

## EMAMI WANTS BIGGER BITE OF FOOD BUSINESS



Rs 300 crore in production of edible oils at our plant in Haldia in West Bengal. We are investing another Rs 500 crore in setting up refineries in South and West coasts," Agarwal said. Emami is producing palm and soya oil at its own refinery in Haldia. The rest of the variants are being outsourced now. However, the group is setting up a refinery at Krishnapatnam in Andhra Pradesh, where palm and sunflower oil would be processed. It also wants to build another refinery on the west coast, preferably at Pipavav in Gujarat, for palm and ground nut oil to tap the entire market. The company has also begun cultivation in a 4,000-hectare

*The FMCG major, which launched its edible oil brand last month, is looking at a slew of food & beverage products*

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**E**mami Group, the Rs 2,500 crore fast moving consumer goods major, is cutting its teeth on food business. Last month, the Kolkata-based firm made its debut by launching the 'Healthy and Tasty' brand of edible oil.

But that's only the beginning. While Emami recognises that its core business will remain personal care, it plans to foray into newer food categories like breakfast cereals and milk-based beverages.

Emami Group director Aditya Agarwal, says "We want to be a complete foods and beverages company, although we will take one step at a time." The company will foray into the milk-based beverages market with the launch of chocolate granules, a milk-based beverage mix, under its brand 'Chawanprash'. Chawanprash is a Rs 25 crore brand now.

The idea is to increase the consumer base by offering differentiated products in the Rs 1500 crore milk-based beverages market, which is reportedly growing at 15 per cent and is dominated by Complan, Horlicks and Bournvita.

"We are also test-marketing 'Chocoprash', a chocolate paste that consumers can use as a spread on rotis and breads," Agarwal says.

According to market data, the pene-

tration of Emami's Chyawanprash in Indian households is just 2 per cent, and Emami feels that it offers a lot of potential to fill the market gaps by producing more variants. In the past few years, the company has also introduced 'Amritprash', a summer variant of Chawanprash which is traditionally consumed more during winters.

The Indian food market is worth approximately Rs 2,50,000 crore and value-added food products another Rs 80,000 crore (\$22.2 billion). It is expected to double in another 10 years.

On edible oils, Emami is trying to tap the unorganised market through low unit packs (LUPs) besides creating space in the Rs 10,000-crore branded edible oil market. Demand for Mediterranean food such as pasta and pizza has risen in the country over the years leading to an increased demand for edible oil as a cooking medium. Though the market size is huge in India, the potential for branded products is tremendous as most of the 14 million tonnes consumption is sold in unpacked loose form and in small quantities as well.

Emami has invested Rs 100 crore on advertising and marketing its edible oils in the next three years. In the first year itself, Emami expects revenues of Rs 300 crore and Rs 1500 crore in three to five years. "We will roll out the brand in phases. We have invested

plot in Ethiopia for growing corn, maize, soybean, jatropha, sunflower among others. It has initially launched six variants of 'Healthy and Tasty' - soyabean, sunflower, palmolein, mustard, soyabean blend and palmolein blend. Initially, the sunflower oil will be outsourced from units in Andhra Pradesh, while mustard oil will be outsourced from Rajasthan.

Emami has roped in cricketer Mahendra Singh Dhoni and Bollywood actress Preity Zinta as brand ambassadors. While JWT, O&M and On Ads are working on the creatives for the brand, the packaging mandate has been given to the UK-based Evolve Creative, a strategic branding consultancy.

Analysts believe that edible oils business is very localised. The aroma or flavour in a dish comes from the edible oil and so traditional cooking cannot happen with palm and soya oils. The main business is in the mustard, coconut and ground-nut oils. Again, this space is intensely discount and brand-driven. So, Emami would also face margin pressure. In India, we believe in multiple palates, said Anand Halve, co-founder of Chlorophyll.

"Just like a Hindi movie, where Indians are used to seeing a hero play multiple roles in the same movie, consumers are used to multiple offerings from the same company. The challenge, however, for Emami, would be to combat margin pressures. For instance, Sunflower and most other edible oils brands are imported from Argentina. As a result, everyone has to be price competitive. Saffola, on the other hand, can command a premium because it has managed to build a health connect with consumers," says Halve.