

## **Vahdam Teas taps gardens for deeper penetration overseas: Industry looks for change in sourcing pattern of brew**

Amid all the hard-talks between the North Eastern Tea Association (NETA) and the Tea Board of India regarding the changes required in price sharing formula ( PSF) between growers and manufacturers, the disputes in minimum benchmark price (MBP) and minimum acceptable quality (MAQ) for green tea remain unresolved.

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- August 04, 2021 3:43 AM



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Tea supply channels are increasingly changing their sourcing patterns, preferring to source more from gardens directly rather than from auction platforms. This enables producers to get fairer prices and regular off-takes and consumers, the best quality supply within days of harvest.

Amid all the hard-talks between the North Eastern Tea Association (NETA) and the Tea Board of India regarding the changes required in price sharing formula ( PSF) between growers and manufacturers, the disputes in minimum benchmark price (MBP) and minimum acceptable quality (MAQ) for green tea remain unresolved.

Companies like Vahdam Teas, which doesn't own a garden but works with over hundreds tea gardens from Darjeeling, Assam, Nilgiris, Kamgras and others are now directly sourcing from gardens and have been aggressively tapping the overseas markets. Exporting to 130 countries last year, Vahdam clocked 110% revenue growth at Rs 159 crore in FY21 against Rs 75 crore in FY20. The brand is on track to Rs 500-crore business in the next three years, Bala Sarda, founder

and CEO of Vahdam Tea, told FE, adding so far the US has been the company's primary market with over 50% of its revenue coming from there.

"The pandemic has accelerated our growth, given the shift towards high quality & trusted wellness products, larger adoption of e-commerce globally & a more effective execution capability. Vahdam plans to continue to grow by focusing on three key growth triggers — going deeper in their current markets (the US, Canada, the UK & Germany) and growing their omni-channel distribution, strengthening their presence in new markets and diversifying into other relevant product categories," Sarda said, adding the company has rolled out its distribution in India with the fast changing tea market landscape.

According to Bidyananda Barkatkoty, former vice-chairman of Tea Board of India, green leaf prices are fixed on demand and supply. "There is a huge competition for green leaf and therefore nowadays it is not possible to suppress the green leaf price.

The price of green leaf is bound to go up if price of made tea increases. Above all, in case there is a written agreement between a grower and manufacturer, the Tea Board or the district administration should not intervene," Barkatkoty said.

The present PSF between a grower and a processor is 60:40 but Neta has argued that even if the present PSF prevails, recovery rate for growers should be 22% of the production cost.

Earlier Rudra Chatterjee, managing director of Luxmi Tea, mooted the idea of processing and packaging tea from the gardens itself and market through e-platforms for direct export instead of selling it in bulk from the gardens. This can save intermediary cost and fetch higher revenues. Sarda said tea sourced directly from plantations are packed garden fresh at its BRC certified facility in the national capital region and shipped directly to its global fulfillment centres in various parts of the world.

Major brand like the [Goodricke Group](#) already has a strategic procurement partnership to make their tea available via Vahdam's global distribution network. Goodricke's reputed tea estates like Castleton, Margaret's Hope, Badamtam, Barnesbeg and Thurbo in Darjeeling as well as top estates in Assam like Amgoorie, Dejoo, Harmutty, Nonaipara and Borpatra are actively working with Vahdam to tap its global ecosystem of consumers in over 130 countries. This can create many opportunities and open avenues in the years to come. Goodricke's single-estate teas are promoted by Vahdam in over 100 countries, Atul Asthana, Goodricke's managing director & CEO said.

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