



Tata Tea Ltd Analysts Meet Annual Results

2007/08

May 30, 2008



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Year Happenings

Event	Impact
Market Leadership	<ul style="list-style-type: none">▪ Global sales growth of 10%▪ Volume share leadership in India▪ Continued share leadership in UK and Canada
Equity Investments <ul style="list-style-type: none">▪ Mount Everest Mineral Water▪ China JV▪ Vitax	<ul style="list-style-type: none">▪ Entry into the water segment▪ Entry into polyphenols, green tea▪ Strengthening presence in Europe
Sale of Energy Brands Inc	<ul style="list-style-type: none">▪ Record Profits▪ Significant Reduction in debt▪ Restructuring of finance costs▪ Surplus for investments
Transfer of North India Plantations	<ul style="list-style-type: none">▪ One time profit
New launches in various geographies	



Consolidation Group Companies

Nature of Holding	Company	Ownership % Directly or through a subsidiary
Subsidiary Companies	Tata Tea (GB) Ltd,UK	77.78
	Tata Coffee Ltd, India	57.48
	Tata Tea Inc, USA	100.00
	Eight O Clock Coffee Co	62.00
	Mount Everest Mineral Water Ltd	31.73
	Zhejiang Tata Tea Extraction Company Ltd	70.00
Associate Companies	Estate Management Services Ltd, Sri Lanka	49.00
	Rallis India Ltd	24.52



Group Highlights –2007/08



- **Robust operating performance across the Group**
 - Improved Income from Operations by 9% driven by higher branded tea & coffee sales partly offset by adverse fx translation
 - Domestic brand volume sales higher by
 - Record market shares in international markets
 - PBT prior to exceptionals improve by 15%

- **Financial Highlights**
 - Operating Income - Rs 4392 crores, up by 9%
 - PBT before tax from operations - Rs 493 crores, up by 15%
 - PBT post exceptional items – posts a record at Rs 2059 crores
 - Record PAT at Rs 1906 crores
 - Record EPS at Rs 250.40 per share



Tata Tea Ltd

Group Financial Review

Rs in Crores

	2007/08	2006/07	Increase %
Operating Income	4392	4045	9%

- Operating Income
 - Rs 4392 crores is 9 % higher than the previous year's figure of Rs 4045 crores despite transfer of North India Plantations and a stronger Rupee. Growth attributable to:
 - Improved branded tea sales in almost all markets – India, UK, Canada, Europe including Eastern Europe and Australia except for shortfalls in the USA
 - Higher coffee sales in the USA – full year of EOC



Tata Tea Ltd Group Financial Review

Rs in Crores

	2007/08	2006/07	%
Operating EBIT	618	607	2%
Investment Income	40	59	(33)%
Interest	(222)	(273)	19%
Exchange Gain/(Loss)	56	34	64%
PBT prior to Exceptionals	493	428	15%

- Operating EBIT higher by 2% despite higher investments in advertisement ,adverse fx translation of Rs 33 crores and absence of NIPO
- Investment income is lower mainly due to one time dividend from Tata Industries received in the PY.
- Aggregate interest lower due to reduction in debt and improved interest income
- Exchange gain mainly on account of period end restatement of investment in TTGB
- Resultant PBT prior to exceptionals higher by 15% over PY



Tata Tea Ltd

Group Financial Review

Rs in Crores

	2007/08	2006/07	%
PBT prior to Exceptionals	493	428	15%
Exceptionals	1567	138	-
Profit Before Tax	2059	566	363%
Tax	(153)	(108)	(41%)
PAT	1906	458	415%

- Exceptionals includes Profits of Rs 1607 crores on Sale of EBI and Transfer of North India partly offset by write off of unamortized refinance cost , pension accruals and other reorganisation costs
- Tax incidence higher mainly on account lower exempt income in India
- Record PAT at Rs 1906 crores



Branded Tea - Market Shares (12 months MAT)

Geography	Volume %		Value %	
	Mar '08	Change	Mar '08	Change
GB	30.1	+1.2	26.1	-0.1
Australia	18.8	-0.9	12.4	-1.3
Canada	41.3	+1.1	36.6	+0.8
France	9.1	+0.5	9.0	+0.5
USA	7.7	+0.4	5.5	-0.1
India	20.2	+2.3	20.4	+1.8

(Source A.C.Nielson)



Tata Tea Ltd

Stand Alone - Highlights



- **Strong operating performance**
 - Improved income from operations by 8% reflecting higher brand sales despite North India Plantation exit
 - Domestic brand sales- higher volumes by 15%
 - PBT before exceptional improve by 6%
 - Higher tax incidence

- **Financial Highlights**
 - PBT before exceptionals - Rs 230 crores, up 6%
 - PBT post exceptional items - Rs 386 crores, up by 10 %
 - PAT at Rs 313 crores - up by 2%
 - Weighted average EPS at Rs 50.79 –lower by 6%



Tata Tea Ltd

Company Financial Review

Rs in Crores

	2007/08	2006/07	Increase %
Operating Income	1153	1070	8%
Investment Income	110	75	47%

- Total Income for the year ended March, 2008 at Rs 1153 crores is 8% higher than the previous year's figure of Rs 1070 crores despite transfer of North India
- Domestic brand sales perform strongly
- Investment Income increase due to dividends from subsidiaries



Tata Tea Ltd

Company Financial Review

Rs in Crores

	2007/08	2006/07	Increase %
Expenditure	987	891	(11)%
EBIT	276	255	8%
Interest	(46)	(38)	(21)%
PBT prior to exceptional	230	217	6%

- **Expenditure**
 - **Material Consumption** :Increase reflects higher volume sales and increased purchases to fill the gap for transfer of North India
 - **Staff Costs** :Declines due to North India offset by normal salary increases
 - **Other Expenses**: Increase mainly due to variable input costs and investment in advertisement
- **Interest costs** higher due to MEMW acquisition and delayed receipt of North India proceeds
- **Resultant PBT** higher by 6%



India Brands Performance to-date

Portfolio performs strongly- market leader in volume share

- **Tata Tea Premium, Tata Tea Agni and Tata Tea Gold : India's largest brand-**
 - **Demonstrates healthy growth**
 - **Impressive gains in volumes post Jago Re**
 - **Strong growth over PY despite price increase - through new thematic communication**

- **Regional Brands continue to perform strongly**
 - **Chakra Gold growth higher compared to last year through consistent thematic support and strong trial generation initiatives like consumer promotions and market activation.**
 - **Kanan Devan: Higher volume than PY driven by new theme communication and strong merchandising initiative.**
 - **Gemini sales higher through initiatives in rural markets and consumer promotions**



Tata Tea Ltd

Company Financial Review

Rs in Crores

	2007/08	2006/07	Increase %
PBT prior to exceptional	230	217	6%
Exceptionals	156	133	17%
PBT	386	350	10%
Tax	(73)	(43)	(70)%
PAT	313	307	2%

- Exceptionals include profit on sale of North India plantations
- Higher tax incidence on account of increased exempted income, capital gains and higher effective tax rate on account NIPD exit
- Resultant PAT increases by 2%



Tata Tea GB Ltd

Company Financial Review

Rs in Crores

	2007/08	2006/07	Increase %
Operating Income	2304	2298	-

- **6% increase at constant fx rates**
- **Top line growth in most core markets**
- **Record shares achieved in UK and Canada**
- **Strong performances in GB, Canada, Australia, France and Poland offsetting shortfalls in the US.**
- **Strong UK Promotions**
- **Strong growth ahead of market in vibrant specialty categories**
- **Acquisitions contribute to growth**



Tata Tea GB LTD

Company Financial Review

Rs in Crores

	2007/08	2006/07	Increase %
Expenditure	2002	1952	(3)%
EBIT	301	319	(6)%

- EBIT would have been higher by Rs 18 cr on constant fx
- Higher spends on promotional costs largely driven by a higher weight of promotional mainly in GB with volume led increases in GB, Poland, Canada & France.
- Advertising higher than prior year due to an increase in TV advertising in Canada, Australia (RTD launch), Jemca and Europe and an increase in print/radio advertising spend in Good Earth.
- One off charges and higher distribution and maintenance cost
- Resultant impact on operational EBIT



Glanceau Proceeds

- **Profit on sale of EBI**
- **Investible surplus**
- **Investment of surplus**
- **Returns from Investment**



Tata Tea GB Ltd

Company Financial Review

Rs in Crores

	2007/08	2006/07	%
EBIT	301	319	(6)%
Interest	(103)	(178)	42%
Exchange Gain on Loan	56	34	64%
PBT before Exceptionals	254	175	45%
Exceptional Items	1491	-	-
Tax	(45)	(49)	8%
PAT	1701	127	-

- Interest cost lower on account of debt reduction and higher interest income
- Exchange gain on restatement of investment and loan
- Exceptional's include profit on sale of EBI
- Record PAT



Consolidated Tata Coffee Ltd Company Financial Review

Rs in Crores

	2007/08	2006/07	Increase %
Operating Income	978	746	31%

- Includes full year sales of Eight O Clock Coffee acquired in August, 2008
- Stand alone Tata Coffee sales at Rs 307 crores improve by 15% due to increased instant coffee exports
- Eight O Clock coffee performance for full year at Rs 676 crores compared to Rs 483 cr for 8 months of the PY- impacted by adverse fx which would have resulted in a Rs 77 cr higher sales



Consolidated Tata Coffee Ltd Company Financial Review

Rs in Crores

	2007/08	2006/07	Increase %
Expenditure	872	670	(30)%
EBIT	152	102	49%
Interest	(70)	(62)	(12)%
Exceptionals	-	4	-
PBT	72	43	67%
PAT	39	32	22%

- Profit would have been Rs 13 crores higher for constant fx
- Full year expenditure of Eight O Clock Coffee
- Exchange rate translation impacts costs as well
- Annualised Interest reduced on account of restructuring of loans



Mount Everest Mineral Water Ltd Company Financial Review

Rs in Crores

	April – Aug Pre Acquisition	Sep- Mar Post Acquisition	April – Mar	Apr – Mar
	2007	2007	2007/08	2006/07
Sales	9	16	25	24
PBT	(5)	(1)	(6)	1

- Acquired in August,2008
- Profitability was impacted by costs incurred for gearing up the distribution infrastructure to meet aggressive growth plans – particularly in retail segments
- Preparatory work carried out in 2007/08 for effective market launch in May,2008



Strategy & Future Outlook



Drivers for accelerated growthbuilding portfolios through co-creation

- **High value specialty and green teas**
- **RTD/Beverages**
- **Coffee portfolio**
- **Water**
- **New products**
- **Geographies**



Thank You