

ICICI Venture may Pick Stake in Vi-John Owner

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Private equity firm ICICI Venture is in talks to pick up a stake in New Delhi-based Maja Health Care, which makes Vi-John brand of shaving cream and other personal care products, a person directly involved in the negotiations said. Both companies have held at least three rounds of meeting to discuss the stake sale, the person said.

When contacted, both ICICI Venture and Maja Healthcare declined to comment.

“As a matter of policy, we do not comment on individual cases or transactions,” an ICICI spokesperson said in an email response to ET. Maja Healthcare, which clocked . 175 crore in sales for 2011-12, plans to aggressively expand its product portfolio and distribution to almost triple its turnover to . 500 crore by 2015, its CEO Vimal Pande said. “Maybe, we will explore the IPO option after three years,” Pande said.

Maja Healthcare has been present in the cosmetics and toiletries industry since 1960, selling products under its own brands as well as contract manufacturing for other companies. The company says Vi-John is the largest selling shaving cream in the country. Until two years ago, the firm pushed Vi-John through salons and mostly hinterland. Since then, it has simultaneously started an aggressive celebrity-based pull strategy to cater to a larger consumer base. It has roped in Bollywood star Shahrukh Khan to promote its shaving cream, while actors Bipasha Basu, Sonali Bendre and Emraan Hashmi endorse its hair removal cream, almond hair oil and deodorant, respectively.

Private equity firms have been upbeat in the Indian consumer space, which has been growing at a fast clip despite inflation and global economic crisis.

Temasek Holdings Pte, Singapore's sovereign-wealth fund, has bought 4.9% stake in Godrej Consumer Products for . 685 crore, while GIC and Baring Private Equity India bought 4.8% stake in Marico this year.

“In several segments in the consumer space, growth is very high due to the shift from unbranded to branded products. Players like V-John are well positioned to capitalise on this changing consumer dynamic,” said Ritesh Chandra, executive director and head—consumer group at Avendus Capital.

But Vi-John has tough competition as the likes of Hindustan Unilever, Procter & Gamble and Godrej are all now aggressively focusing on rural expansion. HUL has more than doubled its rural reach in the last few quarters, while P&G has added over a million outlets in its network.