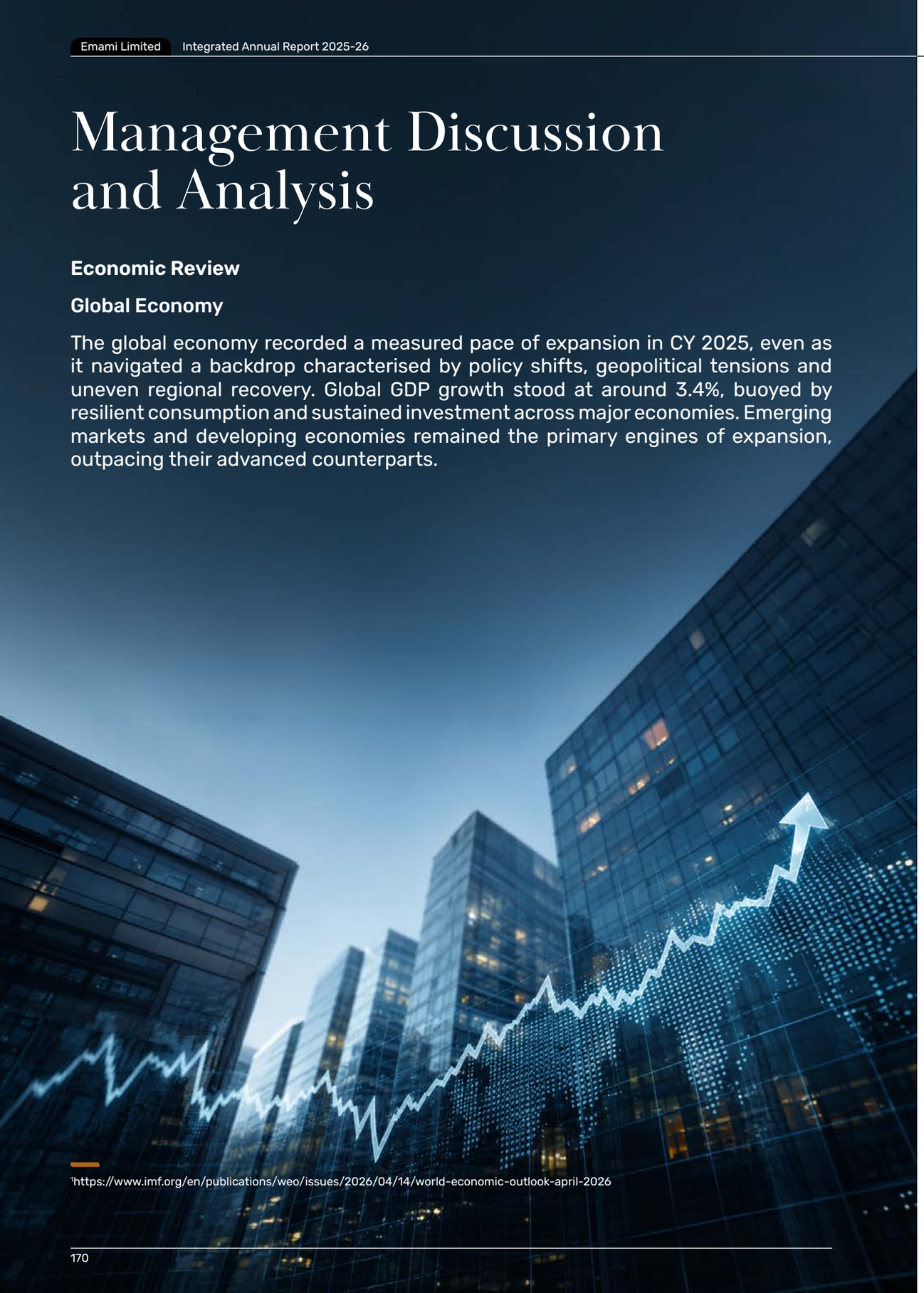
Management Discussion and Analysis

Economic Review

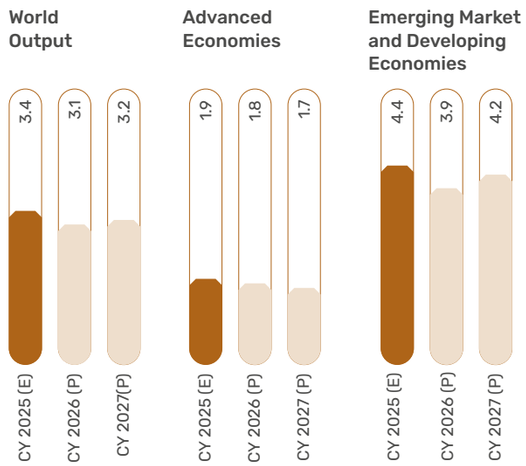
Global Economy

The global economy recorded a measured pace of expansion in CY 2025, even as it navigated a backdrop characterised by policy shifts, geopolitical tensions and uneven regional recovery. Global GDP growth stood at around 3.4%, buoyed by resilient consumption and sustained investment across major economies. Emerging markets and developing economies remained the primary engines of expansion, outpacing their advanced counterparts.



[1]https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026

Global GDP Growth (%)



E- Estimate

P- Projections

Source: IMF, World Economic Outlook, April 2026

Inflationary pressures eased during the year as energy and food prices stabilised and supply chain conditions improved. Global inflation declined to around 4.1% in CY 2025, reflecting the cumulative effect of earlier monetary tightening. While central banks began to adopt a more calibrated approach, interest rates remained relatively high compared to historical norms.

Growth outcomes varied across regions. Advanced economies experienced moderate growth, constrained by tight financial conditions and more cautious consumption trends. In contrast, emerging economies, particularly in Asia, exhibited stronger momentum. This can be attributed to resilient domestic demand and investment flows. India continued to stand out as one of the fastest-growing major economies.

Geopolitical developments continued to exert a pronounced influence on the global economic landscape. Persistent tensions across energy-producing regions and strategic rivalries among major economies contributed to volatility in commodity markets and trade flows. These developments added a layer of uncertainty to global growth conditions and influenced inflation expectations and supply chain stability.

Outlook

Global growth is projected to remain stable in the near term, with output expected to expand at around 3.1% in CY 2026 and 3.2% in CY 2027. Inflation is expected to moderate to 4.4% in CY 2026 and further ease to 3.7% in CY 2027, indicating a gradual stabilisation in price levels.

Growth dynamics are likely to remain differentiated. Advanced economies are anticipated to expand at a moderate pace, while emerging markets are expected to continue driving global expansion. Emerging and developing economies are projected to grow at around 3.9% in CY 2026 and 4.2% in CY 2027, supported by domestic demand, infrastructure-led investment and policy continuity.

However, the near-term outlook is accompanied by a degree of uncertainty. Geopolitical developments, particularly those influencing energy markets, may introduce volatility in inflation and trade flows. Evolving trade policies could further affect capital movement and cross-border activity. Structural adjustments in supply chains and production networks are also likely to influence medium-term trade patterns.

At the same time, continued and rising investments in technology, digital infrastructure and supply chain diversification are expected to support productivity and long-term growth. Easing inflation and the stabilisation of financial conditions may improve consumer sentiment and drive demand recovery.

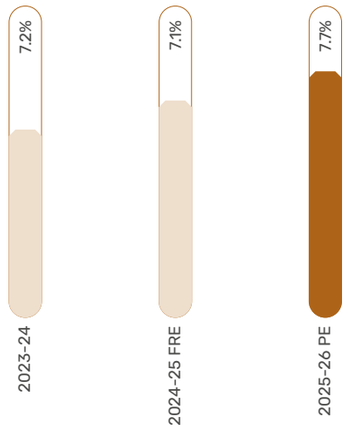
Indian Economy

India's economy delivered a strong growth performance in FY26, with real GDP expansion estimated at 7.7%, supported by robust domestic demand and sustained investment momentum. Private consumption remained the primary driver, contributing around 55.7% of GDP, aided by a period of relatively low inflation and improving real incomes. Investment activity remained resilient, with gross fixed capital formation holding at around 32.3% of GDP, buoyed by continued government capital expenditure and a gradual pick-up in private investment.

[2]https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf

[3]https://www.mospi.gov.in/uploads/latestReleases/latest_release_1780655857536_5ac01869-ca4a-422d-b7a7-57b81da60932_Press_Note_on_GDP_Estimates_for_Q4_2025-26_and_PE_FY_2025-26_F.pdf

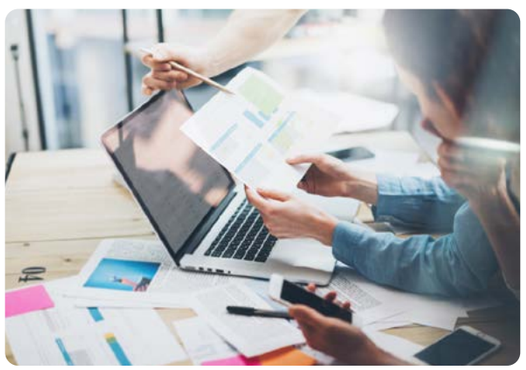
India's GDP Growth (%)



FRE- First Revised Estimates, PE- Provisional Estimates
Source: MoSPI Provisional Estimates FY2025-26

Economic momentum was particularly evident in the first half of the year, with services expanding steadily and manufacturing benefiting from policy support and easing supply constraints. However, growth conditions moderated towards the close of the year, indicating a softening in domestic demand and a build-up in cost pressures. Consumer price inflation rose from 2.7% in January 2026 to 3.4% in March 2026, primarily led by food price pressures and higher energy-related risks arising from geopolitical developments.

Manufacturing activity slowed more noticeably, while services growth also eased in the face of global uncertainties. Geopolitical developments in West Asia disrupted market conditions and weighed on business sentiment, while supply-side pressures pushed input costs higher across energy and commodity categories.



Outlook

India's growth outlook remains cautiously optimistic, with GDP growth projected at 6.6% for FY27. Domestic demand is foreseen to continue fuelling expansion, with private consumption remaining the central driver. Economic expansion is expected to be supported by stable inflation, improving incomes and a gradual recovery in rural demand, complemented by steady urban consumption patterns.

On the external front, India is strengthening its trade architecture through new economic agreements. The recently concluded India-European Union Free Trade Agreement represents a notable step forward. The bilateral agreement has the potential to enhance market access, deepen integration with European supply chains and improve export competitiveness across critical sectors.

India is expected to remain among the fastest-growing major economies over the medium term. Investment momentum is expected to persist, facilitated by continued government capital expenditure and infrastructure development. Fiscal consolidation is expected to be on track, and the fiscal deficit is targeted at 4.3% of GDP. Inflation is expected to remain within the RBI's target range, though crude oil volatility and geopolitical developments will continue to warrant close attention.

Industry Overview

India's Fast-moving Consumer Goods (FMCG) Sector

India's FMCG sector remains closely intertwined with the rhythm of everyday consumption, drawing strength from its extensive household reach and its relevance to daily living. Household expenditure continues to fuel demand, supported by the sector's high-purchase frequency and broad-based reach across urban and rural geographies. The Indian FMCG market, valued at an estimated $ 287.91 billion in 2025, indicates the combined influence of rising incomes, expanding urbanisation and increasing preference for convenience-driven consumption.

India FMCG Market Growth (USD Billion)



Source: IMARC

[4]https://www.mospi.gov.in/uploads/latestreleasesfiles/1776078391571-Press_Release_of_CPI_March_2026.pdf
[5]https://www.pmi.spglobal.com/Public/Home/PressRelease/347e54bef3694c41ba7d5425d585d7ef
[6]https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62863
[7]https://prsindia.org/files/budget/budget_parliament/2026/Union_Budget_Analysis-2026-27.pdf
[8]https://www.imarcgroup.com/india-fmcg-market



Rural markets remained a key driver of incremental demand during the year, supported by favourable monsoon conditions, improved agricultural output and continued policy support.

Growth trends remained uneven across markets, with rural consumption outpacing urban demand, particularly during the first half of the year. Urban markets, however, continued to account for a larger share of overall industry value, contributing approximately 63% of the market, supported by higher purchasing power and stronger retail infrastructure.

Across categories, growth was more pronounced in personal care and health-oriented segments. Personal care and cosmetics contributed nearly 48% of the market. This reflects a growing consumer focus on grooming, hygiene and wellness. Demand is increasingly tilting towards products that offer tangible functional benefits, incorporate natural ingredients and cater to more specific customer needs.

Digital transformation is reshaping the FMCG landscape, driven by widespread smartphone adoption, improved internet access and the growing influence of digital platforms on consumer behaviour. These developments have significantly altered how consumers discover, evaluate and purchase products, while enabling brands to engage more directly and effectively with their target audiences.

Direct-to-Consumer (D2C) channels are emerging as a key growth avenue within the personal care segment, allowing companies to establish closer consumer relationships, enhance product visibility and accelerate innovation cycles. India's D2C ecosystem has expanded rapidly, with the market estimated at approximately $ 12-15 billion in 2025 and growing at 25-30% annually.

At the same time, the broader distribution landscape is evolving with the increasing relevance of e-commerce and quick commerce. Online channels are expanding beyond metropolitan areas into emerging markets, supported by a growing digital consumer base. Quick commerce, in particular, has gained traction in urban centres by enabling faster fulfilment and higher purchase frequency, contributing meaningfully to e-commerce-led FMCG sales. In the top eight metros, e-commerce accounts for approximately 18% of FMCG sales which shows a rising preference for convenience and speed.

During FY26, demand moved through a phase of recalibration before gradual stabilisation. Changes in GST rates across a substantial portion of the FMCG portfolio necessitated pricing adjustments, which temporarily disrupted trade channels. Nearly 60% of the FMCG portfolio underwent tax revisions, which required coordinated pricing adjustments across manufacturers, distributors, and retailers. This resulted in short-term moderation in consumption within traditional trade, where inventory recalibration and pricing changes impacted offtake. Organised channels, with stronger execution frameworks, responded more swiftly. As pricing aligned and inventory normalised, demand trends improved progressively in the subsequent months.

[9]https://www.forbesindia.com/article/enterprise/startups/indias-d2c-journey-after-a-rapid-scale-up-why-its-now-all-about-discipline/2991796/1
[10]https://nielseniq.com/global/en/news-center/2026/niq-gst-2-0-transition-reshapes-indias-fmcg-growth-landscape/

Outlook

The FMCG sector is expected to maintain steady growth over the medium term, supported by structural drivers, such as rising income levels, improving rural consumption and increasing adoption of digital commerce. The market is projected to grow at a CAGR of 16.64% during 2026-2034 to reach approximately USD 1,150.21 billion by 2034.

Demand conditions are likely to see gradual normalisation as pricing adjustments across the value chain stabilise. Rural markets are expected to remain an important source of incremental growth, supported by income stability, infrastructure development and policy impetus. Urban demand may strengthen progressively as inflationary pressures ease and discretionary spending revives.

Consumer behaviour is expected to tilt towards value-oriented as well as premium and differentiated offerings. A sizeable share of consumers remains focused on affordability, even as another segment increasingly favours higher-quality, benefit-led offerings. Global consumer trends indicate that nearly 47% of consumers are value-seeking. This duality places greater emphasis on innovation and portfolio depth as crucial levers of growth.

Digital channels are expected to gain further share in FMCG distribution. Expansion of e-commerce and quick commerce into tier-II and tier-III cities is likely to improve accessibility and increase purchase frequency. Growth in Direct-to-Consumer (D2C) models and digital engagement platforms is foreseen to reshape go-to-market strategies across the sector.

Input cost trends may remain subject to periodic fluctuations due to global developments, including geopolitical tensions affecting crude oil-linked inputs, along with movements in commodity prices and climate-related factors. While these factors may introduce near-term volatility, the sector's inherent resilience and adaptability are expected to support long-term growth.

Opportunities and Threats

Opportunities

Rising Consumption Intensity across Categories

India's consumption-oriented economy provides a strong foundation for FMCG demand, with private consumption accounting for a significant share of overall economic activity. This creates a sustained opportunity for growth across both essential and discretionary product categories. Improving income levels and a gradual strengthening of employment conditions are supporting higher discretionary spending, enabling increased consumption across both essential and discretionary categories. This presents opportunities to enhance usage intensity, widen category penetration and strengthen brand affinity across segments.

Premiumisation and Value Expansion

Urban markets offer a compelling opportunity for value-led growth. Evolving consumer preferences are driving demand for specialised, benefit-led and higher-value products across categories. This is creating headroom for premium portfolios that can deliver improved realisations and strengthen brand positioning.

Evolving Consumption Patterns Driven by Rising Incomes

Consumption patterns in India are undergoing a structural shift, driven by rising income levels and changing household dynamics. As disposable incomes increase, particularly within urban segments, a greater share of incremental consumption is shifting towards discretionary and higher-value categories.

Health, Wellness and Ayurveda-Led Growth

The growing consumer inclination towards natural and preventive healthcare products presents a long-term structural opportunity. Demand for Ayurvedic and herbal products continues to gain traction, expanding the scope for specialised offerings across personal care and everyday health categories.

Digital Enablement and Consumer Engagement

Digital platforms are transforming how consumers interact with FMCG brands. Improved access to online platforms and digital interfaces is enhancing product discovery, consumer engagement and purchase convenience. Data-led insights and targeted communication are enabling more personalised engagement, improving brand connection and influencing consumer choices across categories. E-commerce is growing rapidly due to convenience and accessibility, while quick commerce is increasing purchase frequency through faster delivery models. These channels are improving product availability, expanding market reach and enabling faster consumer engagement.

Threats

Evolving Consumer Preferences and Brand Switching

Changing consumer preferences and increased exposure to new brands are leading to more fluid loyalty patterns in certain categories. Consumers are now more willing to experiment. This places greater emphasis on continuous innovation and brand differentiation.

Channel Evolution and Distribution Complexity

The rapid evolution of modern trade and digital channels is reshaping distribution dynamics. Companies need to continuously adapt their channel strategies to maintain reach and efficiency.

Intensifying Competitive Landscape

Competitive intensity continues to rise, with regional players and digital-first brands gaining relevance across categories.

[11]https://nielseniq.com/global/en/news-center/2026/niq-gst-2-0-transition-reshapes-indias-fmcg-growth-landscape/

Company Overview

Over the past five decades, Emami Limited has built its presence in India's personal care and healthcare space by catering to everyday consumer needs across categories. A consistent focus on product quality and accessibility has shaped its portfolio, which now spans skincare, haircare, healthcare and male grooming.

The Company operates through a well-established distribution network that reaches over 5.4 million retail outlets in India through more than 3,400 distributors, along with an international presence across more than 70 countries.

Its portfolio includes a mix of seasonal and non-seasonal products, which supports demand across cycles while enabling scale in key categories. Continued focus on product quality, consumer relevance and disciplined execution has enabled the Company to strengthen its presence while adapting to evolving consumption patterns. A consistent focus on product quality, consumer relevance and disciplined execution has enabled the Company to strengthen its position and adapt to changing consumption demands over time.

Key Brands

Navratna
Zandu
BoroPlus
Kesh King
Smart And Handsome
Dermicool
Mentho Plus
7 Oils in One
The Man Company
Creme 21
Brillare Science
Axiom Ayurveda
IncNut Digital



Financial Performance

(₹ crores)

Particulars	FY 2025-26	FY 2024-25	YoY Growth
Revenue	3,779.5	3,809.2	-1%
Gross Margin	69.9%	68.6	+130 bps
EBITDA	963.6	1,025.1	-6%
EBITDA Margin	25.5%	26.9	-140 bps
PAT	775.3	806.5	-4%
PAT Margin	20.5%	21.2%	-70 bps

Key Financial Ratios

Ratio	FY 2025-26	FY 2024-25
ROE (on adjusted PAT) (%)	29.89%	33.36%
ROCE (on adjusted PAT) (%)	28.70%	32.63%
Debt to Equity (times)	0.04*	0.02
Interest Cover (times)	77.93	96.73
Current Ratio (times)	2.13	2.04
Debt Service Coverage Ratio (times)	6.96*	13.48
Net Profit (% of sales)	20.5%	21.17%
ROI (%)	4.60%**	8.65%

*The variance is mainly on account of working capital loan taken during the year

**The variance is on account of lower income generated on investment in the current year

For Detailed information about the financials of the Company, refer to page 102 of the report.

Working Capital (No. of Days)	FY 2025-26	FY 2024-25
Trade Receivables	33	43
Inventory	39#	30
Trade Payables	46	42
Other Receivables	30	27
Net Working Capital	56	58

#Increased due to strategic purchase of inventories on account of input cost inflation.



Operations

The first half of the year witnessed disruption due to the GST rate revision across key FMCG categories. A large portion of the portfolio moved to the 5% tax bracket, with price reductions passed on to consumers. This resulted in short-term adjustments across the supply chain, including inventory realignment and recalibration of production planning, as trade channels responded to revised pricing structures, and consumers deferred purchases ahead of revised pricing. As inventories stabilised and pricing settled, demand trends regained momentum in the subsequent months.

The resilience of operations was supported by the Company's portfolio mix, with a majority of domestic revenue derived from non-seasonal products. This reduced dependence on seasonal categories and helped temper volatility.

For more details refer to page 114 of the report.

Research and Development

Product development during the year focused on improving efficacy and addressing specific consumer needs across personal care and healthcare categories. The Company relaunched Kesh King as Kesh King Gold with an upgraded formulation, combining Ayurvedic ingredients with scientifically validated actives such as biotin and plant-based compounds. The formulation includes a blend of 21 Ayurvedic herbs along with advanced actives aimed at improving hair growth outcomes.

New product introductions were undertaken across key brands. Under the healthcare portfolio, Zandu launched products such as Apple Cider Vinegar effervescent tablets and Good Gut solutions, aligned with increasing consumer focus on wellness.

In personal care, BoroPlus broadened its range with new variants and lip care products, while The Man Company introduced multiple products, including Vitamin C and Anti-Acne Facewash, Moisturising Gel Cream, Anti-Dandruff Shampoo and a range of fragrances, to strengthen its presence in the premium male grooming segment. Brillare also introduced new offerings such as Rosemary Oil Shots, which received strong market traction.

For more details refer to page 124 of the report.

Sales and Distribution

The Company's products are available across more than 5.4 million retail outlets supported by a network of over 3,400 distributors. The channel mix has shifted towards organised formats, with healthy growth across



general trade, modern trade and e-commerce channels, which has strengthened the domestic revenue mix and accounts for approximately 32% of revenues. E-commerce continues to expand with strong growth in quick commerce. Quick commerce contributes around 20% of the e-commerce channel.

For more details refer to page 149 of the report.

Human Resources

The Company's people strategy during FY26 focused on strengthening organisational capability, leadership readiness and workforce agility in line with evolving business requirements. As artificial intelligence, digital technologies and changing consumer landscapes reshape the FMCG sector, Emami sharpened its focus on skills-based workforce development, internal talent progression and future leadership pipelines.

Capability development remained a key priority during the year. Emami expanded learning and development initiatives across functional, behavioural and leadership domains, with particular emphasis on digital literacy, data capabilities, artificial intelligence awareness and managerial effectiveness. Structured performance conversations, succession planning and internal mobility programmes helped create clearer growth pathways across the organisation, while 187 employees progressed into larger roles and responsibilities during the year. Leadership development initiatives were also strengthened to build a deeper pipeline of future-ready talent across functions.

The Company also placed significant emphasis on employee well-being, workplace safety and engagement. Investments in healthcare support, wellness initiatives and employee connect programmes were complemented by robust health and safety practices across operations. These efforts contributed to a 50% reduction in Lost Time Injury Frequency Rate during the year. Through a combination of capability building, employee engagement and a people-first work environment, Emami continued to strengthen the organisational foundation required to support long-term growth and business resilience.



5,447

Total workforce as of March 31, 2026

88%

Employee retention rate

For more details refer to page 134 of the report.

Business Outlook

Emami's growth agenda is focused on strengthening its core brands while building a broader portfolio of future growth businesses across healthcare, wellness, nutrition, premium personal care and digital-first categories. The Company is leveraging its established brand equity, consumer understanding and distribution strengths to deepen its presence in high-growth segments and expand its addressable market.

A key strategic priority is increasing the contribution of non-seasonal categories and emerging businesses, creating a more balanced growth profile and reducing dependence on seasonal demand cycles. The Company is also focused on enhancing its premium portfolio through specialised and efficacy-led offerings, supported by consumer-led innovation, scientific product development and sharper portfolio management.

Alongside portfolio expansion, Emami is strengthening its omnichannel presence through e-commerce, quick commerce and direct-to-consumer platforms, while leveraging digital capabilities to improve consumer engagement and speed-to-market. With multiple growth levers across established brands, emerging businesses and new-age channels, the Company is well-positioned to drive sustainable growth and create long-term value.

Risk Management

The Company follows a structured and enterprise-wide approach to risk management, with well-defined processes to identify, assess and monitor risks across business functions. The framework is designed to support informed decision-making and ensure that potential risks are addressed in a timely and effective manner.

Oversight of risk management practices rests with the Risk Management Committee. It reviews critical risk exposures and mitigation strategies on a periodic basis. The framework is aided by clearly defined policies, procedures and assessment mechanisms, enabling a systematic evaluation of risks across operational, financial and strategic areas.

The Company continues to strengthen its risk management practices in line with evolving business conditions, including changes in the regulatory environment, market dynamics and operating landscape. This integrated approach ensures that risk considerations are embedded into business planning and execution, enhancing preparedness and long-term stability.

For a comprehensive understanding of the risk management framework, please refer to page 96 of this report.

Internal Control Systems and Their Adequacy

The Company has a robust and structured internal system of controls commensurate with its size, requirements and nature of operations. The internal regulatory structure is tailored to the Company, its business operations and each location. The Company's internal audit department conducts audits across manufacturing locations, offices, and sales depots to assess the existence, adequacy and operation of financial and operating controls and ensures compliance with the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and corporate policies.

The Internal Audit team carries out regular audit checks to ensure that adequate systems are in place and are effective. A summary of all significant findings, along with any follow-up actions taken, is submitted to the Audit Committee for review. The Audit Committee reviews the comprehensiveness and effectiveness of the report and provides valuable suggestions, and keeps the Board of Directors informed about major observations.

Cautionary Statements

Certain statements in the Management Discussion and Analysis section relating to the Company's objectives, expectations, projections, estimates and others may constitute forward-looking statements under applicable laws and regulations. These statements are based on current assumptions and available information; however, actual results may differ materially from those expressed or implied due to factors beyond the Company's control.

Forward-looking statements are subject to uncertainties and risks and do not guarantee future performance. Readers are advised not to place undue reliance on these statements. The Company undertakes no obligation to revise or update any forward-looking statements in light of future events, new information, or developments, except as may be required by applicable law.

