

media

PRESS RELEASES

Tata Coffee announces financial results for Quarter 1, FY 2014-15

Tata Coffee, Asia's largest integrated coffee company, announced its results for the Quarter ended 30th June, 2014. The Company has reported a net profit of Rs. 30.31 crores on a consolidated basis for the first quarter of 2014-15, compared with a net profit of Rs. 40.38 crores in the corresponding period last year. Total income from operations is lower by 11% at Rs. 374.52 crores during the first quarter of 2014-15, against Rs. 418.46 crores during the corresponding period last year. Earnings per share stood at Rs. 16.23.

The lower profits in this quarter primarily reflect the lesser crop available for sale in the plantations business, on account of the lower production of coffee, tea and pepper during the previous season, which had witnessed distinctly unfavourable weather conditions. However, the instant coffee business saw good volume growth, aligned to the Company's strategy of driving significant growth of value-added products.

Segment-wise Performance

Plantations:

Income and profitability of the plantation segment have been impacted during the quarter on account of lower plantation output available for sale. This was caused both by adverse weather, as well by the fact that the previous financial year was an "off-year" in the biennial production cycle of coffee and pepper.

Instant Coffee

The instant coffee segment reported good topline growth, with revenues standing at Rs. 86 crores for the quarter, compared to Rs. 76 crores for the corresponding period last year. This growth was driven primarily by higher sales of instant coffee to new geographies.

During the quarter, the instant coffee business has commissioned its new aroma agglomeration plant, which will cater to premium agglomerated coffee customers.

The Company continues to invest significantly into Research and Development, as well as technology, in its instant coffee business.

During the quarter, the Company exported 1,836 MT of instant coffee as compared to 1,535 MT during the corresponding period last year, registering a handsome volume growth of 20%.

Eight O'Clock Coffee

The Company's US subsidiary Eight O'Clock Coffee (EOC) continued to grow significantly in the pods format, with royalty income relating to this format growing by 26%. On the other hand, the bagged coffee segment saw a decline in sales, resulting in total income for the quarter standing at US \$ 34.54 million. However, the gross income figure does not reflect sales revenues relating to Eight O'Clock Coffee pods, in view of the arrangement which governs this business, and which results in royalty income accruing to EOC. For the quarter, EOC recorded a profit after tax of US \$ 3.87 million vis-à-vis US \$ 4.40 million during the corresponding quarter last year.

Sustainability

Tata Coffee is committed to the use of sustainable practices in various areas of plantations, including irrigation and water management. This focus has also now extended to the instant coffee operations, including significant use of wind power at the Theni manufacturing unit.

Commenting on the Company's performance, Mr. Hameed Huq, Managing Director, Tata Coffee, said – "The Company's focus on value-addition and superior offerings is producing good results, as demonstrated by the growth in sales of instant coffee. Our premium value propositions have allowed us to gradually move away from commodity price volatilities. The global instant coffee market is showing steady recovery after a slow-down in some markets. The new capacities we have put in place will help us strongly leverage such growth."

About Tata Coffee

Tata Coffee is a subsidiary of Tata Global Beverages. It is Asia's largest integrated coffee company, the 3rd largest exporter of instant coffee and foremost producer of specialty coffee out of India. The Company produces more than 10,000 MT of shade grown Arabica and Robusta coffees at its 19 estates in South India and its two Instant Coffee manufacturing facilities have a combined installed capacity of 8400 metric tonnes. It exports green coffee to countries in Europe, Asia, Middle East and North America. Tata Coffee's farms are triple certified: Utz, Rainforest Alliance and SA8000 reinforcing its commitment to the people and the environment.