

Emami bets big on rural India

SHINE JACOB

Kolkata, 17 July

Fast moving consumer goods (FMCG) major Emami Ltd has claimed its rural market focus is pushing the sales of the company in difficult economic situations. Rural marketing through direct channel contributes about 23 per cent of the firm's total sales, which it expects to increase to more than 35 per cent in the next three years.

"Rural consumers had more cash to spend following successful government schemes and favourable monsoons; Emami accelerated product ruralisation. As a result, the direct rural reach grew substantially in 2011-12 and now contributes about 23 per cent of total

sales," the firm's founders R S Agarwal and R S Goenka noted in its annual report.

The Kolkata-based company had posted 16.6 per cent rise in net sales for the financial year 2011-12 to ₹1,453.51 crore, compared to ₹1,247.07 crore in 2010-11. Since 2009-10, when the firm launched its rural focus programme called Project Swadesh, there has been a 42 per cent rise in income from operations from ₹1,021.7 crore. Emami's net profit for 2011-12 also increased 13.2 per cent to ₹258.84 crore, against ₹228.72 crore during the financial year 2010-11

"While the direct distribution channel, which has reach in 10,000 villages across the country, is contributing 23 per cent of our

sales, we believe it is going to touch the 35-38 per cent mark in the next three years. Currently, including the direct and indirect channels,

rural markets contribute about 45 per cent of our total sales, which we expect to be above 50 per cent by that time.