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ITC’s packaged food business grows by 13 per cent in the fiscal year 2017

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With a 13 per cent increase in sales, ITC’s stated leadership ambition in India’s packaged food business inched a step closer to reality.

Four years after ITC raced past Hindustan Unilever in the overall foods business, the cigarette company evidenced its makeover into a diversified group through double-digit growth in the consumer foods business, which crossed the Rs 8,000-crore revenue mark in the fiscal ending March 2017.

ITC’s foods revenue is now about Rs 600 crore less than that of Britannia: The gap was Rs 900 crore the year before. Swiss foods major Nestle is the country’s largest in this business segment.

According to The Economic Times, in its latest annual report, ITC said its packaged food business revenue in 2016-17 increased to Rs 8,036.4 crore from Rs 7,097.5 crore the year before, compared with Britannia’s revenue of Rs 8,684.39 crore (Rs 7,947.9 crore the year before).

Nestle India had clocked sales of Rs 9,223.8 crore last fiscal (it follows Jan-Dec fiscal), while HUL’s revenue in packaged food and refreshment businesses together was Rs 5,972 crore. ITC, therefore, appears to be on course to realise its leadership goal by overtaking both Britannia and Nestle in the foods business over the next 2-3 years. The revenue growth would be brought about by the accelerated introduction of new products, and entry into 7-8 newer categories.

The company plans to introduce about 40 new food products in the next one year — a record for ITC — and has recently started selling premium chocolates and coffee. It is the market leader in packaged flour and premium cream biscuits and the second-largest player in snacks and instant noodles.

The total revenue of the 25 FMCG brands of ITC spanning packaged food, personal care, education and stationary products, apparel, agarbatti and safety matches crossed Rs 14,000 crore during last fiscal, and increased by 16 per cent, the company disclosed in its annual report. Of this, Aashirvaad that operates in packaged atta, ghee, spices and instant meals is the

largest brand at Rs 3,500 crore, and is growing by over 16 per cent. Sunfeast, which is into biscuits, sells in excess of Rs 3,000 crore.

Other brands such as Classmate stationary products, Yippee! Instant noodles and pasta, Bingo! Chips and Indian snacks are over Rs 1,000 crore each. Vivel soap, Mangaldeep agarbatti and Candyman confectionery are over Rs 500 crore each.

While ITC’s packaged food business is already profitable, the other FMCG businesses are yet to bring in the cash. The foods business is expected to be the majority contributor to its goal of achieving a turnover of Rs one lakh crore from its non-cigarette FMCG businesses by 2030. Of this, the foods business is expected to generate Rs 60,000 crore to Rs 65,000 crore.

ITC’s foods business chief executive Hemant Malik recently told ET the company can achieve the revenue goal, given the huge opportunities that lie in every segment, and the GDP growth rate that India will likely clock over the years.

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