

# THE HINDU Business Line

## **Wagh Bakri may cut tea prices on better crop**

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The Rs 550-crore Gujarat Tea Processors & Packers, the makers of Wagh Bakri tea, is looking forward to reducing prices in the next few months. Tea as a commodity has been witnessing a rise in prices, by 25 to 30 per cent, over the past two years.

Speaking to *Business Line*, Mr Parag Desai, Director Sales & Marketing, Gujarat Tea Processors said: “Tea prices will now start falling and we would be go in for a round of reduced prices. Tea prices have been rising due to the crop failing in the international markets primarily.

However, the worst is over for the industry and we will see improved pricing shortly within the next two months as the global factors will change and there will be high quality cropping.”

### **Extending brands**

Meanwhile to tide over the high commodity costs, Wagh Bakri is extending its brand into the tea bag category to get better margins. “We have been getting into speciality teas with a range of international flavours. Tea bags as a category is growing at 20 per cent while tea continues to grow between 2 to 3 per cent,” added Mr. Desai.

## **Pan India presence**

The 'Wagh Bakri' brand is positioned at the premium end of the tea market and has also extended to the super premium segment with its 'Good Morning' brand while it is the 'Mili' brand which stands for its value for money brand.

The third largest packaged tea company is slowly expanding its presence in the southern markets and expects to have a pan India presence shortly. "After entering the northern and western markets, we are now looking forward to enjoying national presence.

Currently we are present in six states and have entered the southern state of Andhra Pradesh," said Mr. Desai.

Competing with the big players like HUL and Tata Global Beverages, Wagh Bakri has a 7.5 per cent share in the tea segment. "Today both Tata Tea and HUL have similar market share between 12 to 17 per cent and we expect to achieve market share of 12 per cent with additional production capacities," added Mr. Desai. It is setting up a third manufacturing plant in Gujarat with an investment of Rs 40 crore.