

# Indian FMCG firms eye slice of Pak market



Customers shop at a supermarket in Lahore, Pakistan. PHOTO: BLOOMBERG

## NEIGHBOURLY TIES

The FMCG market in Pakistan

**Estimated size**  
One-sixth of Indian FMCG market (\$13.1 billion)

**Growth rate**  
Pegged to double in 2-3 years

### Key FMCG players in Pakistan

- Unilever Pakistan
- Colgate-Palmolive Pakistan
- Procter & Gamble Pakistan

### Other players that sell FMCG products

- Nestle Pakistan
- Coca-Cola Pakistan
- Pepsi Pakistan

**SOUNAK MITRA**  
New Delhi, 3 September

Kolkata-based consumer goods major Emami plans to foray into Pakistan. "With its large population, very similar consumer habits and social mores and the overflow of Indian advertising, Pakistan is a very attractive market for us, and we plan to launch our full range of products in that market soon," Emami's chief executive officer (international marketing division) Shyam Sutaria told *Business Standard*.

Emami accounts for a sixth of the \$13.1-billion (₹72,750.80 crore) Indian fast-moving consumer goods (FMCG) market. In July, a CRISIL study had estimated India's FMCG sector to stand at \$33.4 billion (₹1,85,487 crore) by 2015.

The company is not alone in harbouring plans to enter the market of India's northwestern neighbour. Last month, Adi Godrej, chairman of the ₹18,500-crore Godrej Group and president of the Confederation of India Industry, stated his intention to enter Pakistan by the end of this year. In May, he had led a 40-member trade delegation to Pakistan, as part of India's attempts to increase bilateral trade, after it opened its doors to direct exports from that country. Godrej Consumer Products, which reported revenue of ₹2,980 crore in 2011-12, in 2012, earns about 40 per cent from exports.

Dabur India is already present in Pakistan through its international subsidiary, said a Dabur spokesperson. "Any expansion in the Pakistan market is yet to be firmed up," he added. In Pakistan, the company operates through Asian Consumer Care Pakistan, a subsidiary of Dabur Isle of Man (part of Dabur's international business). Currently, Dabur sells its Vatika hair oil and shampoo, Hajmola, Chyawanprash, Dabur Shilajit and Dabur Amla brands in Pakistan. The company reported sales of PKR 39.43 crore (₹23.13 crore) in 2010-11, against PKR 33.59 crore (₹19.69 crore) in 2009-10. The company declined to comment on its business in Pakistan.

Marico, another prominent FMCG player in India, with strong presence in neighbouring Bangladesh, did not comment.

Other Indian conglomerates, including the Tata Group, are also said

to be exploring the market in Pakistan.

The FMCG market in Pakistan is estimated to double in two to three years. The fact that the population in Pakistan was the world's sixth-largest offered immense scope to Indian FMCG companies, Sutaria said, adding Emami planned to invest in brand building in that country. "We are open to both organic and inorganic growth in Pakistan," he said.

Entry into Pakistan would help increase Emami's export revenue, which stood at ₹187 crore in 2011-12, about 13 per cent of its consolidated revenue of ₹1,453 crore. Currently, the company's primary export markets include Africa and the South Asian Association for Regional Cooperation. It had earned ₹165 crore from exports in 2010-11. Emami aims to record revenue growth of 18 per cent this financial year.

The company's plans come against the backdrop of increased trade between India and Pakistan, following the visit of Pakistan President Asif Ali Zardari to New Delhi earlier this year. Both nations have agreed to export of various products, including FMCG goods, from India to Pakistan, and to assist business communities of both countries. Currently, bilateral trade accounts for less than \$2 billion (₹11,107 crore) and direct investments are not allowed.

Traditionally, both countries have seen poor trade and economic exchanges, owing to differences over Kashmir and military engagements along the northern frontier.

### Competition

Pakistan's FMCG market is led by Unilever Pakistan, followed by Procter and Gamble Pakistan and Colgate-Palmolive. For 2011, Karachi-listed Unilever Pakistan reported a 13.88 per cent rise in revenue at PKR 51.87 billion (₹3,042 crore). Colgate-Palmolive Pakistan, also listed on the Karachi Stock Exchange, posted a 24.36 per cent rise in revenue at PKR 18.7 billion (₹1,097.02 crore) during the year ended June 30.