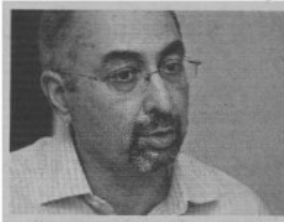


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Pepsi plans low-cost beverages, snacks to fight anaemia

India lead country in global project; clinical trials soon

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Mr Sanjeev Chadha,
Chairman, PepsiCo India.

In a bid to combat under-nutrition, PepsiCo India expects to test-market its products to fight anaemia among rural women sometime next year. The soft-drinks major is working on low-cost prototypes of both beverages and snacks that can deliver the benefit.

Mr Sanjeev Chadha, Chairman, PepsiCo India, in an interview to *Business Line*, said, "The price of the product has to be affordable to the bottom of the pyramid; we are looking at a consumer price of between Rs 1 and Rs 2 per serve."

This is a global project, he said, with India being the lead country. "The product is being developed through close teamwork between our local

R&D teams and our global experts.

"The team is making rapid progress. We tried some very exciting prototypes in the past month. The next major step will be clinical trials to ensure that the product delivers in the Indian environment," he elaborated. As per the National Family Health Survey 2005-06, 50 per cent of young Indian women, irrespective of income, suffer from iron deficiency.

PepsiCo is setting up partnerships in line with the Government's priorities and it is looking to leverage the right expertise among different partners, NGOs included. The company is also exploring sustainable business models. This follows directly from PepsiCo's global Chairman and CEO Indra Nooyi's commitment to reducing hunger and malnutrition among the poor, Mr Chadha said. This is a project that will be piloted in India and then taken to other countries.

DIRECT SEEDING VENTURE

Another recent sustainability initiative by PepsiCo India is the direct seeding venture that ties in with the company's water conservation agenda. PepsiCo India will be "positive water balance" this year, which means that it will

generate more water than all that its beverages consumed in India, he explained.

Direct seeding of paddy fields saves as much as 30 per cent of water (obviating the need for flooding the fields, as traditionally practised) and Pepsi is in the process of patenting the seeder which seeds the soil directly, Mr Chadha said.

The company has brought 5,000 acres of paddy across a few States under this kind of cultivation as part of its farmer-outreach programme, he said.

According to Mr Chadha, this year has been a "banner year for Pepsi" on the beverages front. Volumes have grown 30 per cent and revenue nearly 40 per cent. The growth is across all categories, both carbonated soft drinks (CSD) and non-carbo-

nated drinks. The growth has been driven by 3-4 factors, one being the innovation agenda, which has resulted in the launch of the lime juice drink Nimbooz, as well as the new packaging - the slim cans

- doing well.

AGGRESSIVE INVESTMENT

Mr Chadha said the company would continue to invest aggressively. This year, PepsiCo has decided to invest another \$110 million taking the total annual investment in 2009 to \$220 million.

This will go into bottling capacity, marketplace infrastructure investment, innovation and R&D and sustainability projects.

"Incremental investment is a lot more in the first two," said Mr Chadha. PepsiCo will invest \$170 million and bottlers \$50 million.