

# **TATA GLOBAL BEVERAGES**

Annual report and financial statements 2010/11



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### About the Tata Global Beverages Group

In view of (i) the changed business activities of the Tata Global Beverages Group globally (i.e. the shift from tea plantation activities to branded beverages), (ii) the various global acquisitions made by Tata Global Beverages Limited in the recent years, and (iii) the present business focus on growing the branded business across the globe, Tata Global Beverages Limited has also decided to introduce a section in the Annual report on the entire Tata Global Beverages Group for the information of its shareholders, in order to provide the shareholders with an overview of the performance of the Group.

The Group business review is (i) not intended for the purposes of providing information towards compliance with any legal requirements, (ii) being introduced only for shareholder information, as Tata Global Beverages Limited has direct and indirect interests in the various entities across the globe which constitute part of the Tata Global Beverages Group, and (iii) not intended to be a summary or replacement of the consolidated financial statements or any other information or documents. Details being provided in the consolidated performance review relating to the Tata Global Beverages Group business review are general in nature.

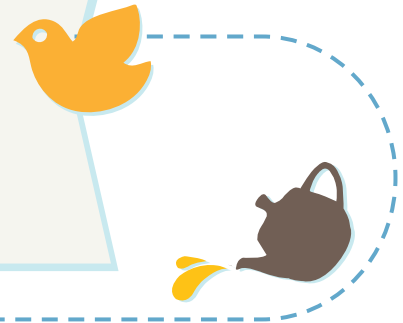
Each corporate entity forming part of the Tata Global Beverages Group owns its respective brand and has consented to featuring of its logo, trademark and information in this Annual report.

Overview

## Our vision

Tata Global Beverages is an integrated beverage business with a vision to become global leader in good-for-you beverages through innovation, strategic acquisition and organic growth.

We are first and foremost a Tata business based on the philosophy of “leadership with trust”, with a bold ambition to build a global footprint by entering new markets and new channels with beverages that taste good, are good for you, good for others and good for the planet.



Overview

## Highlights

### Consolidated total operating income

Rs. Crores

2010/11	6,005
2009/10	5,821
2008/09	4,874

### Consolidated profit before exceptional items

Rs. Crores

2010/11	485
2009/10	625
2008/09	526

### Stand-alone total operating income

Rs. Crores

2010/11	1,811
2009/10	1,716
2008/09	1,379

### Stand-alone profit before exceptional items

Rs. Crores

2010/11	207
2009/10	255
2008/09	239

### \* Growth

3% increase in our consolidated turnover,  
6% at constant exchange rates

### \* Global

70% of our turnover is generated  
outside of India

### \* Brand-led

Over 90% of our sales today are from  
branded products

### \* Leading

In India and Canada our tea brands  
have the highest market share by  
volume; second highest market share  
by volume in the UK\*

*\*The market data we use in this report is from A C Nielsen,  
unless otherwise stated.*



Overview

## Our strategy

To become the leading good-for-you beverage company, we are pursuing a clear strategy based on six pillars:



### Brands

Strengthening and extending the portfolio of brands with consumer relevant differentiation.

### Distribution

Increasing penetration of our brands and product portfolio in identified non-stronghold markets such as the USA and Russia.

### Process

Having processes that work efficiently to deliver our strategic objectives, with innovation as a key differentiator.

### Product

Building a portfolio of good-for-you beverage products with a focus on consumer-relevant health and wellness, convenience and sustainability.

### People

Building an organisation with clear differentiating capabilities.

### Sustainability

Creating competitive advantage and long-term value creation through the development of a sustainable business model.



### Brand-led strategy

Nearly 70 per cent of our branded revenue comes from popular tea brands such as Tata Tea and Tetley.

### We have a big ambition

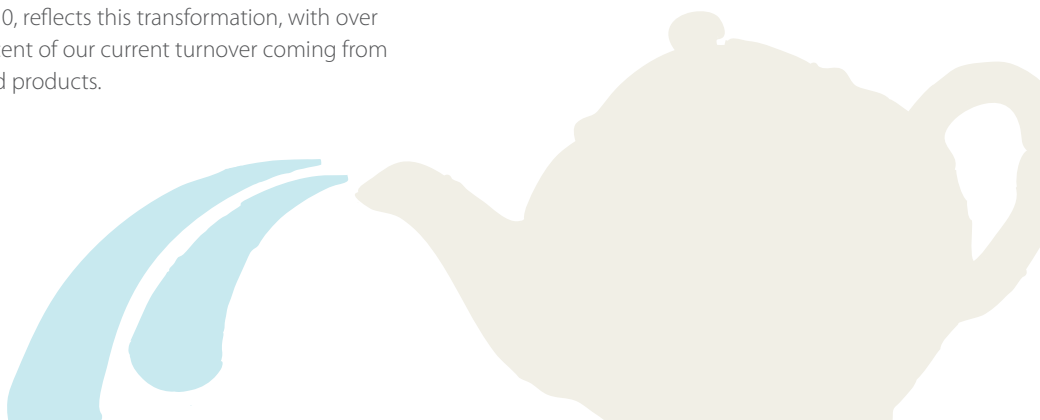
We're growing fast – focusing on “disruptive” innovation that's changing the way consumers enjoy beverages by growing our brands and investing in new and exciting opportunities to expand our business such as strategic alliances.

### New name, new ideas

We've already come a long way – from domestic Indian tea grower to global business in less than 10 years. Our new name, introduced in July 2010, reflects this transformation, with over 90 per cent of our current turnover coming from branded products.

### Going global

We're building a truly global business with 70 per cent of our consolidated revenues coming from markets outside India; new corporate Headquarters in London; a single Executive Office to co-ordinate our key functions; and three regional Presidents co-ordinating our consumer-facing businesses. We've built a shared company culture centred on “responsible irreverence” that shapes how we deliver our strategy.

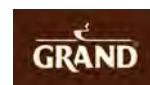


Overview

## Brands in brief

We have a fantastic portfolio of brands and products that we are intensely passionate about. We delight millions of consumers across the world with great tasting beverages every single day.

### Our brands



#### NourishCo JV

Himalayan, our premium "lifestyle" mineral water, entered "NourishCo", our joint venture with PepsiCo.

### Brand wise sales break-up



	%
Tetley	39
India Tea Brands	29
Eight O'Clock	17
Other and specialty brands	15



India tea brands include Tata Tea Premium, Gold, Life, Kanan Devan, Chakra Gold, Agni and Gemini.

Other brands include Grand Coffee, Himalayan Water and Sukk. Specialty regional brands include Good Earth, Vitax and Jemča.





## Investment in new growth through alliances and innovation

We are bringing new beverages to new consumers by widening our brand and product portfolio. Tetley Infusions are causing a stir in Canada, and Himalayan Water is being distributed more widely by NourishCo, our joint venture with PepsiCo in India.

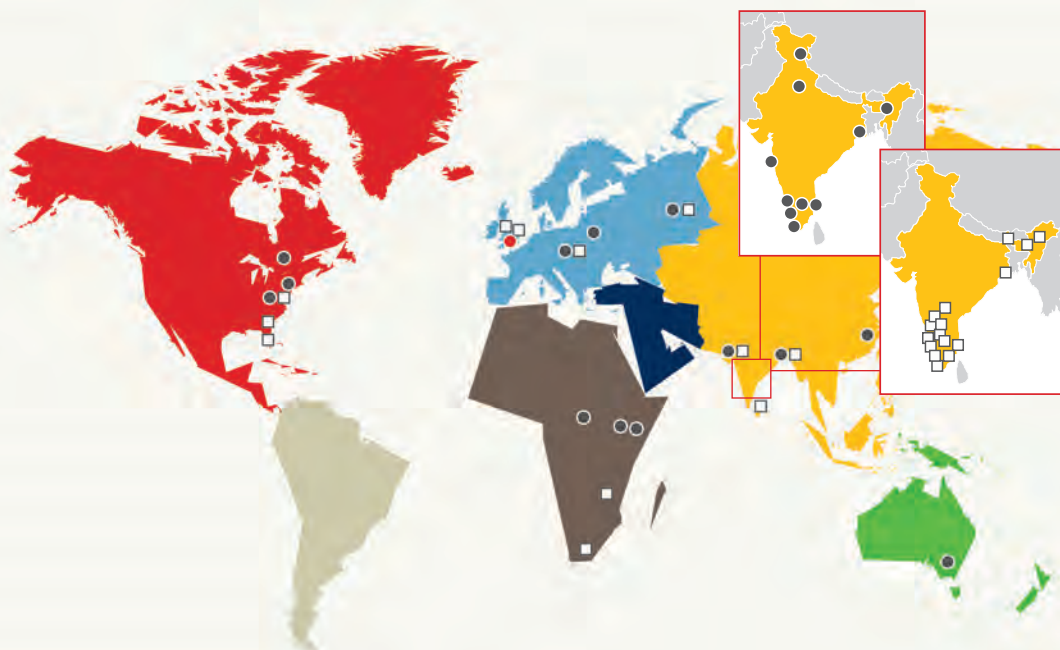


Overview

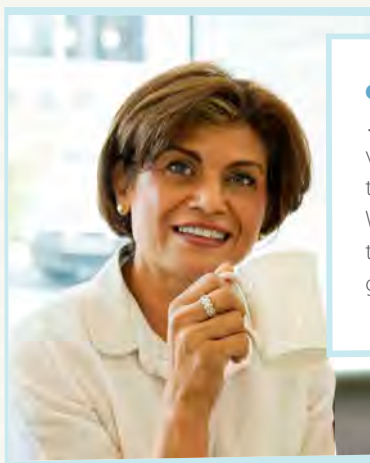
# Global operations

**Global presence** – where you can find our offices and brands

■ Europe 
 ■ Middle East 
 ■ Asia 
 ■ Australasia 
 ■ Africa 
 ■ North America  
● Administrative Head Office 
 ● Offices 
 □ Operations



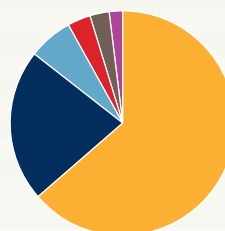
<b>TATA TEA</b>	<span style="color: blue;">■</span> <span style="color: yellow;">■</span>
<b>Tetley</b>	<span style="color: blue;">■</span> <span style="color: yellow;">■</span> <span style="color: green;">■</span> <span style="color: red;">■</span>
<b>TATA COFFEE</b>	<span style="color: yellow;">■</span>
<b>JEMCA</b>	<span style="color: blue;">■</span>
<b>SUKK</b>	<span style="color: blue;">■</span>
<b>EIGHT O'CLOCK</b>	<span style="color: blue;">■</span> <span style="color: red;">■</span>
<b>GRAND</b>	<span style="color: blue;">■</span>
<b>Himalayan</b>	<span style="color: yellow;">■</span>
<b>Laager</b>	<span style="color: brown;">■</span>
<b>TAKIDZ</b>	<span style="color: blue;">■</span> <span style="color: brown;">■</span>
<b>good earth</b>	<span style="color: blue;">■</span> <span style="color: red;">■</span>



**Over 3,000 employees worldwide...**

... but through partnerships, joint ventures and our supply chains, many thousands contribute to our business. We're now one global business, working together to achieve our vision to be the global leader in good-for-you beverages.

**Where our employees are based**



	Number of employees*
India	2,022
UK	695
USA	200
Poland	106
Czech Republic	86
Other	57
<b>Total</b>	<b>3,166</b>

\* Excludes plantation workers.





The central office for the Group is in Uxbridge, West London. We have a number of offices, factories and plantations around the world (such as the Pullivasal packeting factory and the Periyakanal plantation in Munnar, and the Eaglescliffe factory in the north-east of England); one of our subsidiaries, Tata Coffee, also owns and manages plantations and instant coffee operations in India. We operate the business through three regional business units.

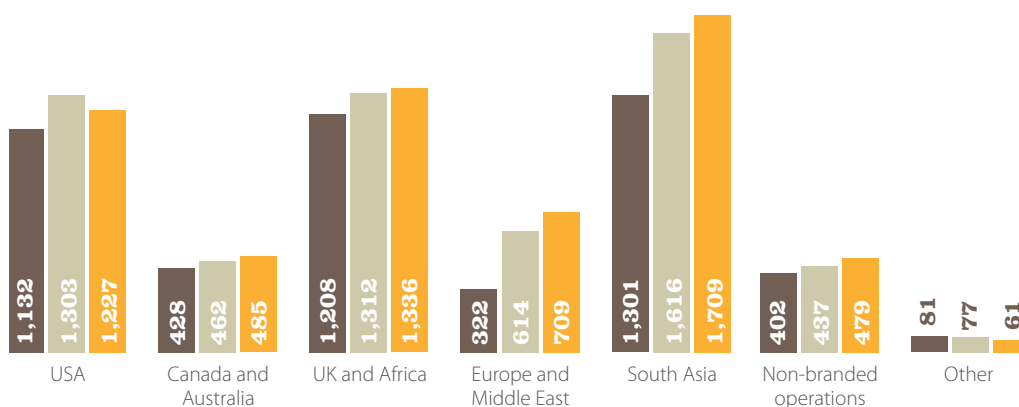


#### Kanan Devan

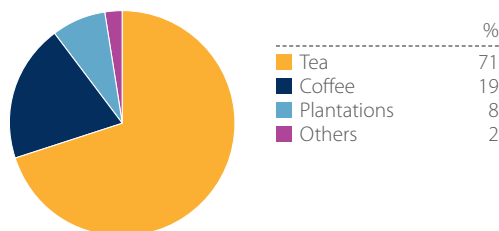
Kanan Devan's 25-year birthday celebration package: "Winning challenges with a smile for 25 years."

#### Consolidated total turnover by region (Rs. Crores)

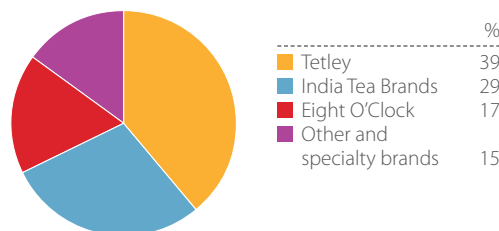
2008/09 2009/10 2010/11



#### Consolidated sales category wise



#### Consolidated sales brand wise



#### Tata Global Beverages online!

Our vibrant new corporate website has been developed and launched:  
[www.tataglobalbeverages.com](http://www.tataglobalbeverages.com)

Consolidated performance review

## Performance review

The Group successfully steered a challenging course in 2010/11: increasing turnover by 3%, or 6% at constant exchange rates, whilst navigating fragile consumer confidence and challenging trading conditions.



### New launches

*Eight O'Clock has been launched in Europe for the first time and Tata Tea has been launched in Germany.*

The Group's performance was especially pleasing in the context of the intense cost pressure we have been facing, like most FMCG businesses. Commodity prices in particular were challenging, with tea prices remaining volatile and coffee prices reaching a 30-year high during the period. The cost of raw materials consumed increased by 234 crores, an increase of over 11 per cent year on year.

Where possible we increased prices but were not fully able to recover all increases in input costs. We were especially pleased to implement price rises in key markets given continued weak consumer confidence, which made consumers and our customers, such as the grocers, acutely price-sensitive. We traded in a highly promotional climate – groceries sold on deal in the UK, for instance, reached a record high of 40 per cent during the period and we too were under pressure to boost promotional spend.

We recognise that the strength of our brands and consumer relevance will help us to navigate challenging trading conditions and counter competitive intensity. As a result we maintained an acute focus on brand value, increasing advertising and brand building costs by 20 per cent on prior year, notably in our core tea markets in the UK and India. These investments impacted profitability but were essential to preserve the long-term health of our brands and support future price rises.

Strong brands are the lifeblood of consumer goods companies and we take real pride in ours. Our brands touch millions of people every day – you could be enjoying a refreshing cup of Chakra Gold in India, waking up to an invigorating mug of Eight O'Clock coffee in the United States or chilling out with a "cuppa" of your favourite Tetley tea in the UK.



### Distribution

*We've increased points of distribution for Good Earth teas in the US.*

Worldwide average monthly tea auction hammer prices Jan 2009-Mar 2011

