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Emami to push Kesh King brand

Sees about ₹350-cr revenues from this brand next fiscal

OUR BUREAU

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Emami Ltd on Monday said that its ₹1,651-crore acquisition of Kesh King would add to the company's earnings per share from 2016-17. Naresh Bhansali, CEO (Finance, Strategy and Business Development), told reporters here that Kesh King business, acquired in June last year, would "become EPS accretive from 2016-17". The acquisition threw up a few "challenges in integration, though it is adding to revenue and EBIDTA margin this fiscal.

In the June-September quarter, Kesh King (oil) clocked a turnover of ₹52 crore and in the October-December quarter its revenue was at ₹68 crore, he said. However, the EBIDTA margin of the acquired business was very high — between 45 and 50 per cent.

Emami expects to earn revenue worth ₹320-350 crore in the next fiscal from this business segment.

Bhansali said Emami plans a large budget for the advertisement and promotion including new endorsements and packaging for Kesh King products next year. In 2014-15, Kesh King reportedly had revenue worth ₹300 crore.

He said the problem of unsold inventories with its wholesalers had been resolved though buyback of such stocks. "Now, our distribution channels have taken over the marketing responsibility of the Kesh King products," Bhansali added.

On Emami's flagship hair oil, he said: "We are trying to improve its credibility in the market,". Other Kesh King products such as shampoo, conditioners and tablets for haircare, would be taken up gradually for aggressive marketing. The products, which are not present in the southern States, would be introduced in these markets from the middle of next year.

Kesh Pari, an also-ran or floater brand, which was acquired along with Kesh King, however, is unlikely to get aggressive marketing focus. "We are not going to push the brand hard," he added.

Justifying the acquisition valuation, Bhansali said that considering the various parameters including sensitivity analysis, Kesh King buyout was "cheaper" than the going rate for such acquisitions in the market.