

DIFFERENT



different by
product

BY



different by
brand

INNOVATION



different by
purpose

In business as in life, winners stand out by using not just skill, but imagination and action.

Be it individuals, companies, products or processes – it is the differentiated approach and innovation-led thinking that drive success.

in this report



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Different by Innovation

At Tata Global Beverages (TGB), we encourage innovative thinking, and our history is replete with examples of how we deploy innovation across our business. We believe that to be successful, it is essential to think beyond the obvious, and this is a key differentiator for us.

In the dynamic and evolving world of consumer preferences, leveraging consumer insights, predicting trends, and aligning offerings to what consumers want lay the base for market success. TGB has a rich legacy of doing this, time and again.

At TGB, we are inculcating an innovation ecosystem that incubates ideas and encourages cutting edge thinking. Our culture and operational mode supports this, enabling each one of our people to participate in the process of shaping our future.

This annual report is a celebration of some of the key innovations from 2016-17, relating not just to products, but also to the way we communicate, and fulfil our social purpose.



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CONSOLIDATED

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TGB at a glance



Tata Global Beverages (TGB) is a natural beverages company with brand presence in over 40 countries. As the second largest tea company in the world, with a growing interest in coffee and water, TGB is home to a stable of innovative global and regional brands, including: Tata Tea, Tetley, Himalayan natural mineral water, Tata Gluco+, Good Earth tea, and Eight O'clock coffee.



2nd

Largest player in
branded tea in
the world

2000+

SKUs produced
across tea, coffee
and water



Financial Highlights 2016-17

Rs. 6780 Crs. **Rs. 791 Crs.** **Rs. 6.17**

Consolidated Revenue
from Operations

EBITDA

Earnings per Share

+2%
YOY



+21%
YOY



+ >100%
YOY



Geographic Distribution

Europe, Russia & The Middle East

Tetley
Jemca
Vitax
Tata Tea
Teapigs
Grand Coffee

Africa

Tetley
Laager

South Asia

Tata Tea
Tetley
Tata Coffee Grand
Tata Gluco +
Tata Water Plus
Himalayan

Australia

Tetley
Teapigs
MAP

3000+

Employees worldwide

40+

Countries with significant
brand presence

Brand Highlights

Tata Tea



Tata Tea moves up 26 spots to feature at #38 of the 100 Most Trusted Brands in India

Premium

- Tata Tea Premium improved all India volume & value market share and further consolidated its position as the largest tea brand in the country

Elaichi Chai

- Most successful launch of the year in India. The brand has achieved significant growth over targeted volume with minimum investment

Chakra Gold

- Grew faster than competition in key markets of Andhra Pradesh and Tamil Nadu in consumer segment and hot tea shops

Launch of Jaago Re 2.0 urging people to pre-act instead of reacting to tragedies

Gemini

- Continues to be leading brand in Andhra Pradesh/ Telangana state despite intense competition. The brand recorded all time high sales for 2016-17

Gold

- Gold Leaf grew almost double the growth rate of the previous year
- Gold Mixture customised for Maharashtra growing well and gaining share from local competitor brands

Teaveda

- Launched in November 2016, this unique product combines Ayurvedic ingredients with delicious Assam tea that provides a dose of every day practical Ayurveda

Kanan Devan

- Kanan Devan gained from key competition leading to all time high market shares for the brand in 2016-17
- 'Photography Escapade 2' campaign trended nationally on Twitter

Agni

- Continues to be the volume driver for the Tata Tea portfolio, with gains from local and unbranded players

Tetley



UK

- Tetley grew share across all segments ahead of category
- Tetley continues to grow household penetration ahead of all other tea brands
- It was also an award winning year having won Grocer's New Product of the Year award for Super Fruits, 4 Great Taste awards and Product of the Year 2017 for our Super Black Teas

Rest of Europe

- France - Launched Tetley Signature Collection, a premium range of teas

US

- Tetley Super Teas voted Product of the Year 2017. Tetley Classic and Tetley Greens win 'Chef's Best Award' for Excellence

Canada

- Created a new specialty tea sub-segment and introduced Tetley Ayurvedic Balance teas
- Voted Canada's favourite tea brand by Readers Digest magazine

India

- Introduced vitamin-fortified Super Green Teas and set a Guinness World Record for the largest number of people wearing capes at a Zumba concert in Mumbai
- Executed the first large-scale digital only campaign for the brand with the commercial registering over 5 Mn views on Youtube on launch day alone

Australia

- Updated packaging for select packs to leverage growing consumer preferences for natural, good for you products

Middle East

- The fastest growing tea brand in Gulf Cooperation Countries (GCC) in 2016-17

Poland

- Launched Tetley Fruit & Herbal – an innovative line of fruit infusions and herbs

Other Tea Brands

Good Earth

- Re-launched with a new identity and a boutique range of premium whole ingredient teas in loose and pyramid tea bag format

Jemča

- Consumers Choice 2016 award for Jemča Functional Tea – the best in hot beverages category

Vitax

- Launched Vitax Fruits & Vege – an innovative line of fruit infusions with vegetables

Teapigs

- Launched new “feel-good” range of teas

Joekels

- Strong growth in tea brands despite tough market conditions

teapigs.



Coffee

Eight O'Clock

- Launched Eight O'Clock Infusions

MAP

- Grew MAT share of total capsule market and Caffitaly system, ahead of market growth

Grand Coffee

- Launched a successful National Promo Campaign, using innovative BTL marketing, to improve sales and regain market share in Freeze Dried Coffee in Russia

Tata Coffee Grand

- Coffee portfolio extended in key markets to Hot Tea Shop blend in Nov'16 and Roast & Ground coffee in Mar'17



Water

Tata Water Plus

- Registered good volume growth in 2016-17

Tata Gluco Plus

- Registered improved volume growth in 2016-17
- Launched two new regional flavours– Jeerai Zip in Karnataka and Panneer (Rose) Surge in Tamil Nadu
- Launched in two new markets - Jammu & Kashmir and Odisha

Himalayan

- Himalayan Sparkling launched in 3 cities (Delhi, Mumbai & Bengaluru) for online retail and fine-dine
- Himalayan Orchard Pure flavoured waters piloted in Delhi-NCR in 2017 in 3 flavours - Peach, Strawberry & Apple



Managing Director & CEO's Message

Dear Shareholders,

I am delighted to report that your Company posted strong results last year, recording a 24% growth in operating profit and significant increase in net profits. We continued our focus on bringing out innovative new products, investing in our brands through differentiated marketing, and striving for higher operational efficiencies. Despite the macroeconomic challenges posed by Brexit, increasing competition and slow Eurozone recovery, our key international markets performed well. The India business has shown good performance buoyed by multiple new launches in the year. We weathered the demonetisation storm well, and are well prepared for the GST transition.

We see significant growth opportunities in the tea, coffee, water categories and will be leveraging this through innovation, strengthening our core brands, premiumisation and tapping white space geographies.

The beverage landscape is evolving rapidly and it is critical to innovate consistently, to keep pace with changing consumer preferences and needs. We are building on our rich heritage of innovation – be it path-breaking tea bags to stand out brand communication – to leverage opportunities. Over the past year, we have increased our focus on innovation and strengthening it as a core characteristic. Our annual report theme 'Different by Innovation' reflects this. We have tried to bring to life select examples of innovation across our operations, and also some of our efforts to embed it in our culture through multiple initiatives.

I summarise a few of these initiatives here.

Continued focus on health and wellness

Health and wellness continues to be a key consumer theme across markets. We have expanded our portfolio of green teas and fruit & herbal teas, in line with this trend. After a successful launch in the UK, Tetley Super Green Tea (fortified with vitamins) was launched in

India. Tata Tea Teaveda and Tetley Balance – two product ranges inspired by Ayurveda and containing herbal ingredients - were launched in India and Canada, respectively. Eight O'Clock coffee in the USA launched a new line called Infusions with a multi-experiential marketing campaign to deliver an enhanced coffee experience.

Premiumising our products

Premiumisation, has been a part of several of our innovations across markets and categories. Globally, consumers are seeking more indulgent beverage experiences. Celebrating 180 years of tea blending, Tetley Indulgence launched in the UK is a range of black teas in indulgent flavour twists such as cookies & cream, chocolate mint, gingerbread, and spiced apple. In India, TGB collaborated with Starbucks to create a signature innovation, India Spice Majesty Blend especially for the Starbucks Teavana™ portfolio in India. This blend is inspired by India's rich tea legacy and is an invigorating blend of full leaf Assam black tea with a rich spice infusion.

Our premium offering in the water segment - Himalayan natural mineral water - launched a sparkling variant in select channels and also piloted 'Orchard Pure' flavoured water in Delhi-NCR.

Some of the other new launches have already been mentioned as part of the Health and Wellness focus above, such as Tetley Super Teas and Eight O'Clock Infusions.

Establishing thought leadership through campaigns with a social purpose

The Tata Tea brand launched a powerful new version of its Jaago Re campaign in India - 'Alarm Bajne se Pehle Jaago Re', urging people to stop being reactive, and instead start 'Pre-acting', and prevent tragedies and



We have increased our focus on innovation and strengthening it as a core characteristic.

unfortunate incidents from happening. The campaign, aimed at igniting the spirit of prevention in society, has been extremely well received.

The Tetley brand partnered with Smile Train, the international children's cleft correction charity, to raise awareness and extend support to affected children. This partnership symbolises the brand's philosophy of 'spreading moments of warmth.' To further amplify this, Tetley is running a digital campaign called, 'Tetley Smile Challenge' across the UK, Australia, US and Canada to raise awareness among consumers about Smile Train and to invite their participation.

Growth with sustainability

Sustainability has always been and will continue to be integral to our business. It is important for us that the tea industry is part of a sustainable growth story which enables better opportunities for all stakeholders across the supply chain. TGB is a leader, for the 5th consecutive year, in CDP's Climate Disclosure Leadership Index in India. We have reduced our carbon footprint by 40 percent over the last 3 years. We have also achieved 100% Rainforest Alliance certification of all Tetley blends in the EMEA and CAA* regions, and are committed to achieving 100% sustainable sourcing of our other tea brands by 2020. TGB is a founding member of the Ethical Tea

Partnership, a non-commercial partnership of tea companies committed to improving the lives of tea workers and their environment, to create a thriving tea industry that is socially just and environmentally sustainable. We started Project S-PPF (Sustainable Plant Protection Formulation), a few years back in collaboration with other Tata companies. It is an innovative initiative to develop biopesticides for tea crops, based on the principles of Vriksha Ayurveda and is making good progress.

We have built our organisation on sound fundamentals, and continue to focus on opportunities to grow and strengthen our offerings. We are deploying innovative thinking and smart execution to create value for all stakeholders. I would like to take this opportunity to thank our employees and partners for being an integral part of this journey. Our shareholders, too, have been a constant source of support, as have been the governments and other institutions that we engage and interact with.

We remain committed to our strategy and vision, and are confident of the continued support of all our stakeholders and well-wishers.

With warm wishes,

Ajoy Misra
Managing Director & CEO

*EMEA (Europe, Middle East and Africa)
CAA (Canada, Australia and America)

Business Model

WHAT WE DO

Source

We source high quality tea and coffee from across the world and water from pure and sustainable sources to craft beverages which are distinctive to create magical beverage moments.

Produce

We are committed to quality and our facilities across the world constantly review and upgrade their operating practices. We strive to be energy efficient and environmentally friendly in our packaging and manufacturing facilities.

Market

We believe in creating brands that consumers love. We are committed to strengthening and growing our brands, while constantly innovating to deliver enhanced beverage experiences.

Distribute

We have strong distribution networks to ensure our brands reach consumers and are available widely. Apart from traditional routes to market, we are increasing our focus on modern trade, rural distribution and digital channels.

WHAT MAKES US DIFFERENT

Founder member of Ethical Tea Partnership (ETP) and promote Farmer Field Schools

Achieved 100% Rainforest Alliance certification on all Tetley blends in EMEA and CAA in 2016

Founder member of Trustea in India, led by the Tea Board of India, to sustainably transform the Indian tea industry

Our biggest factory in Eaglescliffe, UK, sends zero waste to landfill

Around 50 unique tea blends are crafted every year

Himalayan awarded the highest grade for a water company - international certification by Institut De Fresenius, Germany

Differentiated marketing campaigns which strengthen our brands and keep them relevant to consumers

Iconic campaigns such as Tata Tea Jaago Re in India to encourage 'Preactivism' and Tetley Smile Challenge in overseas markets which helps children affected by cleft lip and palate to smile for the first time

Gaon Chalo is an innovative and sustainable rural distribution network model in 80,000 villages in India

We have entered new markets like China using the digital route, in partnership with a large e-commerce channel in China

Extensive distribution channels reaching over 19 lakh retail outlets in India, over 28,000 in UK and 5000 in Canada