

40 YEARS AGO... AND NOW

Connecting with the mass consumer

With the acquisition of Himani, Emami entered the mainstream personal care category in the late seventies



RS AGARWAL
CO-FOUNDER & JOINT CHAIRMAN, EMAMI GROUP

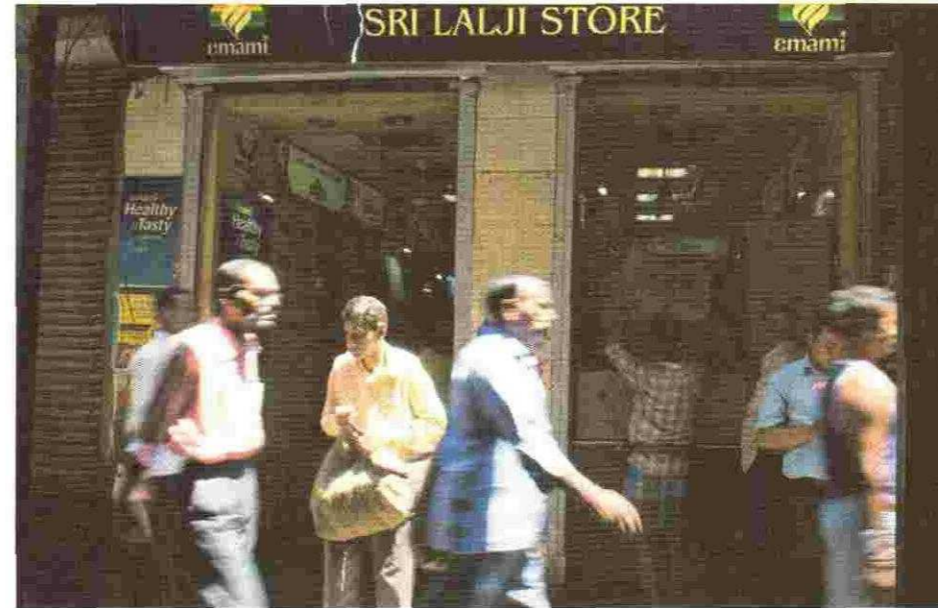
The late 1960s were not the best of times to kick off one's own business venture. Certainly not for two young boys, who did not hail from a business family and who were already engaged in cushy jobs in a large and respectable corporate group (Birla Group). But then, if you love being the boss rather than being bossed around, if you have a desire to be in control, things will always be different. And that's exactly what happened with me and my childhood best friend Radheshyam Goenka. So it was by choice that we left our jobs and stepped into business.

The entrepreneurial journey has never been smooth and certainly not in the initial days. We had the toughest ride in the initial years. The greatest challenge was to get the right product line and control our losses. In 1974, we finally set up Kemco Chemicals, an ayurvedic medicine and cosmetics manufacturing unit with an initial capital of ₹20,000. Well, that was the beginning.

The mid-70s were marked by the story of 'the great Indian middle class' with its growing propensity to consume and increasing purchas-

ing power. That was the time we rolled out Emami vanishing cream and Emami talcum powder. We did not taste success initially. But our failures gave us the most vital insight — if you are to capture the consumer's mind space, there is no alternative but to stand out in the market. And mind you, this particular market was dominated by multinationals with deep pockets.

I must also add here that the idea of standing out in the market is easier said than done. The task was even tougher because we were constrained by limited resources, a truly lean workforce. We had to put on several hats simultaneously — strategists, marketers, door-to-door salesmen, payment collectors and what not. We realised (and rightly so) that the only way to survive and grow would be through innovation and introduction of new products. For the first time in the history of Indian FMCG industry, we introduced products with imported French perfume and innovative packaging in plastic containers with imported Japanese labels that had golden motifs and printing. The strategy paid off and shortly both the products became immensely popular and by 1978, Emami vanishing cream became the market leader with 22 per cent market share and Emami talcum powder became the No.2 brand in its category in India. We



A file photo of the Sri Lalji Store in Kolkata. This is where Kemco products were sold before Emami was born. Later, the store also sold Emami products

realised we were on the right track.

People say the art of entrepreneurship lies in the capability of finding opportunities that others would not find, finding solutions that others can't create and finding a silver lining and making some good out of chaos. And the same year (in 1978), we sensed a great opportunity in the century old, ailing Himani Ltd. Himani, which had a strong brand equity in eastern India and a well laid out factory in Kolkata, was up for sale and we

took a somewhat revolutionary step by acquiring that company, notwithstanding the fact that inorganic growth was not the order of the day for FMCG companies in those days.

The financial risk was also significant. But eventually the move proved to be a turning point for us. Subsequent to our acquisition of Himani, we saw enormous potential in the antiseptic cream market, which was then monopolised by Boroline. We were aggressive and came up with our first flagship brand Boroplus antiseptic cream from the stable of Himani in 1984. Three years down the road, BoroPlus, the only antiseptic cream with ayurvedic ingredients, became the market leader.

The next decade (the 90s) was extremely eventful for Emami and we started off with the launch of our next flagship brand, another innovative product Navratna cool oil, again from the Himani stable. It was also an industry first. The market, dominated by traditional hair oils, actually had a latent demand for a therapeutic oil

that could also act as stress buster. We came up with a second plant at Pondicherry to ramp up capacity. Navratna, the ₹500 crore-plus brand today, is the market leader in cool oil category in the country.

We were on a roll and in 1995, Kemco Chemicals, our first partnership firm was converted into a public limited company as Emami Ltd. In 1998, Emami Ltd was merged with Himani Ltd and its name was changed to Emami Ltd as per fresh certificate of incorporation dated September 1, 1998.

Our business strategy, over the years, has thrived on continuous ideation, innovation, spotting of the right opportunity and on-time execution. When fairness creams were meant for women only and our peers and others never thought that men might also desire to look 'fair', we realised that a whopping 30 per cent of female fairness cream users were in fact men who were actually closet users. Call it a marketing history or something else, in 2005, we launched Fair and Handsome, the first fairness cream for men.

Then came the acquisition of another cen-

tury-old ayurvedic major, Zandu Pharmaceuticals, which has been yet another landmark and turning point in Emami's history. Before we finally bought over a controlling stake of 68.9 per cent in Zandu for ₹713 crore in 2008, almost all key players in the Indian FMCG business had tried their luck and failed. The Zandu takeover brought to our fold some of the popular and prominent brands like Zandu Balm, Zandu Chyawanprash, Zandu Kesri Jeevan, Zandu Pancharishta, Sudarshan and Nityam Churna. The Zandu business grew rapidly, and we became debt-free within two years of the deal.

We also pioneered the concept of celebrity brand endorsement and in-film advertising to create a noise and make our products known in the market. Marketing gurus will always recall matinee idol of yesteryears — Rajesh Khanna's reel role as the managing director of Emami in the 1983 film *Agar Tum Na Hote*.

Over the years, our products have been endorsed by celebrated and acclaimed entertainment and sports personalities like Madhuri Dixit, Sri Devi, Sonakshi Sinha, Kareena Kapoor, Sachin Tendulkar, Sourav Ganguly, Mary Kom and so on. We are possibly the only brand in the country to have both Amitabh Bachchan and Shah Rukh Khan as endorsers for the same brand, Navratna. Today, we are a homegrown multinational with presence in 63 countries.

With a group turnover of ₹8,000 crore and a market cap of ₹18,000 crore and supported by a strong workforce of 20,000, we now stand tall, not only among Indian business conglomerates, but both Radheshyam Goenka and myself feature amongst the top *Forbes* 50 billionaires of India.

But what is more satisfying, as the second generation promoter directors from our two families gear up to take this Group to the next level, is the fact over the last 40 years we did not have a single day of labour unrest.

The show, or shall I say, the battle to excel goes on. 🚀

