

Marico eyes buy in the digital space; plans to strengthen e-comm categories

ABHISHEK LAW
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Home-grown fast moving consumer goods company, Marico Ltd, is eyeing acquisition in the digital space as it looks to strengthen its presence across online and e-commerce categories.

The move comes after the company's successful acquisition and integration of male-grooming start-up Beardo. Incidentally, Beardo continues on with independent operations, but with the latter (Marico) having a small management team.

According to Pawan Agrawal, Chief Financial Officer, Marico

Ltd, acquisitions are being mulled over in "categories such as hair care, skin care, male grooming and healthy foods".

Acquisition of dominant entrepreneur-driven digital brands offers tremendous potential "to understand the segment" and gain "user insights" especially in the e-commerce space.

It will also "strengthen" Marico's existing presence in the given categories and accelerate growth.

Since the pandemic and subsequent unlocking, FMCG companies like Marico have been strengthening their online play, including the introduction of a

direct-to-consumer platform, across segments like health and hygiene, foods, value-added hair oils and premium personal care. E-commerce sales have now crossed 8 per cent of the company's turnover.

Looking at 'right fit'

"We are looking at potential acquisitions in the digital space. The pattern will be similar to what we did with Beardo. There are few brands under consideration and we are looking at the right fit," he told *BusinessLine*.

"We are happy if the acquisitions help to top up the 8-10 per cent volume growth that we aim



Pawan Agrawal, Chief Financial Officer, Marico Ltd

to deliver over the medium term. We are also focussed on nurturing the newer categories such as foods, hygiene, immunity and

premium personal care which should help drive sustainable and incremental growth," Agrawal said, without revealing the target acquisition size.

'Strong sales driver'

Marico has already done large ticket buyouts in India which include acquisition of Nihar from HUL and acquisition of Livon, Set Wet and other allied brands from Paras. The company also made sizeable acquisitions internationally, in Vietnam, among other markets.

According to Abneesh Roy, Executive V-P, Research, Edelweiss Securities, it makes sense "to opt

for acquisition of digital brands especially if one takes a 5-10 year view of growth". Digital as a channel will be a strong sales driver.

"It makes more sense to acquire a digital brand doing well rather than invest heavily in creating a brand which may not click. Even discretionary spends are seeing a rebound and acquisitions will be made keeping the medium term in view," he said.

For Marico, discretionary categories are witnessing recovery since Q2 (July to September) of FY-21. There has been a sequential improvement over Q1 (April to June) for male grooming and value added hair oil categories.