

CORPORATE

Emami raises funds for Kesh King buy

Kolkata, June 19

FMCG player Emami Ltd has raised around ₹900 crore debt to partially fund the ₹1,651-crore acquisition of Kesh King hair-care branded products from Sanjev Juneja of SBS Biotech. This is the biggest deal for Emami so far.

p3

Emami raises ₹900 cr to part-fund Kesh King acquisition

Deal to bring in Kesh King-branded ayurvedic hair oil, capsules and shampoo formulations

JAYANTA MALICK
ABHISHEK LAW

Kolkata, June 19

FMCG player Emami Ltd has raised around ₹900 crore debt to partially fund the ₹1,651-crore acquisition of Kesh King hair-care branded products from Sanjev Juneja of SBS Biotech.

This is the biggest deal for Emami so far. Earlier, it had acquired the controlling stake in Zandu Pharmaceuticals for around ₹700 crore.

"We have raised ₹800-900 crore through fresh borrowings. The balance is financed through internal resources," Harsh Agarwal, Director, told *BusinessLine*.

Boost to bottom-line

The deal has brought in Kesh King-branded ayurvedic hair oil, capsules and shampoo formulations into the Emami-fold. Kesh Pari hair oil, an associate fighter brand, was also a part of the deal.



Harsh Agarwal, Director, Emami

Justifying the high cost acquisition, Agarwal maintained that Kesh King products have a high-

er profit margin when compared to the existing products of Emami.

So far, the FMCG major's portfolio (hair-care) include the "Navratna Cool Oil" and "Seven Oils in One" (a hair damage control offering).

The hair oil from Kesh King will be more or less similar to Emami's Seven Oils offering, sources said.

But, according to Agarwal, Kesh King's products are priced "higher".

With ayurvedic only offerings in what the company calls an "affordable segment", the brand

competes with the likes of "Sesa" and "Anoop" in the hair oil segments.

Companies like Biotique, compete in the premium segment of the market with similar offerings across shampoos, hair-oils and conditioners.

National presence

According to Agarwal, these medicinal products have a strong presence in the northern and western regions.

The focus will be to expand the brand's presence in eastern and southern regions by leveraging Emami's distribution network.

There would be no price revision either, he confirmed. The acquisition does not include takeover of any manufacturing facility.

Products will, at present, be sourced from SBS Biotech's facility.

"We have decided to go in for contract manufacturing. However, we have an option of manufacturing the products in future," he said.

There, however, are no "immediate" plans to re-brand Kesh King.

According to Agarwal, it will take some time before the company takes a call on the matter.