

ITC to invest Rs 900 crore into dairy, juice business

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ITC will invest Rs 1,000 crore for its ambitious foray into dairy and juice businesses which it plans to roll out in the January-March quarter. The Kolkata-based, branded packaged foods business is one of the fastest growing foods businesses in India, driven by the market standing and consumer franchise of its seven popular brands - Aashirvaad, Sunfeast, Bingo, Kitchens of India, mint-o, Candyman and Yippee.

ITC has already undertaken over Rs 250 crore investments on these two businesses. Early this year ITC acquired Bangalore based B Natural juice brand for about Rs 50-60 crore, which is now being modernised both in terms of formulation and packaging.

ITC's expansion into dairy is done organically and involves setting up processing plants in Munger (Bihar), Punjab, Uttar Pradesh, Maharashtra, Telangana and Andhra Pradesh. Trial production in Munger will start this month.

The company wants to have a local production footprint to overcome distribution hassles of dairy products and also to suit the palette of consumers in each region since milk quality differs. Chitranjan Dar, Divisional Chief Executive (foods), ITC said, "ITC will soon roll out juices across the country, whereas the entry into dairy business will be late next quarter. We plan to regionalise both juices and dairy products since the taste would vary."

"ITC will roll out both 100% juices and nectars with 7-8 variants, while in dairy it is yet to decide the full portfolio. In dairy, there will be both Business-to-Business (B2B) and Business-to-Consumer (B2C) products such as milk powder and ghee to start with. However, our aim is to launch a wide variety of dairy products which we will evolve in phases," Dar said.

When asked about competition, Dar said, "ITC will aim for product superiority, use the group's synergies in back-end agriculture and dairy sourcing, and use its wide panel of chefs in the hotel business to fine-tune its offering. For instance, we have done a lot of juice trails in our hotels with chefs, right from getting the right taste to the juice thickness."

ITC is expanding its agri-commodity sourcing to grow fruits and pulps for its juices business, while for the dairy business it has set up 261 cattle development centers across seven states and its milk procurement network in Munger includes 194 milk producer groups with average daily procurement of 13,729 litres per day.