

30th October, 2025

The Manager – Listing
National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. C/1, Block – G
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Scrip Code: EMAMILTD

The Manager – Listing
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Scrip Code: 531162

Sub: Intimation of Credit Rating under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that India Ratings & Research Pvt. Ltd. vide its press release dated 16th October, 2025 has assigned the following rating to the bank loan facilities of the Company, the details of which are provided hereunder:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR1,800	IND AA+/Stable/IND A1+	Assigned

Copy of the aforesaid press release issued by India Ratings & Research Private Limited is enclosed herewith.

The Company's bank loan facilities were rated 'CARE AA+; Stable / CARE A1+' by CARE Ratings Limited during FY 2024–25, and the rating continues to remain unchanged.

This is for your information and record.

Thanking you,

Yours faithfully,

For Emami Limited

Ravi Varma
Company Secretary and Compliance Officer
Membership No: F9531

(Encl: As above)

India Ratings Assigns Emami’s Bank Loan Facilities ‘IND AA+’/Stable/‘IND A1+’

Oct 16, 2025 | Diversified FMCG

India Ratings and Research (Ind-Ra) has rated Emami Limited’s bank loan facilities as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR1,800	IND AA+/Stable/IND A1+	Assigned

Analytical Approach

Ind-Ra has taken a fully consolidated view of Emami and its subsidiaries while assigning the rating, owing to the strong strategic and operational linkages among them.

Detailed Rationale of the Rating Action

The rating reflects Emami’s strong business profile, supported by its leading market position across various niche product categories, geographical diversification across domestic and international markets, and strong marketing and distribution networks. Emami’s value chain strength is evidenced by its ability to sustain strong EBITDA margins despite fluctuations in raw material costs. The margins have consistently exceeded industry average, reflecting its strong operating efficiencies and market position. Furthermore, its financial profile is supported by its robust cash flow generation, resulting in a strong balance sheet with net cash position. Ind-Ra expects continued investments to aid the business profile, while healthy profitability is likely to sustain the company’s strong financial profile over the near- to medium term.

List of Key Rating Drivers

Strengths

- Strong market position across product categories
- Strength in value-chain resulting in industry leading margin profile
- Strong distribution network, increasing omni-channel presence
- Likely to maintain revenue growth over medium term; share of international business increasing
- Focus on strategic acquisitions to continue
- Healthy balance sheet maintained across business cycles; net cash position likely over near term

Weaknesses

- Susceptibility to competition in fast-moving consumer goods (FMCG) industry; cost fluctuations
- Large share of seasonal products; limited increase in category penetration

Detailed Description of Key Rating Drivers

Strong Market Position Across Product Categories: Emami's strong presence in niche segments, where it has been a category innovator, has enabled it to maintain market leadership across various product segments. Its flagship brand Navratna, operating in the niche cooling oil segment within hair oil, had a market share of 68% in FY25 (FY24: 63%); Boro plus, an antiseptic and topical healing cream in the skin cream segment, commanded a 60% share; and in the pain management segment, Zandu Balm and Mentho Plus together held a 55% share (moving annual total (MAT) December 2023). Smart and Handsome (previously known as Fair & Handsome), a category innovator in the male grooming segment launched in 2015, saw its market share increasing to 74% in FY25 (FY24: 65%), despite a reduction in the category penetration. The company's ayurvedic hair growth oil brand, Kesh King, witnessed a share of 29% in FY25 (FY16: 35.4%), amid increasing competition.

Emami has over 1,100 stock keeping units (SKUs), indicating wide market coverage and product diversity with brand extensions into new product variants. For instance, while DermiCool, which was acquired in 2022, was initially a single SKU brand within the talc segment, has since introduced product variants such as soaps and shower gels among others. Furthermore, Emami focuses on developing new products and improving existing products through its research and development (R&D) team of 137 scientists and field experts at its R&D centres in Mumbai and Kolkata.

Strength in Value-chain Resulting in Industry Leading Margin Profile: Emami's market leadership position and presence in niche product segments across various segments enable it to generate a premium over competing products, resulting in higher than industry gross margins. Furthermore, Emami has been able to improve its average gross margins over the past decade to 67% (FY25: 69%, pre-FY15: 53%). The gradual increase in its scale of operations has also increased procurement efficiencies. Similarly, its consolidated EBITDA margins averaged at 27% over the past decade (FY25: 26.9%; pre-FY15: around 20%), the highest in the FMCG industry. This is despite Emami's advertising and sales promotion spends being one of the highest in the industry (FY24-FY25: 18.2%; decadal average: 18%) to strengthen its brand recall, support product penetration and offtake. In FY25, Emami's consolidated EBITDA increased to INR10.3 billion in FY25 (FY24: INR9.5 billion; FY23: INR8.6 billion), supported by growth in revenue and healthy margins, despite the overall scale remaining lower than other leading FMCG players.

Strong Distribution Network, Increasing Omni-channel Presence: Post-COVID-19, the management has been focussing on increasing the diversification across business channels and the revenue share of e-commerce and modern trade to around 23% in FY25 (FY21: 10%; FY15: around 5%) from the nominal levels earlier. The share of the e-commerce segment revenue share rose to around 12% of the revenue in FY25 (FY21: around 3%; FY15: around 1%). Despite the change in distribution mix, Emami has been able to maintain its gross margin levels. Furthermore, Emami's rural coverage stood at 52,000 village towns (FY16: 13,300 village towns, direct and indirect reach of 5.4 million outlets (4.0 million outlets), around 3,400 distributors (2,900 distributors).

Likely to Maintain Revenue Growth over Medium term; Share of International Business Increasing: Emami's consolidated revenue has expanded at a compounded annual growth rate (CAGR) of 14% over the past two decades, supported by continued investments in inorganic acquisitions and growth, volume growth across product segments and annual price hikes. Its revenue grew to INR38 billion in FY25 (FY24: INR35.8 billion), primarily led by higher volumes. However, the company's revenue is likely to be affected by a less-intense summer in FY26 (affecting the performance of the summer portfolio in 1HFY26); Ind-Ra believes that Emami would be able to generate a single digit growth over the medium term, with growth in existing segments and higher revenue from inorganic initiatives. Furthermore, with the recent goods and services tax (GST) rate cuts, Emami has reduced prices across its key products. While this could result in a temporary volume impact in 2QFY26, Ind-Ra expects it to gradually spur consumption demand, benefiting Emami that has a higher than industry rural share of around 45%.

Emami's international business contributed 17%-18% to its revenue (FY25: 17%; FY24: 18%), an increase over the 12%-14% share a decade back. The international business expanded at a CAGR of around 9.4% over the past decade, with Emami increasing its export footprint to over 70 countries in FY25 (FY15: around 60 countries; FY05: around 53 countries). The South Asian Association for Regional Cooperation (SAARC) and Middle East and North Africa (MENA) regions accounted for around 83% of international sales with Navratna (the United Arab Emirates, Saudi Arabia and Bangladesh), BoroPlus (Russian and Ukraine) and Smart and Handsome (Saudi Arabia and Bangladesh) having a

leadership position within the product category in some countries. In addition to its five domestic manufacturing facilities, Emami has its own manufacturing facility in Bangladesh and third-party manufacturing units within Germany, Sri Lanka and Thailand that support its international operations.

Focus on Strategic Acquisitions to Continue: The management stated that the company would continue to look for strategic acquisitions, with focus on segments where there is potential for large growth and/or niche product segment that enjoys strong operating margins. Emami's notable strategic acquisitions and inorganic investments include the acquisition of Kesh King for INR16.51 billion in 2015, Zandu Pharmaceuticals for INR7.5 billion in 2008, DermiCool for INR4.3 billion in 2022, The Man Company (owned by Helios Lifestyle) for around INR2.7 billion over 2017-24, Axiom Ayurveda for around INR1.1 billion in 2023 and Crème 21 for around INR1 billion in 2019. Other acquisitions include those of Brillare Life Sciences (skin care products), Cannis Lupus Services India Private Limited (pet products). These acquisitions have enabled Emami to improve its gross margins over the past two decades and a large share of the investment have been value-accretive for Emami. Its return on capital employed (ROCE) stood at 32.1% in FY25 (FY24: 31.2%; FY23: 26.1%). Due to its focus on strategic acquisitions, the management expects its capex spends to remain minimal. Emami has spent INR0.4 billion-0.5 billion annually over FY21-FY25, accounting for lower than 1.5% of its revenue.

Healthy Balance Sheet Maintained Across Business Cycles; Net Cash Position likely over Near Term: Emami has maintained a net cash position across five of the past seven years ending FY25 with the net leverage (net debt / operating EBITDA) remaining below 0.2x over the period. At FYE25, Emami had net cash of around INR6.3 billion (FY24: net cash of INR2.9 billion; FY23: net cash of INR1.75 billion). Furthermore, its gross interest coverage (gross interest expense / operating EBITDA) remained high at 110x in FY25 (FY24: 95x; FY23: 117x). Emami does not have any long-term debt and the limited debt on its balance sheet primarily related to working capital requirements. Despite significant investments in inorganic growth, occurrence of COVID-19, intermittent periods of demand slowdown and elevated inflation levels, Emami has maintained a healthy balance sheet driven by the strong cash flow generation.

Its cash flow from operations to EBITDA (CFO/EBITDA) ratio remained high at 0.8x-0.85x on average across the past seven years. The management stated that despite its continued investments towards strategic acquisitions and inorganic growth, it intends to maintain a debt neutral balance sheet and Ind-Ra expects the net cash position to continue over the near term unless there is a large inorganic investment.

The group is present in edible oil, paper, real estate and healthcare businesses. Emami's related party transactions have been minimal, and no material outflow is expected over the near- to medium term. Furthermore, the promoter share pledge is moderate at around 10% currently and is unlikely to witness any material increase.

Susceptibility to Competition in FMCG Industry; Cost Fluctuations: Emami operates in the highly competitive FMCG sector, thereby exposing participants to the risk of loss in market share. Emami's market share for the BoroPlus declined due to intense competition (FY25: 60%; FY19: 68%; FY15: 73%). The management has taken various measures including a change in its packaging, pricing strategies, and updated campaigns to arrest the decline in market share. Similarly, the company witnessed a loss in market share within Kesh King due to competition within the medicinal oils and shampoo segment. The company has appointed the consultancy firm, Boston Consulting Group (BCG), for improving penetration of Kesh King and BoroPlus.

Emami is exposed to raw material and supply chain risks, which could adversely impact sales and operating margins. However, based on the historical trend of stable and improving gross margins and steady revenue growth, Emami has established its ability to adequately mitigate this risk. However, any unmatched cost fluctuations may affect profitability. The company is also exposed to forex fluctuation risk considering that it procures around 9% of its raw materials outside India and it has 17%-18% international sales. However, the company has not had any material forex losses historically demonstrating its ability to mitigate this risk. Furthermore, a large portion of the international sales are through manufacturing outside India thereby limiting the forex risk.

Large Share of Seasonal Products; Limited Increase in Category Penetration: Emami's seasonal product share stood high at around 43% in FY25 (FY18-FY19: around 50%). As a result, the quarterly revenue is susceptible to some cyclicity, although the company has a mix of both summer (e.g. DermiCool, Navaratna products) and winter products in the portfolio (e.g. BoroPlus products). Furthermore, the category penetration levels have not witnessed a material increase

(barring the pain management) over the past few years. Despite growth potential, the category penetration of the male grooming segment reduced to 2% in FY25 (FY19: 5%). While this could translate into large headroom for organic growth, it may also be arduous to increase category penetration.

Liquidity

Adequate: Emami had unencumbered cash and current investments of around INR6.9 billion at FYE25 (FYE24: INR3.6 billion; FYE23: INR2.5 billion). Furthermore, it has sizeable liquidity headroom within its working capital limits given the unutilised unsecured fund-based limits of INR3.91 billion, drawing power backed secured fund-based limits of around INR1.45 billion and unutilised non-fund-based limits of INR1.6 billion at end-August 2025. The average utilisation of fund-based limits was negligible while that of non-fund-based limits was around 4% over the 12 months ended August 2025. Emami's net working capital cycle stood at around 80 days in FY25 (FY24: 89 days; FY23: 84 days) with net working capital intensity at 9%-10%. The company has been consistently generating positive CFO over FY19-FY25, reflecting the strong profit generation across business cycles. Over the same period, Emami has generated positive free cash flows barring FY20 due to a higher capex spend.

The company does not have any term debt and given the minimal debt levels, Emami only has interest obligations of around INR0.1 billion which it can service comfortably through the strong operational cash flow generation. The management plans to maintain similar liquidity levels over the near term, despite its strategic acquisitions and dividend payouts which have averaged around 47% over FY22-FY25.

Rating Sensitivities

Positive: A significant and sustained increase in the scale and diversification, leading to a strengthening of the business profile while maintaining profitability and credit metrics on a sustained and consolidated basis, could be positive for the ratings.

Negative: A significant reduction in the EBITDA emanating from a loss of market share or deterioration in margins and/or large acquisitions/capex/investments resulting in the net leverage increasing beyond 1x, on a sustained basis, will be negative for the ratings. Additionally, a weakening of the financial flexibility could also be negative for the ratings.

Any Other Information

Comfortable Standalone Profile: Emami recorded revenue of INR31.2 billion in FY25 (FY24: INR29.2 billion), EBITDA margin was 30% (29.2%) and interest coverage was 443x (401x). The company had net cash of INR4.8 billion (net cash of INR1.8 billion).

About the Company

Founded by RS Agarwal and RS Goenka, Emami is in the business of manufacturing and marketing of personal and healthcare products. The company has six of its own manufacturing facilities and over 35 third-party manufacturing facilities in India, four such facilities overseas & 26 distribution centres. Its products are available in 5.4 million outlets.

Key Financial Indicators

Particulars (Consolidated)	FY25	FY24
Revenue (INR billion)	38.1	35.8
EBITDA (INR billion)	10.3	9.5
EBITDA margin (%)	26.9	26.5
Interest coverage (x)	110	95
Net leverage (x)	Net cash	Net cash
Source: Emami; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook		
	Rating type	Rated Limits (million)	Rating
Bank loan facilities	Long Term/ Short Term	INR1,800	IND AA+/Stable/IND A1+

Bank wise Facilities Details

The details are as reported by the issuer as on (16 Oct 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	HDFC Bank Limited	Fund-based working capital limits	750	IND AA+/Stable / IND A1+
2	Hongkong Shanghai Banking corporation	Fund-based working capital limits	250	IND AA+/Stable / IND A1+
3	Citibank N.A.	Fund-based working capital limits	150	IND AA+/Stable / IND A1+
4	DBS Bank India Limited	Fund-based working capital limits	100	IND AA+/Stable / IND A1+
5	ICICI Bank	Fund-based working capital limits	150	IND AA+/Stable / IND A1+
6	Standard Chartered bank	Fund-based working capital limits	50	IND AA+/Stable / IND A1+
7	HDFC Bank Limited	Non-fund-based working capital limits	80	IND AA+/Stable / IND A1+
8	Hongkong Shanghai Banking corporation	Non-fund-based working capital limits	100	IND AA+/Stable / IND A1+
9	ICICI Bank	Non-fund-based working capital limits	50	IND AA+/Stable / IND A1+
10	NA	Fund-based/Non-fund-based limit	120	IND AA+/Stable / IND A1+

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Contact

Primary Analyst

Siddharth Rego

Associate Director

India Ratings and Research Pvt Ltd

Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051

+91 22 40356115

For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst

Khushbu Lakhota

Director

+91 33 4030 2508

Media Relation

Ameya Bodkhe

Marketing Manager

+91 22 40356121

About India Ratings

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

DISCLAIMER

All credit ratings assigned by india ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.indiaratings.co.in/rating-definitions>. In addition, rating definitions and the terms of use of such ratings are available on the agency's public website www.indiaratings.co.in. Published ratings, criteria, and methodologies are available from this site at all times. India ratings' code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the code of conduct section of this site.