

THE FINANCIAL EXPRESS

PepsiCo commmits \$500m, aims to triple business

Corporate Bureau
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PepsiCo on Sunday announced a \$500-million investment in India in a clear endorsement of the attraction of emerging markets like India amidst a global financial meltdown. The \$39-billion food & beverage giant's plans cover the next three years. The fresh investments underscores that the company is betting big on the continuation of the Indian growth story that is pushing up the number of middle class every year.

The chairman & CEO of PepsiCo, Indra Nooyi, said the current financial turmoil on Wall Street would not hit her company, which has strong cash reserves. She said the India investment would create 50,000 direct and indirect jobs. PepsiCo has so far invested \$700 million in the country, which means the new investment would push the aggregate figure above the \$1-billion mark.

Chennai-born Nooyi said PepsiCo hopes to triple its business in the country in the next five years. Considering the country's growth potential and economic parameters, this is a conservative estimate, she said. Inflation, she said, is a major concern. "Sometimes you can cover part of it with changes in product prices but when you have inflation over 10-12% it is difficult to cover all," she said.

Nooyi who is in the country along with the PepsiCo brass for a meeting in the Capital said, "You can understand the importance of India for us at PepsiCo, as it is the venue for our two-day annual PepsiCo committee meeting of 26 top-level executives." The delegation includes Michael D White, CEO of PepsiCo International & vice-chairman of PepsiCo, Saad Abdul-Latif, president for south Asia & middle-east, PepsiCo



PepsiCo chairman & CEO Indra Nooyi at a press conference, in Gurgaon on Sunday. Nooyi will chair the two-day annual meeting of PepsiCo's executive committee in New Delhi from Monday *fe photo*

International; and Mehmood Khan, senior vice-president & chief scientific officer of PepsiCo Inc.

Emphasising that the company is extremely bullish on India, Nooyi said India is amongst the top 10 markets for PepsiCo, and in terms of purchasing power parity, it probably ranks fifth. "We are the fourth largest consumer product company in India", Nooyi added.

A large chunk of the proposed investment would be divided between manufacturing and the distribution network, with manufacturing getting two-thirds of the investment.

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PepsiCo to invest \$500 million

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"PepsiCo would be investing this amount in marketplace infrastructure, manufacturing capacity, environment sustainability initiatives, R&D, new product development and agriculture", Nooyi said.

Considering that 60% growth of the company comes from the emerging markets, PepsiCo is planning to launch a slew of health related products. "We will launch variants of Quaker oats and Tropicana juice in India," Nooyi said. The company would launch many products in the hydration segment. The company derives 80% revenues in the country in the snacks segment from health related products.

In the beverages segment, 30% revenue comes from health drinks, and the company wants the ratio to be 50:50. While talking about its product pipeline, Nooyi said, "We will lift and shift some of our products from the global portfolio to India, while with products like snacks we will lift and adapt it to Indian tastes."