

THE ECONOMIC TIMES

Pepsi to invest Rs 1kcr in beverage biz



BOOM TIME

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RIDING on healthy double-digit volume growth, beverage and snacks foods maker PepsiCo India on Monday said it has doubled its investment target in the beverages business to Rs 1,000 crore (\$220 million) in the current calendar year. This would be the biggest investment by the company in a single year in beverages.

At a press conference here, PepsiCo India chairman & CEO Sanjeev Chadha said, "The new investment will help beef up manufacturing capacity, market infrastructure, supply chain and R&D." Pepsi's beverages arm has been clocking unit case volumes growth of 30%, with both carbonated and non-carbonated drinks posting growth, he said.

Of the proposed \$220 million investment, \$170 million would be pumped in directly by the company, while the remaining \$50 million would be invested by its bottlers.

The proposal is part of Pepsi's \$500-million investment

plan for India over the next three years, announced by PepsiCo's global chairman & CEO Indra Nooyi last year. According to that plan, Pepsi would have invested \$110 million in 2009. "But seeing the potential of the Indian market, we have decided to double the investment to \$220 million this year," Chadha said. He did not specify investment plans for the snack foods arm.

The company has invested \$1 billion in India till now. PepsiCo has 41 bottling plants in the country. The Jaipuria group controls the majority share of PepsiCo's bottling business.

The Rs 7,500-crore sparkling beverage industry has been posting healthy growth over the past seven-eight quarters, aided by a combination of factors such as stable pricing, increased availability of products in small towns and rural pockets and localised marketing activities. Rival Coca-Cola's India division too posted unit case volume growth of 31% in the January-March quarter. Additionally, both PepsiCo and Coca-Cola have introduced beverages in multiple pack sizes to cater to different economic strata of consumers.