Analysts’ Meet
Quarter 2 Results

July to Sept 2012
Agenda

- Summary Financials
- Macro Environment
- Operating Performance Highlights
  - Core Business
  - New Ventures
- Financial Review
Group income at Rs 1861 crores higher by 14% reflecting favourable translation impact and improved performance in some major markets.

EBIT at Rs 136 crores higher by 21%, reflecting
• Improvement in operating performance in some markets
• Favourable impact of fx translation

Profit before exceptional items at Rs 159 crores improves by 23% due to improved operating performance and reduction in finance costs.

PAT at Rs 128 crores improve by 64% mainly due to the lower tax charge during the quarter. Exceptional items include profit on sale of non core investments which does not attract tax.
Macro Environment

- Volatile exchange market
  - USD remains strong
  - Favourable translation impact

- Commodity costs showing varying trend
  - Tea prices volatile, particularly in India
  - Coffee prices reduce from earlier highs

- Interest rates
  - Softness continues in short term rates

- Continuing competitive intensity.

- Continuing recessionary environment in developed markets.
Operating Performance Highlights

- U.K.: Improved marketshare, despite decline in black tea market
  - Market leadership in Redbush / Decaff teas continues
  - Strong performance in green tea – maintain No. 2 position
  - Significant growth in Tea Pigs, our premium brand

- Russia: Good coffee performance, business takes full control of Grand

- Australia: Improvement both on topline and bottomline

- USA: Significant improvement in profitability of Eight O’Clock Coffee, Launch of K-Cups

- Canada: Market leadership continues to remain strong, despite sales shortfall

- India: Strong branded tea topline sales performance – volume & value market leadership

- India: Excellent topline & bottomline performance by Tata Coffee

- India: Spectacular launch of “Starbucks – a Tata Alliance”

- India: Tata Gluco Plus and Tata Water Plus make good progress

- Cost interventions: favourable impact during the quarter
Core Business
Operating Performance Highlights – South Asia

- 10% Top line growth with good volume and value increases
- Commodity cost increases were partly recovered through pricing during the quarter
- Maintained market volume and value leadership with 19.9%^ and 21.5%^ respectively
- New “baddi patti chotti patti” (big leaf, small leaf) marketing campaign supported topline improvement.

^ AC nielsen MAT – September 12
Operating Performance Highlights – CAA

Australia
- All round improvement in performance – topline and bottomline
- Chai Latte continues to perform brilliantly
- Strong performance of fruit and herbal teas
- New retailer progress – first orders are in

USA
- Significantly improved profitability of Eight O’Clock Coffee
- Partnership with Keurig for K-Cups kicks off.

Canada
- Strong innovation agenda- 6 new variants launched (mocktails, green tea plus)
- Tata Tea brand increases retail listing
- New Tetley master-brand hot tea advertisement on air – teas that care for mind, body and spirit.
- Tassimo/ Kraft – Single serve brewing machines – agreement finalised
Operating Performance Highlights – EMEA

**United Kingdom**
- Market share gains
- Market leadership in decaff / redbush tea
- Continued strong growth in green tea
- New master brand campaign: “Make time, Make Tetley” with 360-degree support, including new pack design
- Tea Pigs grows by a handsome 45%

**Rest of Europe**
- Strong coffee performance in Russia. Launch of Grand Melange Range of Coffees in Russia.
- Recovery of Tetley brand continues in Poland
Tata Coffee registers a handsome increase in turnover and profits, aided by higher realisation in coffee plantations and improved Instant Coffee performance.

Instant Coffee performance at an all time high.

India and US instant tea operation stable.
New Ventures
Starbucks Coffee - a Tata alliance

- Inaugural flagship store, branded ‘Starbucks Coffee – a Tata alliance’ – launched at Hornimann Circle, Mumbai
- Spectacular launch, featuring Ratan Tata and Howard Schultz
- Excellent post-launch performance and reviews in media
- Store uses India roasted coffees from Tata Coffee, for all its espressos
- Store will also be offering Tata Tazo teas and Himalayan water
- Two more stores launched since, in Mumbai.
Water Portfolio

**Tata Gluco Plus**
- Makes significant gains
- Now available in two flavours – lemon and orange
- Cumulative volumes cross 1 million cases

**Tata Water Plus**
- Becomes second largest selling bottled water in Chennai city

**Himalayan water**
- Bags several new accounts in “On Premise” channels
- Now served in all key cafe chains in India

**Activate**
- Brand has grown significantly compared to previous year. Brand proposition appears to be working well.
- Significant distribution gains. Retail chains express keen interest in stocking product.
Key Challenges

- Volatile Commodity Costs
- Continuing Economic Slowdown in Europe
- Strong Competitor Activity
Financial Review
## Group Financial Review

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Actual</th>
<th>PY</th>
<th>Variance</th>
<th>Quarter ending Sept</th>
<th>Actual</th>
<th>PY</th>
<th>Variance</th>
<th>Half Year ending September</th>
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</thead>
<tbody>
<tr>
<td>Total Operating Income</td>
<td>1861</td>
<td>1629</td>
<td>232</td>
<td></td>
<td>3586</td>
<td>3096</td>
<td>490</td>
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<tr>
<td>EBIT</td>
<td>136</td>
<td>112</td>
<td>24</td>
<td></td>
<td>292</td>
<td>207</td>
<td>85</td>
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<tr>
<td>Other Income</td>
<td>34</td>
<td>36</td>
<td>(2)</td>
<td></td>
<td>53</td>
<td>54</td>
<td>(1)</td>
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<tr>
<td>Finance Cost</td>
<td>(11)</td>
<td>(19)</td>
<td>8</td>
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<td>(32)</td>
<td>(33)</td>
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<tr>
<td>Profit Before Exceptional Items</td>
<td>159</td>
<td>129</td>
<td>30</td>
<td></td>
<td>313</td>
<td>228</td>
<td>85</td>
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<tr>
<td>Exceptional Items</td>
<td>(11)</td>
<td>(11)</td>
<td>-</td>
<td></td>
<td>(17)</td>
<td>78</td>
<td>(95)</td>
<td></td>
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<tr>
<td>Profit Before Tax</td>
<td>148</td>
<td>118</td>
<td>30</td>
<td></td>
<td>296</td>
<td>306</td>
<td>(10)</td>
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<tr>
<td>Tax</td>
<td>(20)</td>
<td>(40)</td>
<td>20</td>
<td></td>
<td>(69)</td>
<td>(54)</td>
<td>(15)</td>
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<tr>
<td>Profit After Tax</td>
<td>128</td>
<td>78</td>
<td>50</td>
<td></td>
<td>227</td>
<td>252</td>
<td>(25)</td>
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<tr>
<td>Share of Profit from Associates</td>
<td>12</td>
<td>9</td>
<td>3</td>
<td></td>
<td>5</td>
<td>4</td>
<td>1</td>
<td></td>
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<tr>
<td>Minority Interest in consolidated profit</td>
<td>(21)</td>
<td>(10)</td>
<td>(11)</td>
<td></td>
<td>(35)</td>
<td>(18)</td>
<td>(17)</td>
<td></td>
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<tr>
<td>Consolidated Group Profit</td>
<td>119</td>
<td>77</td>
<td>42</td>
<td></td>
<td>197</td>
<td>238</td>
<td>(41)</td>
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</table>
### Regionwise Income from Operations

<table>
<thead>
<tr>
<th>Quarter Ending Sep</th>
<th>Particulars (In Rs Crores)</th>
<th>Half Year Ending Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>PY</td>
<td>Variance</td>
</tr>
<tr>
<td>393</td>
<td>359</td>
<td>34</td>
</tr>
<tr>
<td>154</td>
<td>106</td>
<td>48</td>
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<tr>
<td>547</td>
<td>465</td>
<td>82</td>
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<tr>
<td>403</td>
<td>348</td>
<td>55</td>
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<tr>
<td>174</td>
<td>176</td>
<td>(2)</td>
</tr>
<tr>
<td>577</td>
<td>524</td>
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<td>516</td>
<td>469</td>
<td>47</td>
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<tr>
<td>10</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>1650</td>
<td>1464</td>
<td>186</td>
</tr>
<tr>
<td>191</td>
<td>148</td>
<td>43</td>
</tr>
<tr>
<td>20</td>
<td>17</td>
<td>3</td>
</tr>
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<td>1861</td>
<td>1629</td>
<td>232</td>
</tr>
</tbody>
</table>

**BRANDS**

**USA**

**Canada, South America & Australia**

**CAA**

**GB & Africa**

**Europe & Middle East**

**EMEA**

**South Asia Brands**

**Other Beverages**

**Total Brands**

**Total Non Branded Operations**

**Other and Eliminations**

**TOTAL OPERATING INCOME**
### Balance Sheet

#### SOURCES OF FUNDS

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Sept 2012</th>
<th>March 2012</th>
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</thead>
<tbody>
<tr>
<td>Shareholder’s Funds</td>
<td>5970</td>
<td>5631</td>
</tr>
<tr>
<td>Loans</td>
<td>1388</td>
<td>916</td>
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<tr>
<td>Other Non Current Liabilities</td>
<td>349</td>
<td>330</td>
</tr>
<tr>
<td>Deferred Tax (net)</td>
<td>58</td>
<td>66</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7765</strong></td>
<td><strong>6943</strong></td>
</tr>
</tbody>
</table>

#### APPLICATION OF FUNDS

**Fixed Assets:**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Sept 2012</th>
<th>March 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>3655</td>
<td>3469</td>
</tr>
<tr>
<td>Others</td>
<td>846</td>
<td>824</td>
</tr>
</tbody>
</table>

**Investments:**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Sept 2012</th>
<th>March 2012</th>
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</thead>
<tbody>
<tr>
<td>Long Term</td>
<td>525</td>
<td>474</td>
</tr>
<tr>
<td>Current</td>
<td>77</td>
<td>93</td>
</tr>
<tr>
<td>Cash &amp; Other Deposits</td>
<td>1454</td>
<td>1408</td>
</tr>
<tr>
<td>Net Operating Working Capital</td>
<td>1132</td>
<td>610</td>
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<tr>
<td>Other Non Current Assets</td>
<td>76</td>
<td>65</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7765</strong></td>
<td><strong>6943</strong></td>
</tr>
</tbody>
</table>

**NET CASH POSITION**

|                  | +143      | +585       |
THANK YOU
TATA GLOBAL BEVERAGES