



FOCUSSING ON GROWTH AREAS

We hope to strengthen our distribution further in both rural and urban regions, says Saugata Gupta, MD & CEO, Marico p2

Rural growth moderation is a transient issue: Marico CEO

Confident of achieving ₹450-500 crore revenues from food business by fiscal-end

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FMCG major Marico has been making strategic bets to strengthen its presence in packaged food and digital brands spaces. The company expects to see double-digit revenue growth in the second half of the year as the economy is coming out of the woods. Saugata Gupta, MD & CEO, Marico, told *BusinessLine* that the company is confident of achieving ₹450-500 crore revenues from the food business by the end of the fiscal year. Excerpts:

While rural growth continues to outpace urban growth, rural growth rates have moderated. Is this a cause of concern?

I think this is just a transient issue as the medium and long-term demand remains intact. I think the moderation of demand in the short-term

is due to a combination of factors such as higher restocking by trade last year post the lockdown as the supply chain was thin, inflation pressures and as the economy opens up there is pent-up consumption seen in other areas. We are also entering the high base period in the second half of

the year (compared to last year). So even if the run rate is the same, the rural growth rate will be moderate. Having said that, I won't call it a consumption slowdown right now as it is more of a combination of all these factors and we need to wait and watch but in the medium term it will be fine.

How are you tackling inflation pressures particularly in the edible oils space?

Since the economy is just about coming out of two bouts of Covid, it's important

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SAUGATA GUPTA,
MD & CEO, Marico



that we also ensure that we don't pass on the entire cost to the consumers, because that will result in some kind of demand slackening.

So, in our case, interestingly, one of the major components, which is copra, which had been facing inflation, somehow has got tempered. I think crude and vegetable oil led-inflation continues and we don't see any softening till maybe January-March quarter.

So, we have also initiated a couple of cost saving measures but we will see some of those accruals only in the fourth quarter.

What is the company's strategy to grow its presence in the packaged food segment?

We want to expand the total addressable market in food through the Saffola franchise by focusing on the “better-for-you” categories whether it's the in-home consumption occasion, snacking between meals, breakfast or even in the immunity space. The shift that we have put in place is that we are now looking at more mid-size to large size categories where Saffola can enter with a differentiated proposition. Our first step in this journey is to cross any-

thing between ₹450 crore and ₹500 crore in terms of revenues, which we are confident of achieving by the end of this financial year. The second step is to hit ₹850-1,000 crore by 2024. We will definitely look at getting into one or two new categories in the next financial year in the foods space.

With the food business, along with some of the digital brands and the personal care discretionary portfolio, we will ensure that the new businesses of Marico are somewhere in the mid-teens in terms of the contribution, making our portfolio more future-ready.

What are the plans for ramping up direct distribution in rural markets?

We are focusing on improving the quality of rural distribution and converting some from indirect to direct. In the long-term, wholesale as a channel will keep on reducing in its importance. And therefore, large organised

FMCG players which have direct distribution will have a competitive advantage. We have added 30 per cent new stockists in the last two years, we'll continue to do so. In urban markets, we are focusing on strengthening our presence in the food, chemists and cosmetic outlets. We hope to strengthen our presence further in the next 2-3 years in both rural and urban regions with these steps.

Will we continue to see you making aggressive bets in terms of inorganic growth strategy, especially in the D2C space?

I would say that we have taken some measured steps. If there are opportunities then we will definitely look into it. I think Marico is a very dependable strategic partner and one of the things which stands out is that we have ensured that even where we have a majority stake, the business stays independent. At the same time we are also focusing on growing our brands organically.

