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Emami to expand Kesh King hair oil presence in south

Eyes foothold in Karnataka this fiscal

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Having gained a foothold for its ayurvedic hair oil Kesh King in most States, FMCG company Emami is planning to expand the brand's presence in the South.

Kesh King was acquired (along with a shampoo brand) for ₹1,650 crore in 2015, seen as an expensive buy in the FMCG segment then.

Tracing the journey of this acquisition, Priti Sureka, director, Emami, said entering the south through Andhra Pradesh, the oil brand is planning to expand to Karnataka this fiscal.

Ayurveda oils have a ₹900-crore share in the more than ₹10,000-crore hair oil market.

"There is scope to add to the portfolio [through adjacencies]," Ms. Sureka said, without divulging any further details.

Adjacencies in this segment could mean anything that would add to the Kesh King's sales pitch of 'arresting hairfall and growing new strands'.

"Kesh King ended the third quarter of 2018-19 with a market share of 29.2% by value, and expects to close the fourth quarter well. Its 2018 sales stood at ₹250 crore," she said.

"The acquisition has been worth its price. It made perfect sense then and does so now," Ms. Sureka said.

The brand saw a decline in its market share in 2017-18.

Initial hiccups

"We surmounted the initial hiccups like lack of distribution network and inadequate promotion through television commercials, and the brand started gaining traction within the first year of the acquisition. Then we faced one hurdle after another – demonetisation, the Patanjali wave, competition from a multinational which had also acquired a hair oil brand, and finally GST," she said.

"Although Emami was hit by each of these phenomena, its trust in the product made it dig in its heels," Ms. Surekha said.

Despite challenges, Emami's trust in the product made it persevere, says Priti Sureka

'Recalibrated strategy'

"We strengthened the formulation, recalibrated our strategy, and clocked 28% growth in sales between September 2018 and February 2019 against a negative rate of around 10% a year ago," she added.

"The debt, which part-funded the buy, has now been paid off and Kesh King has become EPS accretive, helping the company increase its earnings per share," she said.

"If there is a good opportunity to supplement the present portfolio, we will buy," she said.