

# Fair & Handsome

**While founders RS Agarwal and RS Goenka may not have passed on the baton yet, it's their 30-something Generation Next that's running the day-to-day show at ₹3,000-crore Emami group, report Sreeradha D Basu & Writankar Mukherjee**

**A** DAY before the board of Emami group approved the consumer product maker's plan to raise Rs 5,000 crore through debt and equity dilution last month, the entire family members of Radhe Shyam Agarwal and Radhe Shyam Goenka, founders of the ₹ 3,000-crore group, descended on Hua Hin in Thailand for their annual vacation, complete with a cook in tow. It turned out to be the annual brainstorming session for the families of more than 40 members across three generations. Long sessions on the possible acquisition of Paras Pharmaceuticals and other shoptalk were as much a part of the 9-day pleasure trip as indulging in watersports, playing cards, or getting Indian chaats delivered all the way from Bangkok.

"The same thing happened during our family trip to Sohna near Delhi two years ago when we brainstormed over the Zandu strategy. It helped us clinch the deal," says Aditya Agarwal, son of RS Agarwal and a director at Emami, the group flagship.

During their family stay in the Thai beach resort town, the Agarwals and the Goenkas discussed threadbare the group's strategy if Emami succeeds in buying Paras Pharma, makers of brands such as Moov, Krack and Borosoft. More importantly, they also worked on alternative plans in case the deal does not happen.

"When any acquisition is on the cards, we discuss what we'll do if it happens - or even, as is far more likely, if it doesn't happen. What are the changes we'll implement

then in our company? There's always a Plan B," says the 35-year-old St Xavier's College commerce graduate.

As the Emami empire, which the senior Agarwal and Goenka started off 26 years ago with a modest capital of Rs 20,000, follows an aggressive organic and inorganic growth plan, it is the second-generation Agarwals and Goenkas who are steering the course and dreaming big.

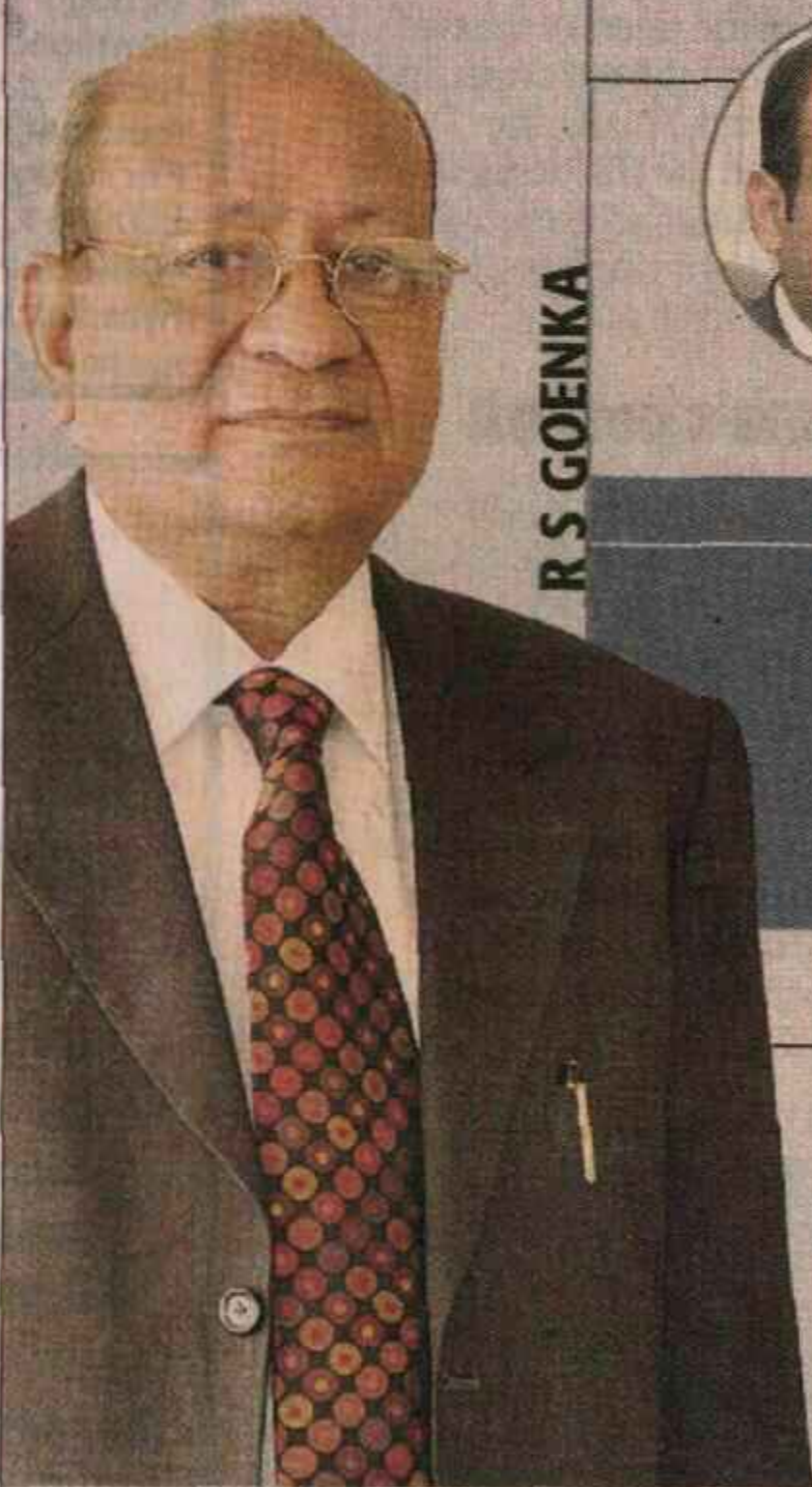
There are Aditya V Agarwal, Harsh V Agarwal and Priti Sureka from the Agarwal side and Mohan Goenka, Manish Goenka and Prashant Goenka from the Goenka side. And, while the two founders, now in their mid-sixties, still call the shots, it is their next generation that is running the day-to-day show without a trace of rebellion.

"I've seen the older generation build the business up from scratch and now I see that the young generation has an excellent understanding of the business as well. They are driving expansion, be it by way of new products or steering into new businesses," says Anand Rathi, founder and chairman, Anand Rathi Financial Services, who has been an advisor to the family since the 70s.

**T**he second-generation Agarwals and Goenkas, all in the age group of 34-39, were brought up together and joined work almost at the same time.

"When the six of us joined work at the same time, it gave extra confidence to the senior promoters and increased the risk-taking abilities. It was like creating a super-

# EMAMI NEXT GEN



R S GOENKA



## MOHAN GOENKA (38)

Director at Emami

Bhowanipore College commerce graduate  
MBA from Cardiff University.

Heads brands like Fair and Handsome, Zandu balm, Mentho Plus; sales and distribution. Other businesses include cement

## MANISH GOENKA (36)

Director in Emami group companies

St Xavier's College commerce graduate and MBA from Cardiff University



## PRASHANT GOENKA (37)

Director of Emami group companies

Bhowanipore College commerce graduate, MBA from Cardiff University  
Nephew of RS Goenka, Prashant heads Emami international business



R S AGARWAL

## PRITI SUREKA (39)

Director at Emami

Loreto House English Hons graduate  
Heads R&D & innovations. Is also in charge of Malai Kesar soap & cold cream, pure skin glycerine soap, Hairlife hair colour & hair packs



## ADITYA AGARWAL (35)

Director, Emami

St Xavier's College commerce grad

Aditya Agarwal & Manish Goenka head the FMCG brands such as Sona Chandi Chyawanprash, Fast relief, baby range, as well as OTC brands. They also head the hospital business, paper business, biodiesel & edible oil

## HARSH AGARWAL (34)

Director at Emami

St Xavier's College commerce graduate  
Heads brands like Boroplus, Navratna including all extensions & Zandu. Also looks after other businesses such as media, retail & real estate



power which automatically reduced both the decision making and implementation time," says Mohan Goenka, who is also on the board of Emami.

It's been some 13 years since and Emami's turnover has grown from just about Rs 70 crore then to more than ₹ 1,000 crore now. It has a market cap of more than ₹ 7,000 crore.

Last month, the Emami board allowed the company to raise up to ₹ 2,000 crore through securities and doubled its maximum borrowing limit to ₹ 3,000 crore.

Besides Ahmedabad-based Paras Pharma, Emami is also in talks with several others in the personal and healthcare spaces for possible acquisitions. It is close to acquiring a personal-care products manufacturing unit in Egypt for about ₹ 150 crore. It is also in talks with a South-East Asian player and a couple of European brands across skin-care, haircare and healthcare categories.

At the same time, Emami is scripting an organic growth plan for which it plans to use part of the funds. This includes entry and bigger play in categories like the baby

## YOUNG TURKS

**As the Emami empire, which the senior Agarwal and Goenka started off 26 years ago with a modest capital of Rs 20,000, follows an aggressive organic and inorganic growth plan, it is the second-generation Agarwals and Goenkas who are steering the course and dreaming big**

care segment with soaps, talcs and oil; hair colour, hair packs, oils and shampoos, and a whole new range of men's grooming products like deodorants, shaving creams and after-shave lotions. The company is also contemplating an entry into the beauty and spa services space.

"Our dream is to make Emami one of the top three personal care companies," says Priti Sureka, the eldest of the new generation. The new generation together has set an ambition to grow Emami's turnover by 25-30% every year for the next 3-5 years and emerge amongst the top three domestic FMCG companies.

At Emami, which shares ranks with Dabur, Marico and Godrej among top domestic consumer non-durable product companies, the gameplan is multi-pronged: launch at least 7-10 new products every year, expand distribution base for all products, refresh its power brands with newer packaging and formulation every three years and look for strategic acquisitions.

The group is also branching out into newer businesses like paper and newsprint, cement, power, retail, real estate, healthcare, bio-diesel, cultivation, edible oil and art.

"The exciting part of the company is that the product portfolio is unique and distinct-

ly positioned," says Arnab Mitra, FMCG analyst at IndiaInfoline. "Emami has a bunch of 5-6 products, including Navratna, Zandu balm, Boroplus and MenthoPlus, which contribute a major chunk to their revenues and they operate in segments where there is little or no competition from MNCs or big national players," he adds.

**P**riti feels her generation has brought in a lot of dynamism, new ideas and fresh thinking into the organisation. "It's a solid team, constantly handholding each other. This kind of manpower is hard to come by," she says.

Her association with the business started when she was in Class V and would hang around in her dad's office. In high school, she would take her classmates' views on product packaging or feedback to the ads that were on air.

While the second generation got inducted into the business from the ground level, visiting dealers, distributors and doing hardcore sales throughout the day, today each one of them is responsible for specific brands and divisions (see chart).

The structure is such that there is one Agarwal and one Goenka to handle each line of business. But still they make it a point to share and discuss issues and ideas with each other everyday during lunch. There's also a formal team meeting every month where they would jointly evolve future plans to be shared with the senior promoters. These meetings have led to the creation of newer brands such as the Himani Sona Chandi Chyawanprash and Emami Fair and Handsome. While the first helped Emami gain a foothold in the Dabur-led chyawanprash segment with almost 10% share, Fair and Handsome has catapulted into a ₹ 100-crore brand in just five years.

All decisions have not been spot on, though.

It was during one such meeting that they decided to take off five products from the market at one go - shaving cream, vanishing cream, gold turmeric cream, glycerine soap and tooth powder. "Today, however, we repent the decision. So, we recently relaunched the glycerine soap and may eventually do so with the other products. But I must admit such meetings have been a fantastic learning curve," says Aditya Agarwal.

**T**he new generation starts making business calls right from 6 in the morning when they get up till the wee hours of the night. "That's the atmosphere we have been brought up in," says Mohan, who never misses an opportunity to interact with people on the street including cabbies, peons and kiranawalas for their feedback.

It was during such a chance interaction with a small kirana in Chennai that Mohan got to know that men in South are heavy users of fairness creams that eventually led to the creation of the male fairness cream.

It is this feet-on-the-ground attitude which is binding the second generation together at a time when more and more busi-

ness families are getting torn apart.

The senior promoters have laid down strict rules and created family and business forums which meet frequently to sort out differences. There are other rules: they fly only economy class and can't buy cars which are priced more than ₹ 12 lakh. It's only recently, in fact, that the seniors bought their first BMW and Mercedes for themselves.

And one thing the new generation is very clear about is that they are only following the precedents set by the senior Agarwal and Goenka. "Their instincts are uncanny. They are the ones who always take the final call," says Aditya.

In fact, Emami's strong association with celebrities, which has gone a long way towards its popularity, is also a trend initiated by the seniors.

The list of celebrities it has roped in over the years include Sridevi, Meenakshi Sheshadri, Zeenat Aman, Rekha, Amitabh Bachchan and Madhuri Dixit from yesteryears as well as today's heartthrobs such as Shah Rukh Khan, Preity Zinta, MS Dhoni, Bipasha Basu and Sachin Tendulkar.

Then there is "Munni badnam hui" item number from recent blockbuster Dabangg that has helped Zandu Balm sales boom more than 35% in the last three months.

In 2009-10, around ₹ 195 crore was invested in advertising and branding, which as a portion of the total revenues, was 18.7%. In the previous year, this stood at 19.3%.

Emami's biggest bet has been the acquisition of 72% stake in Zandu Pharmaceutical Works for ₹ 730 crore in 2008. This brought some big brands under its fold including Zandu Balm, Zandu Special Chyawanprash and Kesri Jeevan. Emami also bought oil brand Lakhi Bilas and the Kolkata-based homeopathy company M Bhattacharya.

Even while Emami was growing significantly over the years, it never took existing big players such as Hindustan Unilever and Procter & Gamble head on, says IndiaInfoline's Arnab Mitra. "They haven't taken on any big existing player head-on. That's a strategy which has worked for them. After three-four years, though, this is something they have to do, since then growth will have to come from direct competition."

But then, with the complete second generation putting their heads together to transform the group into a powerhouse, senior Agarwal and Goenka will not be too worried about future challenges.

If they don't have a succession plan in place, that is because nobody sees any need for one. "There is no succession plan and the idea hasn't even crossed our minds. We work so well together. Why would anyone want to divide the business and make it small? There is enough work and enough money for all of us," says Aditya.

And Priti believes this unity will last for generations: "We are comfortable in our own shoes. We will carry the business forward together in the next few decades, and our children will continue after that."

## WINNING BRANDS

The ₹100-crore plus power brands from the Emami stable



### NAVRATNA (₹ 300 crore)

Emami's largest brand, Navratna Oil, positioned as a 'therapeutic cooling oil' enjoys a 48% market share of the ₹550-crore cool oil category in India. Also includes talcs.

**Major competitors:** Hingange and Rahat Rooh

### BOROPLUS (₹250 crore)

Boroplus antiseptic cream accounts for around 74% market share of the ₹269-crore boro brand creams in India. Emami has also extended into brands like Boroplus prickly heat powder, Boroplus summer lotion & boroplus winter lotion.

**Major competitors:** Boroline



### ZANDU BALM (₹ 165 crore)

Zandu enjoys a 43% share of the Indian balm market

**Major competitors:** Amrutanjan Balm, Tiger Balm, Monison's Balm

### FAIR & HANDSOME (₹100 crore)

The first-mover advantage has paid off bigtime for Emami, which commands 84% market share in the ₹137 crore domestic men's fairness cream market

**Major competitors:** Fair & Lovely Menz Active (HUL), Nivea for Men Whitening Cream (Nivea), Set Wet Get Fair (Paras Pharma)



#### ANAND RATHI

FOUNDER & CHAIRMAN, ANAND RATHI FINANCIAL SERVICES

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#### ADITYA AGARWAL

DIRECTOR, EMAMI

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#### ALYQUE PADAMSEE

AD GURU

The young generation has been given the freedom to bring out new brands. People are realising that marketing is about ideating and it's an enjoyable experience for all. Emami is such a high-energy workplace, always buzzing with ideas



#### ARNAB MITRA

FMCG ANALYST AT  
INDIAINFOLINE

The exciting part of the company is that the product portfolio is unique and distinctly positioned. Emami has a bunch of 5-6 products, including Navratna, Zandu balm, Boroplus and MenthoPlus, which contribute a major chunk to their revenues. They have also showed great strength in their ability to build new brands