

EXPANSION PATH

Emami expects revenue to grow four times on new businesses

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MUMBAI

The Emami group, which runs businesses including cement and consumer goods, expects to quadruple sales in four-five years as new businesses such as edible oil, retail and healthcare contribute to growth.

The group expects revenue to reach ₹15,000 crore in the next four-five years from ₹3,740 crore in the year ended March, said Aditya Agarwal, group director at Kolkata-based Emami. "If mergers and acquisitions happen, that growth will be over and above this," he said.

The maker of Zandu Balm pain-reliever and Fair and Handsome fairness cream for men plans to invest at least ₹1,200 crore in its biotech, paper mill and hospitals business, said Agarwal. The company also has approval from its board to raise ₹1,000 crore for acquisitions.

"These are aggressive targets. They would not be easy but are not impossible either," said Pinakiranjan Mishra, partner, retail and consumer product practice, Ernst and Young. The target shows the increasing confidence of consumer goods companies as they see their past strategies succeed and grow their footprints in other emerging and niche markets, Mishra said.

For the Emami group, founded in 1974 as a consumer goods company, edible oil, a business that it started last year, has already emerged as



Growth curve: Aditya Agarwal.

one of its largest, contributing about 35% of the group's overall revenue. The business will grow to be its largest at ₹4,000-5,000 crore in sales in the next four-five years, Agarwal said.

He expects sales at the consumer business to almost triple to ₹3,500 crore from ₹1,200 crore in the year ended March, while sales at **Emami Paper Mills Ltd** may increase to as much as ₹1,500 crore from ₹450 crore. The hospital business revenue under **AMRI Hospitals Ltd** is forecast to increase to ₹600 crore from ₹250 crore with the addition of new hospitals in eastern India.

Emami Frank Ross Ltd, the group's pharmaceuticals retail business, has already started expanding outside its home-base in Kolkata over the year to cities in Gujarat and Karnataka and will set up outlets in two more states. **Starmark**, its

books and toys business, will also expand. The objective in retail is for profitable growth. The business will grow to ₹300 crore by 2015 from ₹90 crore last year, said Agarwal.

Besides, the company also has interests in real estate and has commissioned a cement project that will take three-four years to complete. Expected revenue from these projects have not been included in the group's projected revenue.

Earlier this year, *Mint* reported Emami group had set up a panel to help the founders to hand over the reins to the younger generation of the Goenka and Agarwal families. According to the report, one member from each family would combine to lead new businesses and functions of the group.

Last year, Emami had bid to purchase **Paras Pharmaceuticals**. The company was later acquired by **Reckitt Benckiser Group Plc**. Emami is now interested in buying the hospitals business of **Paras**.

Emami has three publicly traded companies—**Emami Infrastructure Ltd**, **Emami Ltd**, the consumer goods company, and **Emami Paper Mills**.

Shares of Emami Ltd outperformed rivals such as **Dabur India Ltd**, **Marico Ltd** and **Godrej Consumer Products Ltd**, with a 20.3% gain in the past 12 months.

Shares of Emami Infrastructure and Emami Paper fell 69.6% and 26.6%, respectively, over the past year compared with a 4% gain in the Bombay Stock Exchange's benchmark index, the **Sensex**.