

Emami buys Kesh King for ₹1,651 cr

FMCG company Emami will buy Sanjeev Juneja's hair & scalp-care business under 'Dr Juneja's Kesh King' and allied brands for Rs 1,651 crore. P 21

Emami buys Kesh King for ₹1,651 cr

TIMES NEWS NETWORK

Kolkata: Emami, one of the leading FMCG companies in India, has acquired Sanjeev Juneja's Kesh King and allied brands for Rs 1,651 crore. The Kesh King acquisition, biggest for the Kolkata-based company, marks Emami's foray into the ayurvedic hair & scalp care segment, which is growing at a rapid pace. It is one of the biggest acquisitions in FMCG space in the recent times and the biggest by any Kolkata-based company so far.

TOI first reported on November 5 last year about Emami looking to acquire the Himachal Pradesh-based Kesh King. Emami director Harsh Agarwal said the company will fund the acquisition through a combination of internal accruals and debt. He indicated that the company has a cash reserve of Rs 700-800 crore and has no plans to dilute equity stake in Emami for funding the acquisition.

Emami, the flagship of the group, has a turnover of Rs 2,300 crore, while the group as a whole has a turnover of over Rs 6,000 crore. Agarwal said the transaction envisages transfer of the business as going concern on a slump-sale basis and will include brand portfolio of ayurvedic oil, herbal shampoo & conditioner and ayurvedic capsules.

Kesh King is the leader in hair and scalp therapy oil market of Rs 800 crore. It has a marketshare of 35% with over Rs 300 crore turnover. Kesh King has major presence in north and western market that contribute 80%-85% of the turnover to the brand. Sanjeev Juneja said: "My products and formulations enjoy the numero uno status in their segments. The

range of Kesh King brand of products offer a complete solution to hair and scalp problems. We are confident of Emami taking this business to even greater heights in the future."

Earlier, the city-based firm had acquired Zandu Pharmaceuticals in 2008 for a total consideration of Rs 725 crore, which included share purchased through open offer as well. ITC has recently acquired two prominent FMCG brands — Savlon and Shower to Shower — from Johnson & Johnson. But that acquisition is believed to be valued at Rs 250-300 crore.

Agarwal said the latest transaction will be completed in one month.

Commenting on the acquisition, he added, "We are very happy to announce the acquisition of Kesh King business which offers great synergy with our business of personal & healthcare products. This acquisition is a part of our aggressive growth strategy and marks our foray into the ayurvedic hair & scalp care segment. We plan to leverage the target business with our existing strength to make our presence stronger and deeper. The transaction is a perfect strategic fit for Emami."

Introduced in 2009 by Juneja, the ayurvedic formulations provide benefits like hair protection, prevention from premature hair greying, helps in prevention of hair fall, nourishment, dandruff prevention etc. The brands have established themselves as the No. 1 players in the category with presence in 5.4 lakh outlets across India.

Emami scrip on Tuesday closed at Rs 1,066 down 5.80% on BSE from the previous close.

