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Tata Tea, PepsiCo to juice up beverages segment

MUMBAI: Indian conglomerate Tatas and global cola major PepsiCo have joined hands to develop health and wellness drinks. The companies said they have signed a preliminary agreement with the intention of exploring the formation of a JV in the area of non-carbonated ready-to-drink beverages.

PepsiCo already has a tie-up with Hindustan Unilever since 2004, -- Pepsi Lipton alliance -- under which HUL's Lipton tea brand and ice tea products as part of the US giant's marketing strategy to rope in Indian partners.

"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

DUO TO ADD MORE FIZZ

■ The firms said they have signed a preliminary pact to explore entering the non-carbonated ready-to-drink beverages segment.

■ Experts noted that the non-carbonated drinks market is growing at about 25 % and is worth Rs 4,000 crore



to that of PepsiCo. The partnership will bring significant strength," PepsiCo India Chairman Sanjeev Chadha told PTI.

Globally, beverage makers are shifting focus to health and wellness drinks, and PepsiCo chief Indra Nooyi, during her recent visit to India, had said that she expects 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 Data-monitor Plc. However, industry sources said that the overall non-carbonated drinks market is growing at about 25 per cent and is at pres-

ent worth Rs 4,000 crore.

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. In 2007, Tata Tea sold its minority stake in Energy Brands (Glacéau) to Coca-Cola for USD 1.2 billion. The two companies said in a joint statement that the transaction would be subject to corporate and statutory approvals as may be required.

Tata Tea has significant presence in over 40 nations. Besides its tea brands, it also has natural mineral water brand Himalayan and 'T'ON', an energy drink made from fruit juice, tea extracts and ginseng. -PTI