

## Emami gets ambitious in edible oil

SAMBIT SAHA

Calcutta, Sept. 13: Calcutta-based Emami Group is set to make a big splash in edible oils.

The group has decided to build refineries in the southern and western parts of the country, operate as a third-party manufacturer in central India and enter the market with its own brand.

Emami, which has interests in diverse areas such as FMCG, paper, real estate and healthcare, will invest about Rs 1,500 crore in the edible oil venture. It will take on established players such as the Ruchi and Adani (Fortune brand) groups.

Aditya Agarwal, director of Emami Group, said the low infiltration of branded products in edible oils had encour-



GROWTH PATH

aged Emami Biotech. "We want to be a national player," he said. Emami Biotech is presently operating a refinery at Haldia in Bengal. It is, however, selling in bulk.

The company is working closely with different agencies on packaging, branding and communication strategies to launch its own products in the

next two to three months.

Advertising company JWT is working on branding, while ad film-maker Prahlad Kakkar is doing the promos.

"We spend a lot on branding, promotion and ads," Agarwal said, adding that the company could splurge Rs 70-80 crore in the next three to four years on edible oil alone.

Margins are generally thin in the business, and companies make it up by high volumes.

Emami will set up a plant in Gujarat and has signed a memorandum of understanding with the state government for a 40-acre plot at Pipavav. In the south, the company will have a plant in either Tamil Nadu or Karnataka. Both the plants will have a capacity of 1,200-1,500 tonnes per day and involve an investment of Rs 500 crore.

Palm oil constitutes nearly 40-45 per cent of the total market and is mostly imported from south east Asia.

"Apart from central India, all our plants will be port-based," Manish Goenka, director of Emami, said.

The company will enter the market with various products — palm, soya, sunflower,

mustard and blended oil. It will sell groundnut and cotton seeds oils after the Gujarat unit gets going in two years.

Emami is not stopping at refining and branding alone. The company has entered into cultivation, as well.

It will take up farming in 100,000 acres of land in Ethiopia to grow oil seeds among other crops. Plantation of soya has already started, and the company hopes to extract oil next year.

Initially, the oil will be sold in the local market and imported later as the volume rises. The de-oiled cake will be sold as animal feed. Emami plans to grow sunflower, cotton seed, maize, jatropha (used to make bio diesel), apart from soya, in Ethiopia. About Rs 400 crore of investment is being planned.