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## Emami Agrotech takes edible oil brand national, lines up investments

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**Mumbai:** Emami Agrotech, the oil arm of the Emami Group, is taking its premium edible oil brand Healthy & Tasty national, after a successful run in West Bengal, the company's home state, and Karnataka.

"Healthy & Tasty is already a Rs400 crore brand, and in West Bengal has 18% market share at the number 2 position," said Aditya V. Agarwal, director, Emami Group. "This is not easy to get, especially in just 4-5 years, which is how long ago we launched. We thought this was the right time to go national."

Emami Agrotech has allocated Rs200 crore for advertising and marketing the Healthy & Tasty brand and expects it to grow to Rs5,000 crore in the next 3-4 years. The brand will be endorsed nationally by Bollywood star Amitabh Bachchan.

Healthy & Tasty's range includes rice bran, mustard, sunflower, soyabean and vegetable oils.

Emami is building a network of 3,000 distributors for Healthy & Tasty and targeting 4-5 lakh outlets directly. In the first phase of expansion, it will target states in north India, including Uttar Pradesh, Bihar, Punjab and Haryana, along with Maharashtra in the west and Orissa in the east. This will be extended to Chhattisgarh and the northeastern states in the third phase of expansion slated to begin a month later.

Although placed in the premium edible oil category, Healthy & Tasty will be priced lower than category leaders Saffola, owned by Marico, and Sundrop, owned by Agro Tech Foods. "We will sell at Rs80-100 a litre," Agarwal said. "Saffola and Sundrop sell at Rs100-150 a litre."

To support these expansion plans, the company is investing in edible oil manufacturing capacity. "Asset base is not what is costly, this is a working capital intensive industry," Agarwal said. "We are investing Rs700-800 crore in plants in Kandla (Gujarat), Jaipur and in expanding capacity of the Haldia plant (West Bengal)," he said. "We are also in advanced talks for a plant at JNPT (Jawaharlal Nehru Port Trust, Mumbai's port)," said Sudhakar Rao Desai, chief executive officer of Emami Agrotech. "We have bought land in Kandla. The Haldia unit was expanded to process 4,000 tons of edible oil a day."

Currently, Emami Agrotech has two edible oil plants in India in Haldia and Krishnapatnam port in Andhra Pradesh. Just like most of India's edible oil industry, Emami depends largely on import of oilseeds for production.

Emami Agrotech clocked a revenue of Rs4,893.61 crore with profit after tax worth Rs36.5 crore in FY2015-16. Emami will close FY2016-17 with Rs6,800 crore in revenues and better profits, and will generate Rs9,500 crore revenues in the next 3-4 years, Desai said.

"We are the only major edible oil firm that is optimistic about growth in this market," Desai said. "We are investing heavily in infrastructure and brand building. But this year profits will be better and the debt-equity ratio will also improve," he added, without specifying further.

In FY2015-16, Emami Agrotech had a debt-equity ratio of 12.84, with total borrowings worth Rs3,354 crore.

“Similar brand positioning of edible oil firms do make it look like the premium edible oil market is overcrowded,” said Ankur Bisen, senior vice-president of retail and consumer products at retail advisory firm Technopak. “However, there is a lot of latent demand that needs to be met. Branded oil has seen growth in certain urban centres, certain slices of the Indian market. But at an all-India level, oil is sold as a commodity.”

In a July 2016 report, ratings agency CARE India said India had a 67.33% gap in edible oil supply and demand, primarily fulfilled through imports. Only 20-25% of sales in the edible oil market come from branded oil.