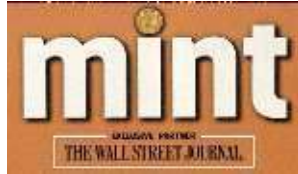


News monitored for: Pepsi - Corporate



I don't think anybody is talking about absolute lack of growth
PepsiCo's India region chairman says growth is a little slower in FMCG segments now than it was 12 months ago. >P9



MANU ANAND/PEPSICO INDIA

I don't think anybody is talking about absolute lack of growth

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MUMBAI

Manu Anand, chairman, India region, **PepsiCo India Holdings Pvt. Ltd.**, and head of fast-moving consumer goods (FMCG) for the Confederation of Indian Industry (CII), spoke in an interview on growth and the outlook for the industry on the sidelines of the CII National FMCG Summit in Mumbai. Edited excerpts:

How is 2012 shaping up in terms of growth?

When you look at the FMCG industry, there are two perspectives—medium term and short term. Medium term, the confidence and buoyancy is still very, very strong and industries, whichever sector you speak to, by and large believe that the fu-

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ture continues to be bright. If you look at it historically, the FMCG industry has had phenomenal growth in the last decade. Within that, there have been slight ups and downs. Now, what people are talking about in 2012 is that it will not be as buoyant as 2011 or 2010. But I don't think anybody in the industry is talking about an absolute lack of growth. What we are talking about is a slower level of growth. As an industry we are used to high levels of growth. As a result our cost levels are structured for high levels of growth and we have to learn to adjust that.

In what sectors is the slowdown evident?

By and large in most segments in FMCG, everyone will say that growth is a little slower than it



Situation assessment: Manu Anand.

was say 12 months ago.

Does this mean that the emerging markets story is getting diminished?

India continues to be among PepsiCo's fastest-growing markets. Moving away from PepsiCo and talking about FMCG industry, most people would still

maintain that double-digit growth would be a reality in 2012. There is a slowdown no doubt, but growth in 2012 will come, in low teens, that is what most people are talking about.

What are the reasons for low consumer spends?

These are temporary blips. Consumer confidence in India is among the highest in 57 countries surveyed by Nielsen, and with inflation coming under control we see that it will change for the better.

Where is growth coming from?

It is a combination of both penetration and consumption increase. A lot of the rural growth is coming from penetration; urban, of course, it is consumption increase. Most players are talking of healthy rural growth 5-7-10 percentage points higher than urban growth. A lot of that is driven by penetration.

Do you see prices declining as inflation slows?

I don't see pricing coming off on a sustained basis. There may be some odd competitive action here and there. But cost structures have not changed appreciably to allow firms to come off the price points.