

WAGH BAKRI KEEN TO SPREAD WINGS

To add 50% capacity in Gujarat

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Gujarat's leading packaged tea manufacturer Wagh Bakri Group is planning to increase its current manufacturing/blending capacity by around 50 per cent in the state. Wagh Bakri, which has currently a 25 million kilogram (kg) manufacturing facility at Dholka near Ahmedabad that is operating at 100 per cent capacity, would add around 12.5 million kg capacity at unit in Dholka and another in Nadiad.

"We have shortlisted two sites within the state, one at Dholka and another at Nadiad, where we plan to put up more units to expand capacity by around 50 per cent. We are waiting for the GST regime to be implemented. Once the picture is more clear, we can look at setting up more manufacturing bases across the country. As we also cater to the overseas markets, we can look at setting up bases in countries in the EU as well to suit local tastes. Things are, however, at a nascent stage right now," said Parag Desai, executive direc-



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tor of Wagh Bakri Tea Group. Desai, however, declined to give out investment figures.

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cus is the north Indian markets. We are already doing well in the markets around Delhi, and in parts of Maharashtra. We now plan to offer micro-blends for these markets that can cater to region-specific tastes within the same state," Desai explained.

According to Desai, the capacity expansion is going to be critical if the company wishes to spread wings in different

regions. Wagh Bakri's strategy for regional expansion is to make a specific blend for that market. It already has an economy brand 'Mili' that is fine-tuned according to regional variations.

Talking of exports, Desai said, "Exports now contribute to less than five per cent of our net turnover of around ₹ 500 crore. Rising domestic tea prices, and more than 100 per cent duty on tea imports, act as deterrents for increasing share of exports in our revenue. We are hoping for a relaxation in import duty soon."

Apparently, while tea prices have risen around 20-30 per cent in the last six months, Wagh Bakri has been able to pass on around 15-20 per cent to its consumers with the rest hitting on the company's margins. "Being a commodity player, we operate with around two to three per cent margin of our turnover," Desai added.

Tea prices are around ₹ 150-180 per kg. Production this year is likely to be around 15 million kg lesser compared to last fiscal's 979 million kg, while exports are likely to be static at around 198 million kg.