PepsiCo gets headstart on corporate farming

Harikrishnan VR
New Delhi, June 18

PepsiCo India Holdings has bagged its first non-captive client in a corporate farming initiative spanning Punjab, Haryana and Rajasthan, with liquor major UB Group planning to source 50% of its 85,000-tonne annual requirement of barley for beer production from Pepsi. Abhiram Seth, executive director (exports and external affairs), PepsiCo India, told *BS*.

Pepsi also inked a deal with Heinz India to supply tomato paste for ketchup production and is negotiating similar deals with Hindustan Lever and a few other FMCG majors for farm products like tomatoes, potatoes and citrus fruits.

Though the UB contract for the first year is only worth Rs 28 crore, it gives Pepsi its 15-year-old farming initiative a headstart over some of India's largest groups, like Mukesh Ambani's Reliance Industries, Bharti Enterprises, Hindustan Lever and the Godrej group, which are also keen on farming.

So far, Pepsi's farm products have been for captive use. It grows potatoes for sister company Frito Lays India's chips and maize for Kurkure. It also grows basmati rice for Pepsi's Season's Harvest brand sold entirely in the Gulf. Though its requirement for Tropicana juices is being met entirely from Brazil and Israel, a public-private partnership with the state government and the Punjab Agricultural University to boost fruit juice production in Punjab is likely to supply citrus fruits for processing.

For UB, Pepsi will cultivate 20,000 acres with barley in the first year, and plans to scale up to 1 lakh acres within three years. ◆

■ Pepsi may supply tomato paste to Heinz *Page 16*

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Heinz India, the Indian wing of US food major Heinz, has approached Pepsi for supply of tomato paste for ketchup production.

"Pepsico is in talks with Heinz India for the supply of tomato paste for the latter's ketchup business," Pepsico India Holdings' executive director (exports and external affairs) Abhiram Seth said.

A tonne of tomato paste will cost Heinz Rs 33,000

"Heinz has demanded an initial supply of 500 tonne paste, which means we will have to go for 30,000 tonne of tomato procurement," he added.

A tonne of tomato paste will cost Heinz Rs 33,000. Pepsi will utilise the facility of the two new multi-fruit processing plants coming up in Hoshiarpur and Abohar in Punjab under the Council for Citrus and Fruit Juices (CCFJ) for producing tomato paste.

CCFJ is a multi-party initiative between the Punjab government, the Punjab Agricultural University and Pepsi.