

The Statesman

Tata Tea, PepsiCo join hands for beverage JV

MUMBAI/KOLKATA, 9 APRIL: Indian conglomerate Tatas and global cola major PepsiCo today agreed to explore the possibility of a joint venture to develop health and wellness drinks.

The two companies said that they had signed a preliminary agreement with the intention of exploring the formation of a JV in the area of non-carbonated ready-to-drink beverages.

"The market potential in India is huge. Tatas and we are committed to provide healthy products. They have huge trust factor in the market and their corporate values are similar to that of PepsiCo. The partnership will bring significant strength," PepsiCo India chairman Mr Sanjeev Chadha said.

Globally, beverage makers are shifting focus to health and wellness drinks, and PepsiCo chief Ms Indra Nooyi, during her recent visit to India, had said that she expected health drinks to contribute 50 per cent of the company's total sales in the coming years.

The size of energy drink market in India is currently estimated at about Rs 500 crore and could double to over Rs 1,000 crore by the end of this year, as per market research firm Datamonitor Plc. However, industry sources said that the overall non-carbonated drinks market was growing at about 25 per cent and was at present worth Rs 4,000 crore.



Mr Saad Abdul-Latif (L), CEO (AMEA Division), PepsiCo Inc and Mr Ratan Tata, chairman, Tata Group after signing an agreement. || SNS

Asked what could be the areas of cooperation, and if existing products of either PepsiCo or Tata Tea could be transferred to the JV or brand new products would be developed jointly by the partners, he said: "It could be both."

Three years back, Tata Tea was linked with PepsiCo's rival Coca Cola for a possible partnership to push its ambition to become a comprehensive global beverages player. || SNS & Agencies