

Hind Unilever draws new growth strategy

For strengthening presence in processed foods segment

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Consumer goods behemoth Hindustan Unilever Ltd (HUL) is working on a new growth strategy to drive its processed food business, involving launch of new products using technology developed by its Anglo-Dutch parent, Unilever Plc.

"Unilever has developed a strong technology base for food processing in a wide range of fields such as granulation, powdering etc. But it has to be fitted to the taste and tradition of India. And this is what we are working on," Mr D. Sundaram, HUL's Director (Finance), told *Business Line*. "At present, we have presence

in limited number of categories in the processed food segment. But going ahead, we can open up more categories," he said.

As part of the strategy, the company is likely to place on the Indian retail shelf two new products in this segment within six months, but he was, however, not willing to divulge the categories of the two products.

In the second quarter of the current fiscal, processed foods (excluding ice-creams and beverages) contributed revenues of Rs 128.92 crore out of its net segment revenue of Rs 3,392.18 crore, against Rs 97.27 crore and Rs 3,096.65 crore respectively for the corresponding quarter of last fiscal. In the first nine months of 2007, this segment contributed revenue of



Mr D. Sundaram

Rs 393.45 out of its net segment revenue of Rs 10,127 crore.

CURRENT OFFERINGS

HUL's present offering in the processed food business include the Knorr and Kissan brands, with the Knorr Soups range having been re-launched during the last quarter. In fact, the company sees the Knorr

brand as a window to get into the cooking aids space.

It also offers the Annapurna brand of atta, although in limited geographies. "The geographies for this brand are mostly in the South and West. We recently took out the brand from the Delhi market because it was not that profitable. Actually, branded atta finds an easy market in rice consuming geographies," according to Mr D. Sundaram.

The company had in the past introduced some ready-to-eat products like 4 'O' Clock Tiffins and ready-to-eat chapattis under the Anapurna brand, but these were subsequently withdrawn.

According to a recent study by KPMG and FICCI, the Indi-

an processed food market accounts for 32 per cent of the total food market which is valued at €67.9 billion. The total exports of the food processing industry have jumped from €4.7 billion in 2002-03 to €13.8 billion in 2006-07.

The Ministry of Food Processing Industries (MOFPI) aims to increase India's share in the global processed food trade to 3 per cent in the next 8 years from 1.6 per cent at present.

The report pointed out that global private equity players are betting big on this sector. While the food and beverage sector witnessed PE investments of €4.2 million involving just two deals last year, the current year has already seen 11 deals worth €106.4 million.