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Tata Tea, Pepsi in pact

OUR SPECIAL CORRESPONDENT

Mumbai, April 9: Tata Tea has signed up with cola company PepsiCo Inc to explore the potential of forming a joint venture that will focus on non-carbonated ready-to-drink beverages in the health and wellness category.

"Definitive agreements for the joint venture are intended to be finalised over the next few months," Tata Tea said in a notice to the BSE on Friday. Information on the contours of this proposed venture was not available either from the Tata group company or PepsiCo India.

Analysts surmise that the deal between the US company and Tata Tea, which owns the Tetley brand, is likely to be a global alliance as the tie-up has



Tata Tea chairman Ratan Tata with PepsiCo CEO (AMEA division) Saad Abdul-Latif in Mumbai on Friday. A Telegraph picture

been announced with PepsiCo India's parent. Analysts expect PepsiCo, which has a strong distribution network overseas and in India, will push Tata Tea's wellness beverages in the

ready-to-drink category such as iced teas, water and herbal and fruit infusions.

Over the past few years, Tata Tea has transformed itself from a plantation player to a branded beverages company that aspires to compete with the likes of Coca-Cola.

"PepsiCo has a robust distribution network and Tata Tea is keen to sell its ready-to-drink formats. Eventually one can imagine PepsiCo selling Himalayan water, iced teas and even T!ON (a fruit and tea-based drink launched in South India)," said Motilal Oswal's senior vice-president Amnish Aggarwal. It makes sense for both the companies to enter the joint venture as they will find it difficult to pursue growth on their own in the health and wellness categories.