

# Going organic

## Emami enters the organic personal & healthcare segment

**E**mami Limited, the Kolkata-based personal & healthcare FMCG, has acquired a controlling stake of 66.67 per cent in Australia-based Fravin Pty Ltd, along with its three subsidiaries, through Emami International FZE, a subsidiary of Emami Ltd. The stake in the Australian firm has given Emami access to a range of fast-growing organic and natural personal care products and also opened a new market.

“The Fravin acquisition is in sync with the company’s strategy to grow aggressively through both organic and inorganic routes in India and overseas. This is a significant step for the company, as the acquisition marks Emami’s entry into organic personal care products, where we were not present earlier. The market for organic personal care products is growing at rapid pace across the world,” says Harsh Agarwal, director, Emami. He expects that the global market for organic products will be double in six years from over \$7.6 billion in 2013. “We have been talking to them for the last 4-5 months and signed the deal now,” Agarwal says. Emami refused to reveal the size of the transaction but the industry sources say it is ₹35-40 crore.

Promoted by leading trichologist Peter Francis, the Fravin group makes a full range of hair care and skin care products that are certified organic by various certification bodies in Australia and the US, such as Australian



Agarwal: organics have bright prospects

Certified Organic (ACO) and the United States Department of Agriculture (USDA), among many others. The group has major strengths in R&D of various advanced technologies like trans-follicular anti-ageing serums, etc. The group has been the recipient of many international awards as recognition for its high standard and quality products. It has over 100 products in its portfolio, including the leading brand – Abache Organics, which was awarded the first place in the ‘Green Formulations’ category at the Sustainable Beauty Awards 2014, held in Paris.

“We are enthusiastic to be associated with a global company like Emami,” says managing director Francis. “There are strong synergies between the two companies. With Emami’s strong marketing network and our R&D capabilities and advanced technologies, we expect to take Abache brands to new heights.”

The group has its R&D and manufacturing facility in Adelaide. It also has a range of organic personal care products especially developed & formulated for children called eco-kid. Fravin will be a part of Emami’s international business division, which

contributes around 14 per cent to the total FMCG business of ₹1,800 crore, with a CAGR of 18 per cent in the last five years. Emami is present in over 60 countries across the world. “Our current focus will be the overseas market, as it is matured for organic products,” says Agarwal, talking about the marketing of Fravin products. “India will be the next step.” Fravin skin care has reasonable presence in the US and Europe.

Rising concerns for health safety, growing awareness of the consumers on the hazards of using products with synthetic chemicals have fuelled the demand for organic personal care products. “This acquisition emphasises our core belief in usage of safe and natural products,” Agarwal claims.

### Strategic acquisition

“It is a natural move for Emami to get into organic personal care segment,” says Naresh Pachisia, managing director, SKP Securities. “However, this requires a different technology and research for product development. The Australian company is relatively small but the acquisition of Fravin appears to be a strategic acquisition because of its technology and R&D prowess in natural and organic personal care products.” The company’s share price surged over 4 per cent after the announcement and is hovering at ₹934 on the BSE.

This is the second acquisition for the company in less than one year. In June last year, it acquired She, a sanitary napkin brand promoted by Mumbai-based Royal Hygiene Care.

Emami, the flagship company of the Emami group, has 260 diverse products in its portfolio, which includes brands like Zandu, BoroPlus, Navratna, Fair & Handsome, Mentho Plus, Fast Relief and Sona Chandi Chyawanprash.

Emami understands consumer needs. There will be no immediate impact on the top line or the bottom line of the company for the acquisition but the new range of portfolio is expected to create enormous attention in the market.

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