



Jaypee Group Forays Into Edible Oil Business

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Conglomerate is setting up a soya and mustard processing plant at Rewa, Madhya Pradesh

The ₹15,000-crore diversified infrastructure conglomerate with interests in engineering & construction, power, cement, real estate and hospitality, the Jaypee Group is setting up a soya and mustard processing plant at Rewa, Madhya Pradesh. To begin with, the group will process 1 lakh tonne each of soya & mustard a year and also produce oil cakes, Jaypee Group executive chairman Manoj Gaur told ET's Anuradha Himatsingka.

Excerpts:

What prompted the group to foray into the edible oil business? What is the synergy between the edible oil business and the group's existing businesses?

The diversification into agri business was primarily due to our commitment to the welfare of farmers in Rewa and adjoining areas.

Through Jaiprakash Sewa Sansthan, we have been running various health care, education, women empowerment and rural development schemes in states where we have our cement and power plants such as Madhya Pradesh, Himachal Pradesh, Gujarat, and Uttar Pradesh. The agri business will help the farmers of Rewa and its surrounding areas as they will not have to travel long distances in search of a better price for their produce because they will get a willing buyer like Jaypee at their doorsteps.

Under which brand do you plan to market edible oil? Are you plan-



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MANOJ GAUR

Jaypee Group exec chairman

ning to rope in celebrities to promote it?

We are exploring many options. All I can say now is that our brand will truly convey the purity and quality of our products. Effective communication is important in today's overcrowded market. We will do whatever is required to effectively communicate with our valued consumers and stakeholders.

Has the group floated a separate company for the new initiative? Do you plan to take up plantation of edible and non-edible oilseeds also?

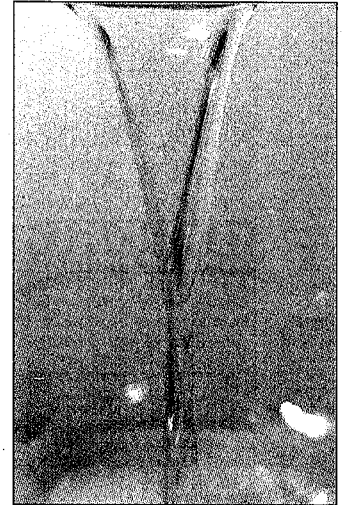
A separate company, Jaiprakash Agri Initiatives Company, has been floated. We plan to procure oil seeds from villages located within a radius of 100 km of Jaypee Nagar in Rewa. Going forward, we are evaluating various supply options to ensure a smooth supply of quality raw materials. We will take a call on the issue depending upon the oil seed plantation policies of various state governments.

Will the group look at both organic and inorganic route for growth in the edible oil business?

Over the last few months, we have received several proposals from market and merchant bankers to take over various assets. But our agri initiatives have been taken up with a mission, and any asset or project will be evaluated keeping those guiding principles in mind.

A late entrant in the edible oil space, how do you intend to compete with your rivals? Do you plan to export edible oil?

We feel the edible oil market in India is large enough to accommodate one more player. India is currently importing almost 50% of its total consumption of edible oils. We are open to the idea of exporting our products.



What is the future of the edible oil business in India five years down the line, especially in an era when consumers are becoming health conscious?

According to Government of India estimates, we are facing a serious deficit in edible oil production. With both population and income levels of consumers on the rise, the edible oil sector has a very bright future. Nutritionists too feel that edible oils are essential for good health. Consumers need to be educated about how to choose a good edible oil. According to nutrition science, domestically produced oils like mustard, soybean and sunflower are nutritionally better than imported palm oil.