Agenda

1. Q1 FY2016-17 – BUSINESS PERFORMANCE

2. FINANCIAL OVERVIEW
Q1FY 16-17 BUSINESS PERFORMANCE
Key Highlights for the Quarter

- **Good performance during the quarter**
  - Improvement in top-line
  - Higher operating performance
  - Despite continuing competitive intensity in developed markets

- **Commodity costs**
  - Softness prevails in India tea prices whilst Kenya tea prices are showing a declining trend
  - Coffee Costs – lower than previous highs

- **Phasing of initiatives and good control on spends**

- **Currency Markets**
  - No material impact on published financials despite volatile currency markets

- **Brexit**
  - Translation impact in balance sheet and topline
  - Could have some potential long term implications depending on how it develops

- **Financials reported for the first time under IND (AS)**
Total Operating Income

- 2016: Rs 1734 Crs
- 2015: Rs 1672 Crs

+ 4%

Total Operating Profits

- 2016: Rs 120 Crs
- 2015: Rs 79 Crs

+ 52%

Group Net Profits

- 2016: Rs 202 Crs
- 2015: Rs 153 Crs

+ 32%
Performance Update – Branded Business

**INDIA**
- Maintains volume and value leadership across Black & Green Tea.
- Good volume growth
- Effective management of commodity cost.
- Growth in Green tea bags.

**UK**
- Despite a declining market and continuing competitive intensity, Tetley has marginally grown market shares on a YTD basis.
- Significant share growth in Black Decaff
- Green Tea business continue to improve aided by improvement in Super Green Tea
- Launch of Super Black variants.
Performance Update – Branded Business

- **USA**
  - Strong Performance by US coffee in Q1
    - Good Topline growth
    - Good improvement in operating profits
  - Launched infusions and Brazilian Breakfast coffee
  - Tetley Green Tea reflects modest growth despite decline in category.

- **Canada**
  - Maintains volume and value leadership

- **Rest of EMEA**
  - Stable performance in some European markets
  - Good topline performance in Russia in underlying currency.
Performance Update – Non Branded Business

➤ Spectacular performance by Tata Coffee Ltd reflecting increase in Operating Income as well as Operating Profit

➤ Instant Coffee
  ▪ Improvement in coffee extraction business driven by volume improvement.

➤ Instant Tea
  ▪ Instant tea business reflects a stable topline performance with good improvements in operating profit.
  ▪ China business yet to stabilize.

➤ Plantations
  ▪ Improvements in tea plantation attributable to price increases and improved volume sales.
  ▪ Stable performance in coffee plantations.
Performance Update – Incubatory businesses

- **Middle East**
  - Focus on drawstring bags with advertisement support in TV, outdoor and digital space
  - Successful promotions in 6 GCC countries.

- **Australia - Earth Rules Pty Ltd (MAP)**
  - Modest Topline performance

- **Starbucks JV**
  - Topline growth with good store-level profitability
  - Expansion to continue – new cities, new formats

- **Nourishco**
  - Double digit growth continues for Tata Gluco Plus.
  - Himalayan demonstrated good growth in traditional trade, e commerce and key accounts
FINANCIAL OVERVIEW
Financial Overview

- **Operating income increase by 4% (3% in underlying currency)**
  - Improvements in Branded Business – US, India and Russia
  - Improved non-branded business performance - Coffee extraction and tea plantation
  Offset by
  - Volume shortfalls in some developed markets

- **Operating profits higher than prior year (+32%)**
  - Improved performance in Branded Business in some markets
  - Lower commodity costs
  - Phasing of initiatives and good control over spends
  - Improved performance in Non Branded Business

- **Group net profit significantly improves over prior year (+52%)**
  - Improved operating performance
  - Higher investment income
## Financial Highlights - PL

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter ending June’2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In Rs crores)</td>
<td>Actual</td>
</tr>
<tr>
<td>Total Operating Income</td>
<td>1734</td>
</tr>
<tr>
<td>EBIT</td>
<td>202</td>
</tr>
<tr>
<td>Other Income</td>
<td>21</td>
</tr>
<tr>
<td>Finance Cost</td>
<td>(22)</td>
</tr>
<tr>
<td>Profit Before Exceptional Items</td>
<td>201</td>
</tr>
<tr>
<td>Exceptional Items</td>
<td>(2)</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>200</td>
</tr>
<tr>
<td>Tax</td>
<td>(73)</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>126</td>
</tr>
<tr>
<td>Share of Profit from JVs &amp; Associates</td>
<td>(7)</td>
</tr>
<tr>
<td>Consolidated Group Profit</td>
<td>120</td>
</tr>
<tr>
<td>Earning Per Share (Rs)</td>
<td>1.64</td>
</tr>
</tbody>
</table>
Financial Highlights - OCI

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter ending June’2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td>(In Rs crores)</td>
<td></td>
</tr>
<tr>
<td>Group Net Profit</td>
<td>120</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>(149)</td>
</tr>
<tr>
<td>Total Comprehensive income</td>
<td>(29)</td>
</tr>
</tbody>
</table>

Other comprehensive income mainly represents:

- Impact of fair value of Investments, Cash flow hedges, Actuarial Gain/Loss on employee benefits and Foreign Currency Translation Reserve (FCTR)
  - Actuarial Gain/Loss on employee benefits in overseas entities, FCTR and Cash Flow Hedges were being reflected under reserves in IGAAP.
  - Actuarial Gain/Loss on Employee benefits for Indian entities has been reflected under OCI under IND(AS) as opposed to taking it to Statement of Profit & Loss as per IGAAP.
  - Fair value accounting of Investments has been introduced under IND(AS) principles.

Current year movement is mainly due to GBP depreciation against the Re where as previous year the movement is mainly due to GBP appreciation against the Re.
## Region-wise Income from Operations

<table>
<thead>
<tr>
<th>Particulars (In Rs Crores)</th>
<th>Quarter ending June’2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>PY</td>
</tr>
<tr>
<td>CAA</td>
<td>369</td>
<td>332</td>
</tr>
<tr>
<td>EMEA</td>
<td>381</td>
<td>396</td>
</tr>
<tr>
<td>India Brands</td>
<td>763</td>
<td>747</td>
</tr>
<tr>
<td>Total Brands</td>
<td>1,513</td>
<td>1,475</td>
</tr>
<tr>
<td>Total Non Branded Operations</td>
<td>233</td>
<td>199</td>
</tr>
<tr>
<td>Other and Eliminations</td>
<td>(12)</td>
<td>(2)</td>
</tr>
<tr>
<td>TOTAL OPERATING INCOME</td>
<td>1,734</td>
<td>1,672</td>
</tr>
</tbody>
</table>
The group has organised its business into Branded Segment and Non-Branded Segment.

- Branded Segment is further sub-categorised as Branded Tea, Branded Coffee and the residual as Branded Others.
- Accordingly, the group has reported its segment results for these segments. This complies with Ind AS – 108 – Segment reporting principles, and is made effective from 1st April, 2016 and the previous quarter numbers have been regrouped/reclassified.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Segment Revenue</th>
<th>Segment Results</th>
<th>Capital Employed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In Rs Crores)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>June 16</td>
<td>June 15</td>
<td>June 16</td>
</tr>
<tr>
<td><strong>Branded Business</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tea</td>
<td>1213</td>
<td>1229</td>
<td>164</td>
</tr>
<tr>
<td>Coffee</td>
<td>297</td>
<td>246</td>
<td>55</td>
</tr>
<tr>
<td>Others</td>
<td>7</td>
<td>7</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Total Branded Business</strong></td>
<td>1516</td>
<td>1482</td>
<td>216</td>
</tr>
<tr>
<td><strong>Non Branded Business</strong></td>
<td>232</td>
<td>198</td>
<td>39</td>
</tr>
<tr>
<td>Less: Inter-segment Revenue</td>
<td>(14)</td>
<td>(8)</td>
<td></td>
</tr>
<tr>
<td>Unallocated Segment</td>
<td>(55)</td>
<td>(59)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1734</td>
<td>1672</td>
<td>200</td>
</tr>
</tbody>
</table>
Electives adopted on transition to IND (AS)

- **Plant Property and Equipment (PPE)**
  - To carry PPE at previous GAAP costs.

- **Foreign Currency Transition Reserve (FCTR)**
  - Set to zero as at transition date

- **Business Combination**
  - Not to re-account for past acquisition

- **Investment in entities outside the group**
  - Fair value impact routed through OCI

- **Investment in Subsidiary, Associates and JVs in standalone financials**
  - Not to fair-value the investment in Subsidiary, Associate and JV’s – to carry at previous GAAP costs
### IND(AS) – Reconciliation between IGAAP and IND(AS) representation for Q1 June 2015

<table>
<thead>
<tr>
<th>Rs Crs</th>
<th>IGAAP</th>
<th>Adjustments under IND (AS)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1 2015</td>
<td>Revenue</td>
<td>Equity Accounting of JV results</td>
</tr>
<tr>
<td>Total Income from Operations (Net)</td>
<td>2,029</td>
<td>(199)</td>
<td>(158)</td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>153</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Group Consolidated Net Profit</td>
<td>91</td>
<td>-</td>
<td>(1)</td>
</tr>
</tbody>
</table>

- Expenditure adjusted with revenue based on the measurement principles of IND(AS), which were previously reflected as an expense as per IGAAP.
- Joint venture equity accounted as per IND(AS) as opposed to proportionate consolidation under IGAAP.
- Fair valuation of agricultural produce as per IND(AS)
- Recognition of finance cost under effective interest rate method for redemption premium on debentures, which was adjusted to reserves under IGAAP.
- Other adjustments:
  - Actuarial gain/loss on employee benefits for Indian Companies accounted in Reserves
  - Expenditure on Bearer plants, now capitalised
  - IND(AS) transition adjustments of Associate entities
- Corresponding tax impact on the above as applicable
Thank you