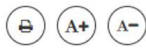


# Our healthy foods portfolio, under Saffola, on track to become Rs 450-500 cr brand in FY 22: Marico CFO

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FMCG company Marico's healthy foods portfolio, under Saffola, is on track to become a Rs 450 - 500 crore brand by the end of this year, Pawan Agrawal, CFO of the company told ETRetail, adding that Marico aims to grow its healthy food segment to Rs 850 to 1,000 crore by FY 2024.

"Marico's food segment in FY20 was less than Rs 200 crore in revenues. We had taken an aspirational target of reaching up to Rs 500 crore in FY 22 and then from there Rs 850 to 1,000 crore in FY 24. We are happy to share that we are very much on track. If not 500, we will reach a ballpark in that range this year," said Agrawal.

"We believe that there is potential for Saffola to expand its total addressable market and therefore evaluated multiple categories where Saffola can extend itself. We recently entered into categories like honey, chyawanprash, soya nuggets, and oats noodles, and have witnessed encouraging success in some of these already," he added.

Marico in its December quarter results announced that Saffola foods witnessed a growth of 28 per cent. Its popular product, Saffola Oats gained 560 bps and currently holds 42 per cent of the market share, as per the quarterly results. Others such as the flagship Parachute coconut oil gained 220 bps while the value-added hair oil category gained close to 80 bps.

Explaining more on this, Agrawal said that all the categories have a good potential for growth. He shared that Parachute coconut oil can grow by 5 - 7 per cent in volumes each year over the medium term while the value-added hair oil category can deliver double-digit value growth.

For the edible oil category, he said that "Saffola edible oils delivered a very good performance in FY 21 and start of FY 22. There have been significant fluctuations in edible oil prices in the last few quarters, which have affected growth in the last couple of quarters. Despite near-term volatility, we believe this segment can grow in high single-digits at least, if not double-digits, over the medium term."

Speaking out its margins and price hikes, Agrawal shared that Marico aims to maintain an operating margin at 19 per cent and above over the medium term. "Our intention is to reach the level of 19 percent, which is a threshold level that we have defined. But very honestly, given the kind of environment we are in, it is difficult to predict as to where we could be."

He also said that Marico will focus on prioritizing volume growth and market share gains, even with some compromise on margins from a short-term standpoint, adding that the brand is confident that in the long term margins will come.

On price hikes, Agrawal said that the FMCG company is evaluating and might have to take certain price increases in categories such as value-added hair oils and Saffola.

In addition to its food and oil business, lately, Marico has been focusing on building a portfolio of digital brands. It presently has a male grooming brand Beardo and personal care brand Just herbs under its portfolio.

Beardo, which Marico acquired in 2017, is on course to exit FY 2021 - 22 at a Rs 100 crore annual run rate, he shared. While Just Herbs is tracking in line with expectations, he added.

Talking about Marico's increasing focus on D2C and its acquisition strategy, Aggarwal said, "the brand is active and we believe that there are some more opportunities in the market that we keep evaluating. Hopefully, we should be able to make one or two more acquisitions."