

Y V PHANI RAJ
HYDERABAD

Gemini sparkling with FREEDOM

Starting his career as a chartered accountant, Pradeep Chowdhry was a hardcore finance professional who entered into edible oils space 28 years back and built his expertise in the field. He began his entrepreneurial journey in 2009 when he established Gemini Edibles & Fats India (GEF India) in Hyderabad.

The company deals in a wide range of edible oils and fats such as sunflower, rice bran and palmolein oil besides a range of value-added fats to meet the demands of domestic, commercial and industrial consumers. GEF operates two plants in Andhra Pradesh—one in Krishnapatnam and the other in Kakinada.

GEF India's Freedom refined sunflower oil was launched in April 2010 and is a today leading brand of sunflower oil and currently ranks number one by market share in the sunflower oil category in Telangana, Andhra Pradesh and Odisha.

Recalling his dramatic shift from being a finance professional to a founder of edible oils company, Gemini Edibles & Fats India managing director Pradeep Chowdhry, told Telangana Today, "Born in Dehradun, I stayed there till my graduation until I moved to Delhi to pursue chartered accountancy and company secretary courses. I served ICI and Britannia in finance functions and for the first time in my career took up at ITC Agro Tech, a position in edible oils function. I credit my success in the edible oils segment to the five-year stint I had at ITC that gave me crucial learning on the edible oils trading and industry."

In 1995, India opened up for imports and till then India had self-sufficiency. The country was consuming 6.5 million tonnes and was producing that much till 1994. Things changed after 1995. ITC started imports post 1995, and several MNCs were looking for joint ventures for trading in India in the edible oils space.

He adds, "We set up a joint venture company of Coke and Wilmar for trading, which later took up manufacturing. When Wilmar wanted to merge with Adani Group, we exited by selling our stake in the company. Then we started GEF in 2009. Many of the colleagues joined from ITC when we established our company. Then we entered into a joint venture with Ruchi, which has come in as an investor. When Ruchi wanted to exit, Singapore-based Golden Agri Resources acquired Ruchi's stake as well as my stake. Today, the investor holds 75 per cent stake in our company."

Chowdhry who has gained rich experience in the edible oils business, humbly says, "We are still learning about the segment and the industry. We are learning by our mistakes every day. The industry has consolidated and entered into branded oils. Industrial demand of fats has increased significantly. Consumers are recognising quality today. The segment has seen a lot of transformation making us change our strategy from looking at it as a commodity to a branded products category. We clearly had a vision on where we were heading to. We launched our brand 'Freedom' in 2009, and it was a momentous occasion for us. The brand gave us a facelift. It is universal and has no bias. It can also mean freedom from cholesterol."



Photo: Hrudayamand

VISION TO GROW

- Chartered account-turned-entrepreneur Pradeep Chowdhry sets up Gemini in 2009
- Operates a range of edible oil products under the brand Freedom
- Company has port-based manufacturing units at Krishnapatnam and Kakinada
- Has 1,250 tonne per day capacity now, which will go up to 2,500 tonnes per day post-expansion
- Holds dominant market share in Telangana, AP and plans to strengthen in Karnataka and Odisha
- Plans new units at parts of Tamil Nadu and Odisha
- To pump in an investment of Rs 840 crore for green-field units
- Plans to foray into spices, dal and rice in near-term future

Manufacturing capability

The company set up its unit in Krishnapatnam with a 800 tonne per day capacity. With modernisation, the capacity has been brought to 900 tonnes per day capacity, soon.

"Quickly, we realised that the branded and sunflower oil segment were growing at a rate of over 20 per cent. Today, we have 23,000 tonne per month capacity for sunflower oil alone. We added one more refinery in Kakinada with a 350 tonne per day capacity. Seeing that this unit is running full (which also started taking jobs from outside), we are setting up another unit in Kakinada with a 525 tonnes capacity for sunflower oil and 550 tonnes for palm oil. We now have a 1,250 tonne per day capacity, which will go up to 2,500 tonne per day after our expansion. We have just acquired land in Krishnapatnam and will also expand capacity here.

We may also set up a unit in Tamil Nadu at Karaikal. One more unit may come up in Odisha. We are primarily focusing on east-coast of India," he said.

On the company's market share, Chowdhry, said, "We have a 55 per cent market share in Andhra Pradesh, 37 per cent in Telangana and over 50 per cent in Odisha. We entered Karnataka two years back and we have already occupied 5 per cent market share. Our products are available across 1,50,000 outlets spread over multiple States. India is still not a saturated market in edible oils. The market is growing at a rate of 5-6 per cent annum and the branded oils segment is growing at 10-12 per cent per annum. Within the branded oil, premium oil segment is growing even faster. This growth pattern will continue for another 5-7 years till we equal the world average."

India's per capita today is about 16-17 kg per annum while the world average is at 22 kg per annum. Western countries have more than 50 kg. With growing affluence, consumers will go for packaged and premium oil.

The company has invested Rs 140 crore in its first unit at Krishnapatnam. An investment of Rs 40 crore has gone into Kakinada unit. The new unit at Kakinada will be ready by April 2019 where the company will invest about Rs 240 crore. In Odisha and Karnataka, the investment could be in the range of Rs 600 crore with each unit attracting Rs 300 crore each.

Innovation and variants

Refining technology has undergone a change in the last ten years. GEF has deployed Belgium technology from De Smet that supplies its plants. De Smet uses advanced nanotechnology.

This brings the best quality output, he noted. Sharing the R&D success, Chowdhry said, "We have come out with PET bottles, first to introduce in the edible oils space. We have also made a lot of R&D in the institutional fats segment that we supply to Nestle, ITC, Parle, Britannia and PepsiCo. The focus has shifted to non-transfat supplies. In the edible oils, we created differentiation in terms of the quality and sparkle of oil as well as packaging."

He added, "A lot of other players are buying oil from outside. We have our own arrangement to produce our products. This keeps us apart."

GEF, which is into rice bran oil segment, is commissioning a study on consumer behaviour and the benefits of the oil. Chowdhry observes, groundwork is done in this direction but the segment itself is yet to grow in the country.

"We are already into mustard oil and currently sell it in Odisha. We have started selling in Telangana, AP and Karnataka. We have also launched groundnut oil, a month ago. We have rolled out sesame oil. We are not in vanaspati and ghee at present. People are moving away from vanaspati. Ghee being a dairy product, and not an edible oil product, we are not there.

“ In 2017-18 our turnover stood at Rs 4,000 crore. We will touch Rs 6,000 crore turnover once our fourth plant is commissioned. In five years, we could touch Rs 12,000-14,000 crore

— PRADEEP CHOWDHRY,
MD, GEMINI EDIBLES & FATS INDIA

Within edible oils we are seeing consistent growth. Our strength lies here," he emphasised.

On the turnover, he informed, "We will touch Rs 6,000 crore turnover once our fourth plant commissions. In 2017-18 the turnover stood at Rs 4,000 crore. In five years, we could touch Rs 12,000-14,000 crore."

With GST, unethical practices followed by small and medium players have ended. Now there is a level-playing field, Chowdhry observes.

"In the branded edible oil segment, sunflower oil dominates the company's sales. In the institutional fats, we see palm oil contributing 60 per cent while the remaining 40 per cent is coming from sunflower oil. In the next 30 months, we will grow volumes by 250 per cent in the branded segment. By 2021, our production capacity will grow 400 per cent. In the bakery segment where we have seen double-digit growth, we will continue to grow. Biscuits contain 20 per cent of fat that we supply. We are also into chocolate fats. There is a significant growth here. Chocolates are growing at a rate of 20 per cent annually in India. In next five years, we will enter into at least one product category be it spices, rice or dal," he informed.

The company has a workforce of 1,200 people (400 direct and 800 indirect). This number tends to go up as the company plans pan-India expansion.