

Emami aims to acquire brands in Africa

Decides on manufacturing & distribution presence in sub-Saharan region; will also revive earlier plan for Egypt

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Emami, the Kolkata-based producer of fast-moving consumer goods, says it is aiming to expand its presence in the sub-Saharan African region.

Already exporting its products to Nigeria, Kenya, Ethiopia and others in the continent, now about eight per cent of its global sales, Emami plans to acquire manufacturing and distribution companies in the region. Especially if they have strong brands.

Part of the aim is to save itself from currency volatility. Prashant Goenka, director, who looks after the international business, says the African business was affected in 2016-17 by this factor. Hence their plan to convert the African region from an export market to a full-fledged manufacturing region.

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FOREIGN FOOTPRINT OF FMCG FIRMS

Company	Year entered	Total assets (in ₹ crore)	(%) Contribution of African revenue*
GODREJ CONSUMER	2006	1,500-2,000*	35
<i>Key countries:</i> South Africa, Nigeria, Kenya, Ghana, Sub Saharan Africa <i>Key categories:</i> Hair care & skin care			
DABUR*	1994	1,768.44	22
<i>(includes assets in Dabur International)</i> <i>Key countries:</i> Egypt, Nigeria, South Africa, Kenya, Ghana, Tanzania, Uganda, Zambia <i>Key categories:</i> Hair care, skin care and oral care			
MARICO INDIA	2006	292.58	27
<i>(includes assets & revenue from West Asia)</i> <i>Key countries:</i> South Africa, Egypt, Algeria, Libya, Morocco <i>Key categories:</i> Hair care, skin care, baby care, health care and OTC drugs			
EMAMI	2000	-	8
<i>Key countries:</i> Egypt, Nigeria, Kenya <i>Key categories:</i> Hair, skin care and OTC drugs			

* Amount spent on acquisitions as per industry estimates in Africa. However, 'Strength of Nature', a US-based hair care products company with presence in America and Africa was acquired in 2016. This is included in net asset of Godrej Consumer; # to international revenue; OTC: over-the-counter
Sources: Annual Reports 2015-16, Industry

advantage," Goenka told this newspaper. The plan, he added, was expand revenue from this region to 12 per cent of their global business in 2017-18.

"It will be much easier to

reach consumers there if we have a strong brand in our portfolio. Our existing brands can be introduced via the sales channel of the strong brand(s) we intend to acquire," he reasoned.



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While he didn't go into details, he said hair care products were their largest category in the region. And, different formulations were needed. "Their type of hair is very different from ours and thus a

product which addresses these needs to be made available in that market."

Other key product segments in the region are skin care and over-the-counter medicine.

The firm is already registering its products with the authorities in Egypt, Angola, Congo, Ethiopia, Uganda, Tanzania and others, a prerequisite in those countries for accessing the consumer market.

Also, in 2018-19, Emami hopes to revive an earlier plan for a manufacturing unit in Egypt, for catering to the West Asian and North African markets.

In June 2010, it had been on the verge of starting production there, after signing a ₹30-crore deal to acquire the manufacturing assets of an Egyptian company.

However, own production didn't finally start, as the 'Arab Spring' chain of events set in, leading to economic turmoil.

"It was good for us that we didn't proceed with our plans then. However, we intend to start planning on

the Egyptian plant in the next financial year," said Goenka.

According to Abneesh Roy, senior vice-president at Edelweiss Securities, Emami's international business declined by 38 per cent during the fourth quarter of FY17, owing to weak economic conditions in the West Asian/North African region. "(The) company also undertook an inventory correction (primarily in Russia), which was also a reason for sales decline," he said.

Compared to other Indian consumer product companies, Emami's Africa foray was late but it is confident that the growth in the continent and the market scenario presents enough opportunity for it to bag a decent market presence.

It has prepared a global plan, in which the aim for FY18 is to recover the earlier hold in West Asia/North Africa and hold ground in Russia and East Europe. The strategy for the South and Southeast Asian region will be to grow the market; for Africa, a direct presence.