

Emami eyes assets of Ruchi Soya

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Calcutta, Oct. 8: Emami Group may bid for distressed edible oil major Ruchi Soya Ltd, which is facing bankruptcy proceedings at the National Company Law Tribunal.

It has set up an internal team to spearhead the effort which, if successful, can give Emami a national footprint both in terms of manufacturing facilities as well as access to established brands.

Ahitya Agarwal, director of Emami Agrotech, the edible oil arm of diversified Emami Group, confirmed the move.

"Bidding would be a court-led process. We are closely watching the development at the NCLT," Agarwal said.

Although a late entrant in the edible oil sector, dominated by Adani Group and Ruchi Soya for years, Emami has become the No. 2 player in the country in the import of vegetable oil.

Compared with 10.44 lakh tonnes imported by Emami, Ruchi imported 10.09 lakh tonnes in 2016-17 even as Adani was way ahead of the both at 19.24 lakh tonnes.

India is the world's biggest buyer of vegetable oil, meeting 70 per cent of the internal demand by import. It procures palm oil from Malaysia and Indonesia and soybean oil from Argentina and Brazil.

Plant count

Ruchi, which has 19 manufacturing locations in India, owns well-known brands such as Mahakosh, Sunrich, Ruchi Gold and Nutrela. Nearly three-fourth of its revenue come from edible oil even as it is also into soybean chunks and wind power generation.

In comparison, Emami has two plants at Haldia and Krishnapatnam on the east coast. It is also building two plants on the west coast at JNPT and Kandla, while expanding capacity at Krishnapatnam. At 4,000 tonne per day capacity, Haldia is the largest single location refinery in the country.

However, Emami's Healthy & Tasty brand was confined to Bengal and Karnataka until earlier this year before the company decided to expand network in the north and west and brought in Bollywood superstar Amitabh Bachchan to

CLOSE WATCH ON NCLT PROCEEDINGS

- Emami sets up internal team to spearhead takeover of Ruchi assets

- DBS Bank & Standard Chartered initiate bankruptcy proceedings against Ruchi

- Ruchi Soya among 28 accounts referred to by the RBI for debt resolution by Dec. 13

- Emami known for audacious acquisitions in the past

endorse the brand. Agarwal said Emami would be selective in its approach towards Ruchi's assets.

"Ideally, we may not be interested in the crushing facilities. But it will all depend on how the resolution process is run," he explained.

For instance, Emami may also not be keen on Ruchi's Haldia plant because it already has a strong presence.

RBI list

In a communication to the stock exchanges on September 15, Ruchi Soya informed that Standard Chartered Bank and DBS Bank have filed applications before the Mumbai bench of the NCLT to initiate a corporate insolvency resolution process under the insolvency & bankruptcy code (IBC).

Ruchi Soya is part of a list of 28 defaulters that the RBI had sent to the banks, asking them to conclude a debt resolution process by December 13 this year. These accounts will be referred to the NCLT under the IBC if banks fail to meet the deadline.

Ruchi Soya's debt was over twelve times its equity as on March 31, 2017, even as much of it was working-capital based.

In September, the company set up an internal committee to restructure the business before Standard Chartered and DBS dragged it to the NCLT.

Emami is known for taking big bets in the past. Listed Emami Ltd, the flagship FMCG business, acquired Zandu Pharmaceuticals and Kesh King in the last decade.

The edible oil business, which will cross Rs 6,000-crore turnover this fiscal, is still unlisted.