

## Emami sets up subsidiary in Sri Lanka to expand operations

**ABHISHEK LAW**

Kolkata, July 5

FMCG major Emami Ltd is planning to expand operations in Sri Lanka. In line with the strategy, the Kolkata-based company has recently set up a wholly-owned Sri Lankan subsidiary Emami Indo Lanka (Pvt) Ltd.

Market sources indicate that the FMCG major is looking at growth from politically stable markets in the SAARC region — Nepal and Sri Lanka especially — after international operations took a beating.

According to NH Bhansali, CEO, Finance, Strategy & Business Development and CFO, Emami pointed out that a separate subsidiary will help the company market its FMCG offerings; procure raw materials and also explore manufacturing tie-ups, if necessary.

"We feel there is a good potential for growth in our FMCG businesses and setting up a subsidiary can help us market our offerings or even source materials," he told *BusinessLine*.

According to him, if the company sees volume growth in the

neighbouring country, it can further explore manufacturing tie-ups (third party manufacturing) or even set up its own plant, at a later stage.

Bhansali did not elaborate on the products that they would like to introduce, but said FMCG and OTC (over the counter) non-prescription medicines were focus offerings.

As of now, exports to Sri Lanka — which fall within its overall export turnover — include brands 'Fair & Handsome' (facewash); 7 Oils and Navratna cool oil.

### International operations

Of the ₹2,533-crore consolidated turnover that Emami reported in FY-17, around 11 per cent is international operations; 4 per cent is Canteen Stores Department (or to Indian Military) sales; and the remaining 85 per cent is domestic operations.

In the previous fiscal, Emami's international business grew by 16 per cent with two of its main markets — Middle East and North Africa (MENA) — taking a hit owing to economic

slowdown and geo-political issues.

Emami also undertook inventory correction (primarily in Russia), which was also a reason for its sales decline.

Mohan Goenka, Wholetime Director, during an investor's conference call in May had said the FMCG major was confident of returning to "double-digit growth" in international business "over the next few years".

"We have to still see the Middle East. If that ramps up, we are very confident of 15-18 per cent (growth). If that does not happen, still we are trying very hard from Bangladesh, Sri Lanka, Myanmar (and) South-East Asia," he had said.