

# Wagh Bakri Tea lines up major expansion plans

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INDIA'S third largest packaged tea maker, the Wagh Bakri Tea Group, plans to set up a new production and packaging plant near Dholka, Ahmedabad, in six to eight months with an investment of Rs 40 crore along with another facility in West Asia to boost exports.

"With a growth of 10-15 per cent annually in the last five consecutive years, we have exhausted our installed capacity at the existing plant at Dholka site, near Ahmedabad," said Parag Desai, executive director, Wagh Bakri Tea Group. Wagh Bakri's major competitors are Hindustan Unilever (HUL) and Tata Global Beverages.

Parag said the new plant, which will be the largest blending and packing facility in India, will have the installed capacity of 15 million kilogram per annum. "We are investing about Rs 40 crore in the new plant which will go onstream within six-eight months," he said.

The Rs 550-crore Ahmedabad-headquartered company sells tea in three segments. The mass market brands include Wagh Bakri in dust and leaf and fanning (dust and leaf mixed) priced at Rs 85 for 250 grams, the economy segment has Mili tea (Rs 60 for 250 grams) and Navchetan tea (Rs 50 for 250 grams) and the premium segment includes Good Morning premium (Rs 90 for 250 grams) and tea bags (Rs 60 for 25 bags).

Desai said the company is targeting over 20 per cent growth in the next two years even as the tea industry in the country is growing at 5 per cent annually. The firm's 14-acre manufacturing and blending plant at Dholka packs and sells 20 million kilograms annually. He said the estimated tea market size in India was



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- New plant will come up near Dholka in Ahmedabad in six to eight months time
- The company is targeting over 20 per cent growth in the next two years
- It aims to achieve 12 per cent market share in the packaged tea segment in three years

960-980 million kilograms annually, out of which 150-180 million kilogram was exported.

Desai informed that the company was aiming to achieve 12 per cent market share in the packaged tea segment in three years from the present 7.5 per cent. HUL and Tata Global Beverages have garnered 22 per cent market share each in the packaged tea segment, he added. The company had achieved 50 per cent market share in Gujarat and 25 per cent in Rajasthan, while in other markets such as Madhya Pradesh, Maharashtra and Goa it was two to five per cent. The company has recently entered the Delhi and Hyderabad market.

The company also plans to set up a new plant in West Asia to tap the growing market and cater to exports. "The overseas plant will come up in Dubai or Oman after the turmoil in the Arab world subsides," he said. The company will invest Rs 35-40 crore there.

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