

Idhayam: A Pioneer in the Branded Sesame Oil Segment



Mr V R Muthu
VVV & Sons Edible Oils Limited.

Mr V R Muthu shares the Journey of Idhayam

Journey of Idhayam

In the early 1940s, Mr V R Muthu's grandfather and his brothers started to venture into sesame seed crushing for the first time. Earlier, they were in other businesses for a long time as commission agents of food grains. Their businesses spread over to Rangoon (Myanmar), Colombo, Mumbai and Karachi. The team used to purchase food grains from North India and supply to various wholesale agents in the South.

Our journey as manufacturing agent started in 1940's. During that time, a major producer of sesame oil who used to buy sesame seeds from us became insolvent, which collapsed our sesame seed business. That's the major break-through; eventually, our core team decided to step into Edible oil manufacturing in 1940's, under the brand name "V V". Initially, we started with coconut oil – 'VVD brand' and Sesame oil.

Later on, the group was divided into four independent entities in 1943. Mr V R Muthu is the owner and CEO of VVV & Sons Edible Oils Limited. From 1943 onwards, we specialize in sesame oil and it was a quite popular brand. Earlier, the brand name was 'Anandham' Gingelly oil. The epic sesame oil brand "Idhayam" was formed on December 01, 1986.

'Idhayam' holds the largest market share of ground nut oil in Tamil Nadu and we are the largest sesame oil maker in India.

When we started the brand "Idhayam", we were only in two districts in the Indian state of Tamil Nadu, in 1986. Mr V R Muthu, with an expansive vision, organised a door-to-door campaign in select districts of Tamil Nadu. This remarkable initiative resulted in tremendous success, and it still continues. Currently, our brand 'Idhayam' holds the largest market share of ground nut oil in Tamil Nadu and we are the largest sesame oil maker in India.



Sesame World team had an exclusive interview with Mr V.R. Muthu, chairman, VVV & Sons Edible Oils Limited, who shares the journey of Idhayam.



About Idhayam's Business

Volume

Until 2019, our volume of sesame oil per month was 1400 MT (a constant volume since 2005), which has currently increased to over 1600 MT. The increase is due to a surge in household consumption in the last two years due to the COVID-19 lockdown, with the closure of HORECA segment. Covid compelled people to prepare food at home. They became health conscious as they shifted to healthier branded oils. In a way, covid helped us to increase our business volume.

Like sesame oil, our ground oil volume per month has doubled to 600 MT. In addition to that due to the ongoing Russia and Ukraine conflict, our volume of groundnut oil further went up to 1200 MT. We are not in bulk business. All that we produce goes to retail segment in consumer packs. Our largest SKU is five litre container.

On market reach

Initially we wanted to reach our market share starting from Kanyakumari to Chennai (inside Tamil Nadu). Then, as our sesame oil is highly preferred by the Tamil Nadu people, we started placing our products wherever Tamilian population lives. Thus, initially our product was placed in Bangalore, Mumbai, Delhi and Hyderabad. Subsequently, we expanded globally. Today, I am happy to inform you that our products are available from Toronto to Sydney. The choice of Tamil Nadu people across the globe helped has in expanding our market reach.

Our market share of sesame

volume is vastly in Tamil Nadu having 80 percent, rest of India 10 percent and international markets contribute for the remaining 10 percent share.

On expanding the footprint

The scope for further expanding our presence in international market is more as Indians who are staying abroad prefer popular and top branded edible oils. However, in Tamil Nadu, more than 80 percent of the people prefers the oil which is cheaper. Only 20 percent of the Tamil Nadu people prefers branded edible oil.



Earlier, Tamil Nadu, used to be our primary source of raw material. Now Andhra Pradesh overtook Tamil Nadu and in the near future, we foresee Rajasthan as a key supplier to us.

Being branded player, quality is of utmost importance

We are very strict on FFA, the condition being the Free Fatty Acid (FFA) must be less than 1.5%. In case the FFA is one percent or less the supplier will get premium price from us. FFA is tested at our factory premises and this takes care of quality. If the FFA is more than 1.5%, the material will be returned back to the vendor.

The oil content varies depending on the place/state from where the seed is sourced. For example, the yield is low in Andhra Pradesh, high in Tamil Nadu and average in Gujarat. Seeds with higher oil content will fetch better price.

About source of raw material

Source of Raw Material	
State/location	Period of procurement
Andhra Pradesh	March to May
Tamil Nadu	April to June
Karnataka	June, July
Maharashtra	August, September
Gujarat	October to December
Rajasthan, Madhya Pradesh, and Uttar Pradesh	November to January

We source the raw material within India, as we are very happy with the availability of fresh raw material spread over the year across various Indian states (please refer the above table). There is no need to import for us.

Reason for not having crushing plant near to the sourcing place

We planned to have our factory near the Andhra-Tamil Nadu border, as Andhra is a major

supplier to us, but it does not materialise. Scale of economics differs operating out of Virudhunagar, but we prefer to stay here as competition is less.

Although Virudhunagar is close to port city of Tuticorin, importing sesame from African countries does not arise (ex. Nigeria, Burkina Faso), as the import duty is high. Even if we crush and export in the form of oil, we may have to face challenges in terms of claiming duty drawback from the concerned authorities.

On input-output norms

It ranges from 31 to 33 kg per bag of 75 kg of sesame seed (ranges from 40 to 45 percent).

On modern technologies

We use modern technologies in the cleaning of raw materials. We use equipment from the Buhler Company, Switzerland.

We use traditional expeller machines to crush the seed and extract oil. We don't make refined oil, and we don't do solvent extraction.

The Cake that we get contains 4 to 5% of oil. It will fetch ₹40 to 50 per kg has a huge demand. Some people are of the opinion that chekku ennai (or cold pressed oil) is superior to our oil, but that's not the case. It is more expensive, as it requires more effort and electricity, not because of its superior quality.

On reaching out to with younger generation

When we started, television was not popular other than Doordarshan. In fact, Doordarshan Tamil and Idhayam both came into existence during the same year and our advertisements were



more popular then. Nowadays advertising in television channels is more expensive as hundreds of channels are there.

We have chosen a medium in which large boards are displayed at the point of sale and at the retailer's end. We have boards all over Tamil Nadu. More than 3000 retailers have our advertisement boards and no rent is paid by us, as they are getting more demand.

On e-commerce platforms

Yes, we need e-commerce platform as it is the modern-day trend and it is mutually important for branded payers and e-commerce platforms to grow

together, which is the need of the hour. Famous reality shows on cooking that are being shown in TVs use our brands. You tube channels, attract younger generations.

On challenges to the businesses about freight rates, wild swings in imported edible oils etc.,

Tamil Nadu has a population of more than seven crores. Even if I am able to supply to 10 percent of the population, I am happy with that. Moreover, we are happy to face the competition from international companies/brands.

CSR (Corporate Social Responsibility) of Idhayam

As part of our CSR activity, we are organizing a monthly leadership camp for students, called entrepreneurs leadership camp. We bring in about 32 students aged between 18 and 25 years, who aspire to become entrepreneurs. So far, we have completed 10 such programmes and trained 320 students, 50 of whom have become entrepreneurs already and more are on the way.

In each batch, we select the best two students and send them to Singapore for four days to interact with the industries over there. Of the 320 students roughly, 50 percent are women. This envisages the Honourable Prime Minister's flagship programme of Start-up India.

The students who are selected has to pay a fee of INR 2500 as course fee. Idhayam funds about INR 2.50 million (INR 25 lakhs) per annum under its CSR activity.

My message to new entrepreneurs: Choose a business which you love the most.

