

Top Deal: All-Natural Indian Beauty Care



Key Stats: Aavrani on Republic

VALUATION CAP \$5M	AMOUNT RAISED \$345,346	NUMBER OF INVESTORS 824
MINIMUM RAISE \$25,000	MAXIMUM RAISE \$1,070,000	LIKELIHOOD OF MAX POSSIBLE
START DATE 10/03/2019	STOP DATE 01/28/2020	DAYS REMAINING 67
SECURITY TYPE SAFE	INVESTMENT MINIMUM \$100	DEAL ANALYTICS Click Here

Problem:

The 21st century has ushered in revolutions in consumer behavior, including the [rise of ecommerce](#) and a [newfound concern for ethical, healthy products](#). These trends are particularly true in the beauty and skincare industry; buyers are increasingly accustomed to researching and purchasing products online rather than at the

Macy's counter, and thanks to an abundance of options, have a high bar for product quality, ethical ingredients, and reduced chemicals.

In light of these shifts, [many legacy skincare brands are losing market share](#), particularly because customers can't pronounce the ingredients on the label. Men and women alike are aware of the consequences of manufactured ingredients on their health, not only in their food and beverage goods but also in the products they apply to their skin. Therefore, there is an opportunity for new skincare brands to meet consumers where they are: on the internet, seeking products that satisfy their requirements for a non-toxic, all-natural beauty solution.

Solution:

Rooshy Roy recognized these market dynamics and developed her own skincare brand derived from her Indian heritage. Aavrani is a digitally-native, all-natural skincare brand rooted in ancient Indian beauty rituals. Aavrani offers consumers a simple, four-step skincare routine that relies on ingredients like turmeric, honey, cucumber, and shea to cleanse, tone, and moisturize skin.

Aavrani enters a massive and growing global skincare market. In the United States alone, Aavrani indicates that the natural skincare space is growing 30% year-over-year (compared to 4% growth in the color cosmetics industry). The company has capitalized on this fertile market: Aavrani was founded in late 2017, and has demonstrated strong consumer success in less than two years. Over 500 customers have submitted five-star reviews for the skincare products, and 30% of customers purchase again. Thanks to profit margins of 84%, Aavrani has already achieved \$1M+ revenue in 2019.

Aavrani's consumer performance has not gone unnoticed; the company is funded by marquee venture capital funds including General Catalyst's Rough Draft Ventures, First Round Capital's Dorm Room Fund, AmplifyHer, The MBA Fund, and Wharton Impact Venture Associates. Aavrani has also secured investment from notable angel investors in the consumer beauty space, some of which serve as advisors to the company.

In addition to this demonstrated success with consumers and investors, Aavrani is focused on making a social impact. The company donates a portion of its revenue to the Shanti Bhavan School in India to further its mission of women's empowerment; Aavrani is also committed to staying Animal Cruelty Free, and is Leaping Bunny Certified for being free of any animal ingredients and not conducting animal testing.

Team:

Aavrani bears a competitive advantage in its sophisticated team, with combined decades of experience in beauty and business. Aavrani was founded by two recent Wharton MBA graduates, Rooshy Roy and Justin Silver. Roy, the CEO, developed the Aavrani concept from her experience with her ancestral Indian skincare rituals; she has a background in finance from Goldman Sachs and Warburg Pincus. Her co-founder and COO, Silver, previously built Tatcha, a beauty and skincare brand recently acquired for \$500M by consumer goods giant Unilever.

Roy and Silver are supported by Head of Creative Marlene Lam, who leverages experience at beauty companies Shiseido (recent buyer of Drunk Elephant), Revlon, and bareMinerals. Moreover, Aavrani's roster of special advisors includes executives from Sephora, LVMH, Gilt Groupe, Pineapple Co, and Christian Lacroix.

Growth Plan:

Aavrani is launching a new “holiday set” of four products in Q4 2019, intending to use the packaged set of travel sizes as a customer acquisition tool. The company is also in the final stages of R&D on several new product types, including an oil-based cleanser, face serum, and lip balms and scrubs. Beyond those developments, Aavrani is eyeing vertical expansion into other beauty categories like haircare.

Particularly in light of co-founder Silver’s exit experience with Tatcha, the team is clearly aware of opportunities for acquisition within the beauty space and seems to be positioning the company for sale to a major CPG player within 5-7 years.

Why We Think Avenify is Worth Watching

- **Impressively experienced team:** The crowded beauty and skincare market demands a competitive edge, which Aavrani draws from their unmatched team. The company’s co-founders are well-credentialed, with recent MBAs from Wharton, and command a team with decades of experience in beauty and skincare. In particular, co-founder and CEO Justin Silver recently left leading skincare brand Tatcha, which was acquired by Unilever for \$500M in June 2019; his experience navigating a skincare company through substantial growth and into successful exit is an invaluable predictor of Aavrani’s future success.
- **Digitally-native and all-natural tailwinds:** The dynamics of the beauty industry are evolving, and legacy beauty brands are losing market share to a swath of newcomers who market more effectively to millennials and promise an unprecedented level of commitment to all-natural ingredients. Institutional capital is pouring into all-natural, online beauty brands, as is money from consumers’ wallets; Aavrani takes advantage of these market dynamics and demonstrates its success in this industry by \$1M+ yearly revenue and a 30% customer retention.
- **High margins and own-site sales:** Aavrani, like many beauty brands, boasts high margins of 84%. Moreover, it conducts one hundred percent of sales via its own website, not sacrificing any of those margins to retailers. While Aavrani may ultimately choose to retail via partners like Sephora, establishing the brand with a strong proprietary online sales channel bodes well for maximizing profits in years to come.

The Rating: Top Deal

The skincare market is growing and changing. Younger consumers are demanding ethically-produced, healthy skincare products and are willing to bypass traditional market leaders to find it. Aavrani is capitalizing on this trend, offering a slate of all-natural skincare products and leveraging ecommerce to sell directly to the consumer. With an impressive team of founders and advisors, digitally-native and all-natural advantages to differentiate from other brands, and high sales solely from their own website, Aavrani is well-positioned to succeed in the skincare market.

Aavrani presents a similar value proposition as True Botanicals, a successful natural skincare startup that has raised almost \$15M in outside funding. [True Botanicals received a \\$3M investment from Unilever in 2017.](#)

Moreover, the beauty and skincare space has seen major exit activity in recent years; [Drunk Elephant recently sold for \\$845 million](#), and Tatcha (built in part by Aavrani co-founder Justin Silver) [was acquired by Unilever](#) for \$500M in June 2019. Major CPG players are undoubtedly taking notice of up-and-coming skincare companies as the market explodes, which bodes well for Aavrani's future acquisition potential.

Aavrani's many competitive advantages have won the interest of leading angel investors and venture capitalists, and the public now has the opportunity to seek returns from a brand that is reasonably likely to achieve a sizeable exit. Therefore, Aavrani is a Top Deal.