

# India in Africa

## Dabur Looks at Africa, West Asia for Growth to Beat Slowdown

**D**abur, the fast moving consumer goods major, is increasingly turning to markets outside India for growth, as the domestic market continues to be subdued.

A little over a third of revenue comes from abroad and it is investing ₹500 crore to expand operations in West Asia and Africa. It recently set up a subsidiary and bought a manufacturing plant in South Africa, to cater to the southern part of the continent, a region Dabur earlier served through import. The move will bring down cost, Sunil Duggal, Chief Executive Officer, said recently. "The objective of localisation is not to improve profitability as much as it is to lower prices and thereby improve our market position".

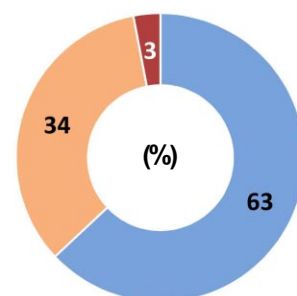


According to Lalit Malik, Chief Financial Officer, Dabur, the move could increase its revenue from South Africa by four times to ₹250 crore a year. Expanding its operations in Africa has a rationale, as Dabur gets nearly a third of its ₹2,900 crore international sales from there.

Another focus area is West Asia, generating 23 percent of its annual revenue from overseas operations. It has already started production in Turkey and is setting up a manufacturing unit in Iran, to be ready by 2017. As consumers keep their purses closed in Saudi Arabia due to economic turmoil, increasing the sales in other markets of the region will be helpful, revealed a

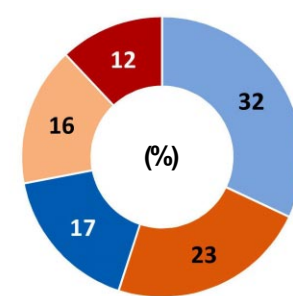
### GLOBAL OUTLOOK

#### CONTRIBUTION OF SALES



■ Domestic FMCG ■ International ■ Others

#### BREAKDOWN OF INTERNATIONAL SALES



■ West Asia ■ Africa ■ Asia  
■ Americas ■ Europe

- Dabur gets nearly 18% or about ₹1,500 crore annually from Africa and West Asian markets
- Nearly ₹2,900 crore out of its ₹8,454 crore sales come from overseas operations
- Dabur to incur ₹500 crore in capital expenditure in FY17 in overseas markets
- The firm recently set up a subsidiary in South Africa, to start production of Namaste products; Iran plant to be ready early-2017
- Localisation of production in South Africa, Iran to improve sales as cost comes down
- Egypt (19%), Nepal (19%), Turkey (9.6%) & US (8%) grew higher than India (4.5%) in the last quarter

Source: Annual Reports & Investor Presentation

recent J M Morgan report. The market generates a tenth of Dabur's sales and nearly a fifth of profit from international operations.

The firm also recently set up shop in Myanmar. According to Malik, Dabur plans to expand its portfolio, apart from launch of existing products, in newer territories. Local currency fluctuations are an issue; recent devaluations in Nigeria, Turkey, and Egypt impacted Dabur's revenue.

It expects the growth in foreign markets to remain higher than that in India. Its two product lines continue to grow at 10 percent a year by volume. Duggal said that they plan to invest another ₹300 crore in the following year, they are also open for acquisitions.

## India's Africa Drive

Indian Prime Minister Modi's Look Africa drive can be viewed as India's new turf for trade and investment expansion. Vying for the African heart is synergised by his visit to Africa in July 2016, closely following visits of President of India Pranab Mukherjee and Vice President Hamid Ansari in June 2016.



Modi's inclination towards Africa stemmed from two factors. First, a large population of non-resident Indians in Africa are Gujaratis and Modi, who is a Gujarati, has emotional link with the African Gujaratis. Second, Africa turned towards India to rebuild the economy after the decade long dust of political turmoil settled in the continent and fall in oil prices led Africa in dismay.

*(Eurasia Review, 09.12.16)*

### India's Quest for Power Status

According to some estimates, by 2030, middle class consumption, a major driving force in the global economy will grow dramatically in China, India and other Asian countries. African resources will undoubtedly fuel part of that consumption.

The Indian government's drive to raise the country's growth rates for the well-being of the people and for the fulfillment of the country's geopolitical ambitions therefore hinges to some extent on greater access to African raw materials and markets. India will have to contend with other global powers, which are currently the main economic players in Africa.

*(The Diplomat, 17.11.16)*

### Cancer Machines to Kenya

The Indian Prime Minister promised to donate Sh300mn cancer machine to the Kenyatta National Hospital (KNH). Deputy High Commissioner to Kenya Rajesh Swami said the Indian government had informed them that the cancer therapy machine (Bhabhatron) would arrive for installation at KNH.

The machine is set to strengthen KNH's capacity to handle cancer cases after suffering machine breakdowns in the recent past. Kenya reports 40,000 new cancer cases every year, but only has a few hospitals with the capacity to offer specialised treatment.

*(Daily Nation, 09.11.16)*

### Boosting Economic Fortunes

The tentative deal between India and Nigeria has the potential to fuel their mutual aspirations to become formidable regional leaders and boost their economic fortunes. Together Nigeria and India have the potential to be and economic power couple and dominate Africa and South Asia.

In October 2016 Nigeria signed an Memorandum of Understanding (MoU) with its counterpart on oil agreement worth US\$15bn. The deal with New Delhi could have greater potential to expand economic cooperation in other areas than Beijing, considering that Nigeria also an agreement with China.

*(Forbes, 20.12.16)*

### Tapping Africa 'Growth Wave'

With financing from Abraaj Group's Africa Health Fund and the International Finance Corporation (IFC), the Mumbai-listed group is partnering with Kenyan investors and will break ground on a 130-bed specialist cardiac hospital in the capital, Nairobi, in January.

Another group of investors is joining forces with Gurgaon, India-based Medanta Hospital to set up a 200-bed facility in the East African nation.

"A lot of these companies have figured out that they are getting a significant number of patients from Africa", said Biju Mohandas, Head of the IFC's health-investment team in Nairobi.

*(Bloomberg, 25.12.16)*

### Reviving Trade Ties

Trade ties between India and Africa comes at a time when African countries are looking eastward, shifting attention away from their traditional Western economic partners, and when Asia's booming economies are rushing to invest in Africa.

India's investments in Africa continue to expand. Bharti Airtel, the New Delhi-based giant telecommunications company, is an example of India's extensive private-sector presence across the continent. With over 76 million subscribers as of March 2015, and a workforce of about 5,000 people, Airtel is now the second-biggest telecom operator in.

*(www.un.org/africarenewal/magazine/august-2016)*

### KA Gets Boost from India's MoU

National carrier Kenya Airways (KA) has received a big boost from the signing of an agreement that gives it the right to introduce seven more weekly flights to India, one of Kenya's strongest trade partners.

A communiqué from India's Ministry of Civil Aviation indicates that the two countries recently signed a MoU allowing carriers from both countries to get into more codeshare agreements. India is one of Kenya's biggest trade partners with imports from the Asian country valued at Sh253bn past year.

*(Daily Nation, 19.12.16)*

### India Donates R2mn in SA

India has given a R2mn grant to the Nelson Mandela Foundation to ensure that the legacy of the iconic anti-apartheid leader continues to improve the lives of South Africans. Indian High Commissioner Ruchi Ghanashyam presented the grant to the Foundation's Chief Executive Sello Hatang.

"The government of India is supportive of the charitable work of the Foundation covering a wide range of endeavours from building schools to HIV/AIDS related work; from research to peace and reconciliation interventions", Ghanashyam said.

*(NDTV, 15.12.16)*