

# ASIAN LIVESTOCK FEED 2006



**Japfa Comfeed:**



A. Harwanto

**Fast track  
expansion in Asia**



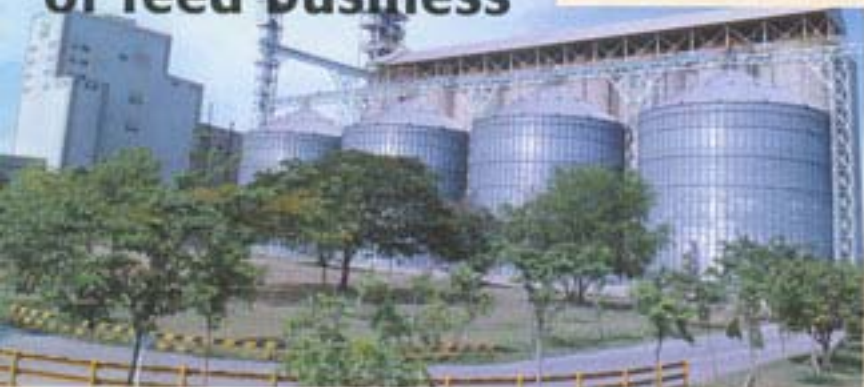
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Mr Sun Hao



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# Japfa Comfeed: Fast track expansion in Asia



**Indonesia's Japfa Comfeed is fast becoming a formidable player in the feed industry in Asia, with expansion underway in Indonesia, India and Vietnam. CONNY PEREIRA and CHAKRIT RIDMONTRI report that the company is particular about venturing into growing markets and maintaining a lead position, whilst always emphasizing quality.**

**I**n 2004, the feed division of Japfa Comfeed Indonesia shifted its focus from increasing sales volume to enhancing product quality, enhancing higher minimum standards for raw materials received and improving customer relations.

According to A. Harwanto, Executive Vice President Japfa has been opening up a number of new feedmills in various parts of Indonesia. Their focus had been mainly on East Indonesia, a new growth area for the country.

A new feedmill was started in Makassar two years ago because of the presence of corn there. "We already had the land there and were waiting to move in. Production there has been growing consistently and we're pleased with its progress. It has a capacity of 10 tonnes an hour," said Mr Harwanto.



"Apart from being able to better serve our customers in that region, we're also able to secure fresh raw material that we contract from growers there.

"We hope that our increased presence here will cement the division's market position and contribute positively to our financial performance.

Japfa enjoys a good market share for both feed and DOC and is generally ranked as the second biggest player in the Indonesian poultry and livestock feed market.

In the last two years, despite the challenges of rising feed ingredients costs and the avian influenza, Japfa Comfeed has expanded their operations in India, Vietnam and



*Above: An aerial view of one of Japfa's feedmills in Indonesia.*

*Right: Japfa's new plant in the south of Vietnam marks the start of Japfa's expansion into this region.*

*Far right: Japfa Comfeed Vietnam's first feedmill in the northern province of Vinh Phuc, about 30km from Hanoi. Its capacity was expanded from 12 tonnes/hour to 17 tonnes/hour in 2005.*



Indonesia. According to Mr Harwanto, the company is particular about venturing into growing markets and maintaining a lead position, whilst always emphasising quality.

In India, Japfa Comfeed has introduced premium quality broiler feeds in the east and northeast, says Dr Manas Dash, Japfa's Sales Manager (East). "This should pave the way for us to move into integration, as the market there has yet to be fully developed."

Their feedmill in Midnapore district, about 130km southwest of West Bengal's capital of Kolkata, has a capacity of 12,000 tonnes of pellet feeds per month and commenced operations in November 2005.

The plant is equipped with a hammer mill from Heem Horst of the Netherlands and pellet mills & conditioners from California Pellet Mill (CPM) of the US.

"It's a silo based system, meaning that batching of raw materials is fully automatic," said Dr Dash. "Correct batching of raw materials and ingredients is the basis for the quality of our feeds."

There are three products from this new plant consisting of prestarter crumbles, starter crumbles and finisher pellets. Japfa's feeds will be high in energy (over 3000 Kcal/kg up), similar to that produced at its



Dr Manas Dash

first plant in Pune, Maharashtra state.

Japfa has been active in the West Bengal state for a few years. It exports about 1000 tonnes of broiler feeds from its Pune plant to sell here. After the opening of the new plant, Japfa aims to sell 5000 tonnes of feeds per month.

Dr Dash will lead a team of five veterinarians and 15 husbandry staff to boost sales of broiler feeds throughout the northeastern region of India. It includes the states of Orissa, Bihar, Jharkhand, Assam and West Bengal.

He believes that there is a large market for quality feeds in the northeastern region even though there are a number of feedmills here already.

Japfa Comfeed India, a subsidiary of Japfa Comfeed Indonesia, established operations in India in 1998 and completed its first feedmill in the central state of Maharashtra in 1999.

It began in the feed business and then diversified into integrated broiler operations. At the start of this year, it took a big step forward when it set up a GP farm in Maharashtra. At the same time, the company acquired a PS farm in the same state.

In July 2005, Japfa acquired Crystal Hatchery in Hyderabad, southeast of India. "This acquisition is viewed as a gateway for Japfa Comfeed to expand into the south and

southeast of India," said Ashwani Chaloo, Chief Operating Officer of Japfa Comfeed India.

The completion of Japfa's second feedmill in West Bengal is the last piece in the jigsaw that will transform the company into the full-fledged broiler integrator that covers the whole of India.

"When our feedmill in West Bengal is completed, Japfa Comfeed India will be present in the east, west and south of the country," said Mr Chaloo.

The company's expansion in Vietnam despite the bird flu, has been remarkable. Japfa Comfeed Vietnam Co, a subsidiary of the same group in Indonesia completed a new feedmill in the south in late 2005. It also started making pig feeds and hopes to become a leader in this market segment soon.

Bambang Sitiawan, Japfa Comfeed Vietnam's Vice President and Country Head said the company first increased the capacity at its existing feedmill the northern province of Vinh Phuc from 12 tonnes/hour to 17 tonnes/hour.

Then, Japfa built a new feedmill in the southern province of Long An, outside Ho Chi Minh City. It came on stream in November 2005, and has a capacity of 15 tonnes/hour and uses machinery from Triumph Engineering of Thailand. The machinery was designed for an upgrade to 30 tonnes/hours without interruption in operations.

The building of the new plant in the south marks the start of Japfa's expansion into this region. The company needs to increase its feed manufacturing capacity with the establishment of more plant as it has started diversifying into pig feeds as well.

According to Mr Bambang, it is inevitable to venture into the pig feed business and perhaps the pig farming business in future because of growing demand in Vietnam. •

