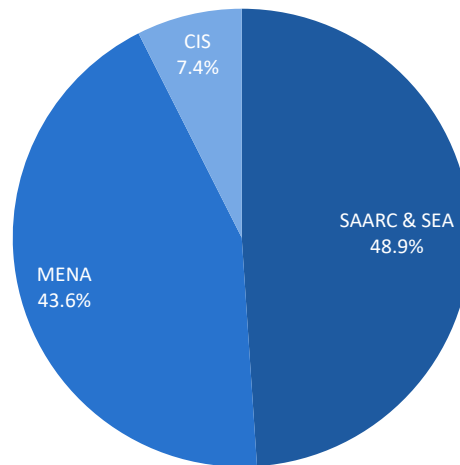
- Navaratna & Dermicool: sales grew 27%, HMN launched first prickly heat powder for women —“Dermicool Her” in May’24 with fresh floral fragrance & silky smooth feel
- Pain Management: sales cut by 7%, extended summer with strong heat waves impacted sales; though decline in sales arrested from June’24
- Healthcare: sales grew by 11% on account of high single digit growth in OTC and Medico, Zanducare grew strongly led by Digital first portfolio
- BoroPlus: sales up by 4% led by strong double digit growth in Prickly heat powder, Aloevera gel and moisturizing lotions
- Kesh King: revenues dropped by 15% and hence promoted Kesh King Oil across media channels with constant BTL support & activated micro market drive focusing on Maharashtra, West Bengal & Bihar

- Male Grooming: sales dropped by 5%; recently launched Fair and Handsome Nature First range of Cream and Facewash is performing well
- D2C brands: The Man Company & BRILLARE saw robust sales growth (+23%) in 1QFY25
- International Business grew by 11.0% in CC led by strong growth in MENA & SAARC regions

### Margins

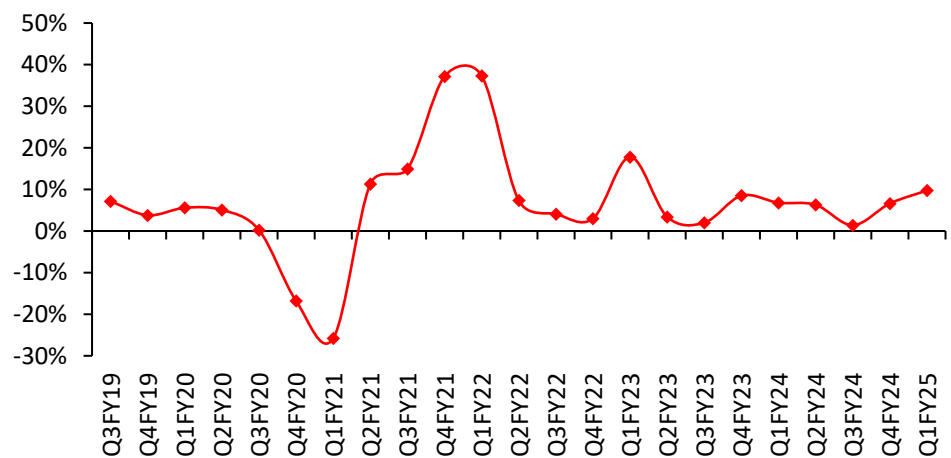
- Gross margin at 67.7% (+226bp) on the back of lower input RM/PM
- EBIDTA grew 13.9% to Rs2.2bn despite higher advertising/other expenses/employee expenses 21.0%/5.2%/9.5%
- EBIDTA Margins came at 23.9% (+88bp) YoY
- APAT grew 10.1% to Rs1.5bn on back of higher other income 26.3% and lower interest expenses (-3.7%)

**Exhibit 2: Q1FY25 cluster-wise contribution**



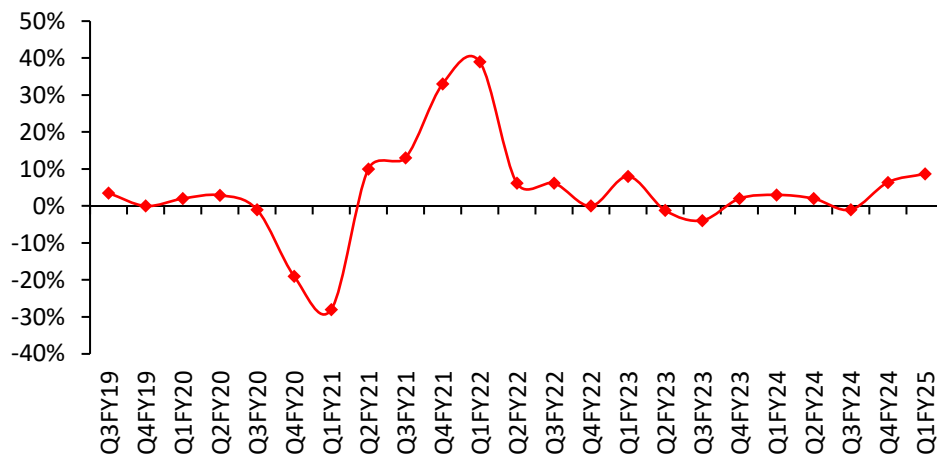
Source: Company Data, Centrum Broking

**Exhibit 3: Consolidated value Growth**



Source: Company Data, Centrum Broking

**Exhibit 4: Domestic volume growth**



Source: Company Data, Centrum Broking

**Exhibit 5: Brand wise performance**

**Navratna & Dermicool Range**

Q1FY25 Growth **+27%**

- ▶ Roped in renowned comedian Kapil Sharma and team for a new campaign for Navratna Cool Oil- “Thandak ka Badshah”
- ▶ Strong marketing inputs with enhanced BTL support for Navratna Cool oil and 360° activations for Navratna Cool Talc
- ▶ Launched first prickly heat powder for women - “Dermicool Her” in May’24 with fresh floral fragrance & silky smooth feel
- ▶ Extended the brand equity by launching Dermicool Cool Soap
- ▶ Launched innovative activation : Dermicool Traffic Shades at major crossings providing relief to commuters from the harsh summers - received strong visibility on print and social media

Source: Company, Centrum Broking

**Exhibit 6: Brand wise performance**

**Healthcare Range**

Q1FY25 Growth **+11%**

- ▶ OTC & Medico range posted high single digit growth while Zanducare grew strongly led by Digital first portfolio
- ▶ Increased BTL campaigns through consumer sampling focus on high growth potential brands such as Zandu Ayurvedic Cough Syrup, Health Juices, Zandu Chyavanprash
- ▶ Launched 5 new Digital first products on Zanducare

**BoroPlus Range**

Q1FY25 Growth **+4%**

- ▶ Strong double digit growth in Prickly heat powder, Aloe vera gel and moisturizing lotions.
- ▶ Launched a new SKU of BoroPlus Aloe Neem Lotion for traditional trade channel

Source: Company, Centrum Broking

**Exhibit 7: Brand wise performance**

**Pain Management Range**



Q1FY25  
Growth  
**-7%**

- ▶ Extended summers with strong heat waves impacted sales; decline arrested from June'24
- ▶ Participated in religious fairs & festivals - Pandharpur (Maharashtra), Jagannath puri (Orissa), Navchandi (UP) and marathon in Surat and Physiotherapist conference

**Male Grooming Range**




Q1FY25  
Growth  
**-5%**

- ▶ Recent launch of Fair and Handsome Nature First range of Cream and Facewash performing well

Source: Company, Centrum Broking

**Exhibit 8: Brand wise performance**


**Kesh King Range**



Q1FY25  
Growth  
**-15%**

- ▶ Promoted Kesh King Oil across mediums with constant BTL support & activated micro market drive focusing on Maharashtra, West Bengal & Bihar
- ▶ Launched new TVC with Shilpa Shetty & Palak Tiwari to drive awareness & consideration for Kesh King Shampoo.
- ▶ Launched Kesh King Organic Rosemary Oil & Shampoo

**7 Oils in One**



Q1FY25  
Growth  
**+9%**

- ▶ Google Display Ads branding initiative undertaken to increase the awareness for the brand in priority and metro cities

Source: Company, Centrum Broking

**Exhibit 9: Robust growth in TMC & Brillare**



**THE MAN COMPANY**





**BRILLARE®**



**Sales grew strongly by 23%**

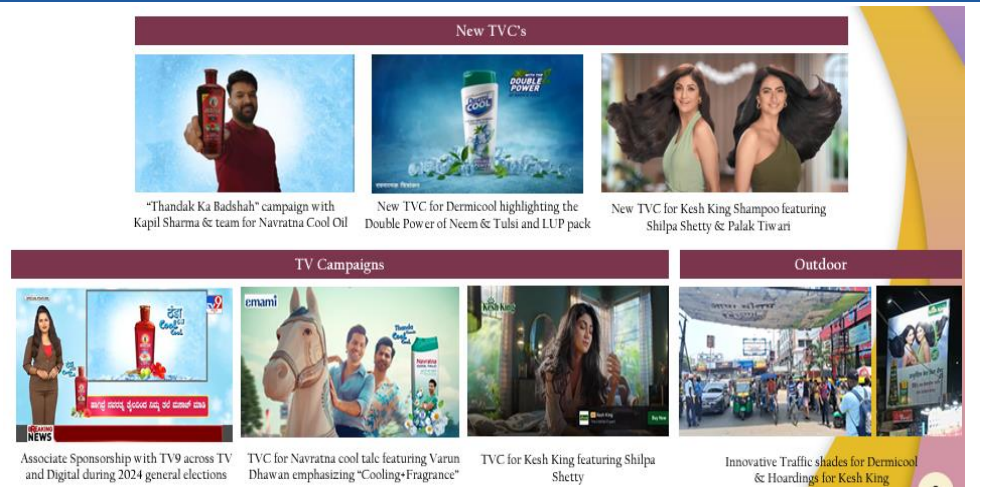
Source: Company, Centrum Broking

**Exhibit 10: NPD: Domestic business**



Source: Company, Centrum Broking

**Exhibit 11: Deepening consumer connect**



Source: Company, Centrum Broking



**Exhibit 12: Quarterly financials - consolidated**

Particulars (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
<b>Net Sales</b>	<b>7,733</b>	<b>8,138</b>	<b>9,827</b>	<b>8,360</b>	<b>8,257</b>	<b>8,649</b>	<b>9,963</b>	<b>8912</b>	<b>9061</b>
Accretion to Stocks in trade & work in progress	618	-514	393	(127)	231	(465)	184	(105)	392
Raw Material Consumed	1,584	2,477	2,342	1,845	1,640	2,147	2,029	1,873	1,400
Purchase of Stock-in-Trade	659	754	621	1,364	985	905	899	1,282	1,139
Employee Expenses	888	935	934	921	1,014	1,017	1,021	905	1,111
Advt & Sales	1,363	1,415	1,353	1,297	1,519	1,544	1,657	1801	1801
Other Exp	888	1,119	1,063	1,062	968	1,163	1,024	1046	1018
<b>Operating Profit (Core EBITDA)</b>	<b>1,733</b>	<b>1,954</b>	<b>2,943</b>	<b>1,998</b>	<b>1,900</b>	<b>2,337</b>	<b>3,149</b>	<b>2110</b>	<b>2165</b>
Depreciation	881	479	472	640	460	461	458	480	444
<b>EBIT</b>	<b>852</b>	<b>1,474</b>	<b>2,470</b>	<b>1,358</b>	<b>1,440</b>	<b>1,876</b>	<b>2,691</b>	<b>1630</b>	<b>1721</b>
Interest	25	18	18	14	21	23	27	29	21
Other Income	63	420	69	138	83	111	167	107	105
<b>Profit Before Tax</b>	<b>891</b>	<b>1,877</b>	<b>2,521</b>	<b>1,482</b>	<b>1,502</b>	<b>1,964</b>	<b>2,831</b>	<b>1708</b>	<b>1805</b>
Tax	120	75	185	63	129	158	155	224	278
Tax rate (%)	13.5	4.0	7.0	5.5	8.6	8.1	5.5	13.2	15.4
<b>Profit After Tax</b>	<b>771</b>	<b>1,802</b>	<b>2,335</b>	<b>1,420</b>	<b>1,373</b>	<b>1,806</b>	<b>2,676</b>	<b>1483</b>	<b>1527</b>
<b>Adjusted PAT</b>	<b>727</b>	<b>1,781</b>	<b>2,330</b>	<b>1,416</b>	<b>1,368</b>	<b>1,800</b>	<b>2,666</b>	<b>1468</b>	<b>1506</b>
<b>Growth (%)</b>									
Net Sales	17.0	3.4	1.1	8.5	6.8	6.3	1.4	6.6	9.7
EBITDA	2.1	(29.5)	(13.8)	21.9	9.6	19.6	7.0	5.6	13.9
Adj. PAT	1.1	(14.6)	(5.3)	(68.1)	23.4	0.5	13.3	(6.8)	7.8
<b>Margin (%)</b>									
Gross Margin	62.6	66.6	65.9	63.1	65.4	70.1	68.7	65.8	67.7
EBITDA	22.3	24.0	29.9	23.9	23.0	27.0	31.6	23.7	23.9
EBIT	10.9	18.1	25.1	16.2	17.4	21.7	27.0	18.3	19.0
PAT	16.5	24.7	25.9	21.4	19.1	23.3	29.0	18.7	18.8

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Revenues</b>	<b>34,057</b>	<b>35,781</b>	<b>39,917</b>	<b>45,008</b>	<b>50,112</b>
Operating Expense	17,621	18,127	19,793	22,605	24,779
Employee cost	3,678	3,956	4,311	4,726	4,991
Others	4,132	4,202	4,790	4,951	5,763
<b>EBITDA</b>	<b>8,628</b>	<b>9,495</b>	<b>11,023</b>	<b>12,726</b>	<b>14,579</b>
Depreciation & Amortisation	2,473	1,859	1,909	1,909	1,900
<b>EBIT</b>	<b>6,155</b>	<b>7,636</b>	<b>9,115</b>	<b>10,818</b>	<b>12,680</b>
Interest expenses	74	100	96	85	84
Other income	689	468	519	540	601
<b>PBT</b>	<b>6,771</b>	<b>8,005</b>	<b>9,537</b>	<b>11,272</b>	<b>13,197</b>
Taxes	421	667	954	1,127	1,320
Effective tax rate (%)	6.2	8.3	10.0	10.0	10.0
<b>PAT</b>	<b>6,349</b>	<b>7,338</b>	<b>8,583</b>	<b>10,145</b>	<b>11,878</b>
Minority/Associates	47	(37)	0	0	0
<b>Recurring PAT</b>	<b>6,396</b>	<b>7,300</b>	<b>8,583</b>	<b>10,145</b>	<b>11,878</b>
Extraordinary items	0	(59)	0	0	0
<b>Reported PAT</b>	<b>6,396</b>	<b>7,241</b>	<b>8,583</b>	<b>10,145</b>	<b>11,878</b>

Ratios					
YE Mar	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Growth (%)</b>					
Revenue	6.7	5.1	11.6	12.8	11.3
EBITDA	(9.4)	10.1	16.1	15.5	14.6
Adj. EPS	(23.7)	14.1	17.6	18.2	17.1
<b>Margins (%)</b>					
Gross	64.7	67.6	67.8	68.0	68.2
EBITDA	25.3	26.5	27.6	28.3	29.1
EBIT	18.1	21.3	22.8	24.0	25.3
Adjusted PAT	18.8	20.2	21.5	22.5	23.7
<b>Returns (%)</b>					
ROE	29.2	30.7	33.0	34.6	35.5
ROCE	27.2	30.1	32.2	34.0	34.9
ROIC	26.1	31.8	37.0	46.1	56.9
<b>Turnover (days)</b>					
Gross block turnover ratio (x)	1.0	1.1	1.2	1.3	1.5
Debtors	39	46	48	49	49
Inventory	104	102	93	88	90
Creditors	125	137	129	123	124
Net working capital	69	75	103	130	159
<b>Solvency (x)</b>					
Net debt-equity	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)
Interest coverage ratio	116.7	95.1	114.5	149.0	174.4
Net debt/EBITDA	(0.2)	(0.3)	(0.5)	(0.8)	(1.1)
<b>Per share (Rs)</b>					
Adjusted EPS	14.5	16.5	19.5	23.0	26.9
BVPS	52.2	55.5	62.5	70.3	81.3
CEPS	20.1	20.8	23.8	27.3	31.2
DPS	9.0	10.2	12.4	15.2	15.9
Dividend payout (%)	61.9	61.9	63.9	66.1	59.2
<b>Valuation (x)</b>					
P/E	56.8	49.7	42.3	35.8	30.6
P/BV	15.8	14.8	13.2	11.7	10.1
EV/EBITDA	43.1	39.1	33.3	28.5	24.6
Dividend yield (%)	1.1	1.2	1.5	1.8	1.9

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Equity share capital	441	437	437	437	437
Reserves & surplus	22,587	24,029	27,127	30,563	35,413
Shareholders fund	23,028	24,466	27,563	31,000	35,849
Minority Interest	(100)	111	11	11	11
Total debt	905	940	840	740	806
Non Current Liabilities	705	369	271	227	210
Def tax liab. (net)	134	109	121	137	152
<b>Total liabilities</b>	<b>24,673</b>	<b>25,994</b>	<b>28,806</b>	<b>31,332</b>	<b>36,246</b>
Gross block	32,657	33,215	33,549	33,934	34,372
Less: acc. Depreciation	(21,414)	(23,273)	(25,181)	(27,090)	(28,990)
Net block	11,243	9,943	8,367	6,844	5,383
Capital WIP	58	67	66	65	63
Net fixed assets	11,301	10,010	8,433	6,909	5,446
Non Current Assets	4,595	4,598	5,056	5,106	5,683
Investments	2,334	3,325	3,325	3,325	3,325
Inventories	3,280	3,234	3,281	3,699	4,119
Sundry debtors	4,146	4,942	5,623	6,402	7,127
Cash & Cash Equivalents	2,981	3,624	6,826	11,058	16,376
Loans & advances	60	42	44	47	50
Other current assets	2,400	2,340	2,539	2,719	2,876
Trade payables	4,163	4,546	4,557	5,165	5,685
Other current liab.	1,240	1,154	1,288	1,452	1,617
Provisions	1,021	1,103	1,158	1,216	1,354
Net current assets	6,443	7,379	11,210	15,992	21,793
<b>Total assets</b>	<b>24,673</b>	<b>25,994</b>	<b>28,806</b>	<b>31,332</b>	<b>36,247</b>

Cashflow					
YE Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Profit Before Tax	6,696	7,908	9,537	11,272	13,198
Depreciation & Amortisation	2,473	1,859	1,909	1,909	1,900
Net Interest	(603)	(138)	(519)	(540)	(601)
Net Change – WC	(112)	(337)	(1,372)	(629)	(1,061)
Direct taxes	(1,170)	(1,463)	(954)	(1,127)	(1,320)
<b>Net cash from operations</b>	<b>7,366</b>	<b>7,745</b>	<b>8,697</b>	<b>10,970</b>	<b>12,199</b>
Capital expenditure	(301)	(288)	(332)	(384)	(437)
Acquisitions, net	0	0	0	0	0
Investments	(1,568)	(1,716)	0	0	0
Others	740	(50)	519	540	601
<b>Net cash from investing</b>	<b>(1,128)</b>	<b>(2,054)</b>	<b>187</b>	<b>156</b>	<b>165</b>
<b>FCF</b>	<b>6,238</b>	<b>5,691</b>	<b>8,884</b>	<b>11,126</b>	<b>12,364</b>
Issue of share capital	(465)	(1,826)	0	0	0
Increase/(decrease) in debt	(1,912)	(213)	(100)	(100)	66
Dividend paid	(3,529)	(3,492)	(5,486)	(6,709)	(7,028)
Interest paid	(60)	(99)	(96)	(85)	(84)
Others	(109)	0	0	0	0
<b>Net cash from financing</b>	<b>(6,076)</b>	<b>(5,630)</b>	<b>(5,682)</b>	<b>(6,894)</b>	<b>(7,046)</b>
Net change in Cash	162	62	3,202	4,232	5,318

Source: Company, Centrum Broking

## Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Shirish Pardeshi & Mr. Nikhil Kamble, research analyst and and/or any of their family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by them, they are not received any compensation from the above companies in the preceding twelve months. They do not hold any shares by them or through their relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, 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 or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

**Ratings definitions**

Our ratings denote the following 12-month forecast returns:

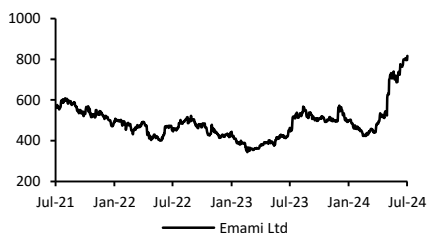
Buy – The stock is expected to return above 15%.

Add – The stock is expected to return 5-15%.

Reduce – The stock is expected to deliver -5--5% returns.

Sell – The stock is expected to deliver <-5% returns.

**Emami Ltd**



Source: Bloomberg

**Disclosure of Interest Statement**

1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)
		<b>Emami Ltd</b>
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No
11	Whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;	No
12	Whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No
13	Whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No

**Member (NSE and BSE). Member MSEI (Inactive)**

Single SEBI Regn. No.: INZ000205331

**Depository Participant (DP)**

CDSL DP ID: 120 – 12200

Single SEBI Regn. No.: IN-DP-537-2020

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Research Analyst

SEBI Registration No. INH000001469

Mutual Fund Distributor

AMFI REGN No. ARN- 147569

Website: www.centrumbroking.com

Investor Grievance Email ID: investor.grievances@centrum.co.in

**Compliance Officer Details:**

Ajay S Bendkhale

(022) 4215 9000/9023; Email ID: compliance@centrum.co.in

**Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)****Registered and Corporate Office:**

Level -9, Centrum House, C.S.T. Road,

Vidyanagari Marg, Kalina,

Santacruz (East) Mumbai – 400098

Tel.: - +91 22 4215 9000