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Emami shows ₹2,000 cr appetite for its food biz

Group plans to acquire small regional firms, strengthen packaged food market

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NEW DELHI

Kolkata-based Emami Group is eyeing a greater play in the packaged food market with plans to acquire small regional firms and enter new categories of kitchen staples and snacks, said a top executive.

The company plans to scale the foods (excluding edible oils) business to ₹2,000 crore organically over the next three to five years, said Aditya V. Agarwal, director, Emami Group.

"With spices, soya chunks, nuts and other products in the pipeline, if we do around ₹2,000 crore in the next three-to-five years, it will be good unless there is an acquisition (which would take up revenue). Currently, spices and soya chunks together would be around ₹100 crore," he told *Mint*.

Emami Agrotech that sells edible oils, spices and soya nuggets will lead the group's expansion in the food category. BSE-listed Emami Ltd has already made investments in food and beverage companies such as Axiom Ayurveda and TruNative. Emami Agrotech sells brands such as Mantra spices, Healthy & Tasty edible oil and Advans soya chunks.

"We would like to come out of the kitchen to the dining room and from the dining room to on-the-go foods. We have started with the kitchen and the pantry. We already have a set distribution for edible oil and spices—so it will be easier to carry more products," said Agarwal.

Emami was founded in the mid-1970s in Kolkata by childhood friends R.S. Agarwal and R.S. Goenka. Today, the ₹30,000-crore group has interests spanning fast moving consumer goods, edible oil and food, paper, pharma retail, leisure retail, real estate, contemporary art and sports.

The group is working with consulting firm



Aditya V. Agarwal, director, Emami Group.

MINT

McKinsey to identify future areas of growth.

"Our focus will be on consumer categories. Mostly food, health care and personal care. If there are other opportunities, like we did with cement and paper, we would definitely look into it," he said.

McKinsey has been asked to identify food categories which could include kitchen staples or on-the-go foods such as packaged

ments but said "capital is not a concern".

"We will do what is good for business interests and our strengths. Investments will not be very high unless we go into another industry like cement etc. In FMCG investments are normally low. We have not earmarked any amount. The margins and profitability and the cash flow would be more important for that business."

In September the group sold 84% in AMRI Hospitals to Manipal Health Enterprises Ltd, effectively exiting the non-core healthcare business.

The group also operates a pharmacy chain under the Frank Ross brand that operates over 250 stores. Agarwal said while there are

no active plans to sell the business it could explore talks with online pharmacy chains. "Most of the online pharmacy chains are looking for a hybrid model. If they are willing to pay good money then we may consider, otherwise we are happy doing what we are doing."

SCALING UP

THE Emami group is looking to enter new categories of kitchen staples and snacks, says Agarwal.

IT is working with consulting firm McKinsey to identify the group's future areas of growth

THE focus will be on consumer categories. Mostly food, health care and personal care

nuts. "We will do a few more food launches. In this space, we are looking for maybe a mid-size takeover, with some distribution strength in the northern, eastern and western parts of the country," he added.

He wouldn't comment on future invest-