



# COFFEE Day



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## BUOYANT INDIAN ECONOMY



### Indian Economy



- **World's 4th largest GDP** - USD 3,288345 Million (PPP) in 2008-09 and GDP per capita USD 2762 Million according to IMF
- CSO estimates India FY 2009 GDP growth at 7.1%
- Expected FDI in 2009-10 is USD 30 billion and expected to receive USD 27.5 billion in 2008-09, up from USD 24.57 USD billion from previous year.

Source: India Gov. CSO 2008-09 estimate

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## INDIA TO BE 3<sup>rd</sup> LARGEST ECONOMY BY 2050

Ten Things for India to Achieve its 2050 Potential



Indian Economy – Potential Size



- India's GDP will reach \$ 27 trillion by 2050, becoming the third largest economy after China and U.S.A.
- India will overtake Italy by the year 2016, France by 2019, UK by 2022, Germany by 2023 and Japan by 2032.
- India is the only economy expected to grow @ >5% till 2050
- Expected growth for China is @ 3 - 4% for 2030 - 2050

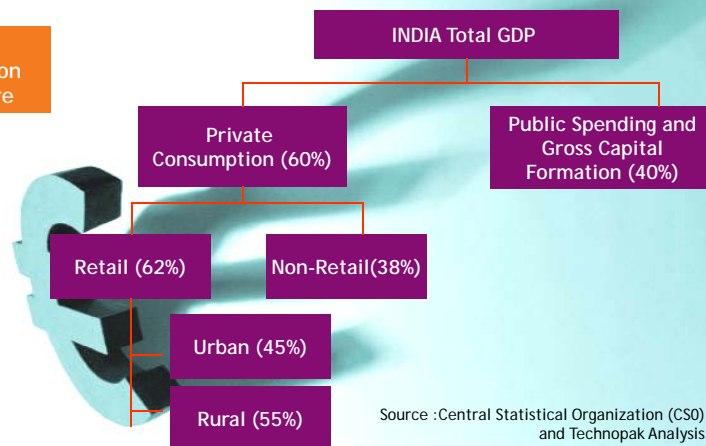
Source: Goldman Sachs Report

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## HIGH SALIENCE OF 'PRIVATE CONSUMPTION EXPENDITURE' - DRIVER FOR SUSTAINABLE HIGH GROWTH



Private Consumption Expenditure



Source : Central Statistical Organization (CSO) and Technopak Analysis

India's 'Private Consumption Expenditure' (PCE) is 60% of the economy (as against 42% in China and 55% in Japan)

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This splurge in 'consumption' is driven by



Socio Economic Changes

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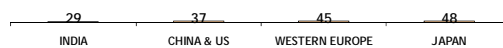
### LARGE YOUNG POPULATION AND INCREASED URBANIZATION WILL DRIVE GROWTH IN CONSUMING CLASS



#### Demographics

- Existing large young population provides huge working population pipeline
  - Population between 0 - 19 yrs is a staggering 400 million!
  - 54% of population is < 25 yrs and 80% < 45 yrs
- Increasing urbanization  
(Shift in salience - 26% to 28% 1991 - 2001)

#### Average Age of Population (2020)



(Source: Census 2001, The Marketing White Book 2006)

And we are going to remain the 'YOUNGEST' ...

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## TRANSFORMATION OF INDIAN SOCIAL FABRIC - DRIVEN BY YOUTH AND WOMEN CONSUMERS



### Indian Women

- Modern yet traditional, key purchasing decision maker
- Increase in woman managers in the corporate world
- Beginning to shed inhibitions and enjoy beverage alcohol



### Indian Youth

- Higher disposable incomes due to vastly enhanced job opportunities
- High on confidence, independent ideologies and very ambitious
- Upbeat, entrepreneurial and optimistic
- No longer bound by social constraints

Young India is redefining its value system - aspirational & spending more on lifestyle. The result is a '**Complete Transformation**'.

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## 'CONSUMER REVOLUTION' WITH A FOCUS ON INCREASE IN CONSUMPTION



### Today's Indian Consumer

- Highly aspirational, willing to spend
- Spending more on discretionary items such as consumer durables, mobile phones, cars, homes and higher education
- 'Lives for today' - More than 10 million credit card holders in the country
- Increasing nuclear families, insular joint families - resulting in the urban upscale Indian behavior to work hard and party harder
- Redefining shopping experiences - International shopping formats
- Globetrotting Indians/ rich upper class - Living it up in style!

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## GLOBAL PLAYERS ARE SHOWING INCREASED CONFIDENCE IN THE INDIAN ECONOMY



### Why India

By 2032, India will be among the three largest economies in the world

*BRIC Report Goldman Sachs*

"India is now truly a Land of Opportunity"

*John Redwood Economic Competitiveness Policy Group, UK*

The Indian Market has two Core advantages - an Increasing presence of Multinationals and an Upswing in the IT exports

*Peter Loescher President and Chief Executive Siemens*

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## GLOBAL RETAILERS ARE VIEWING INDIA WITH GREAT INTEREST



### Indian Retail Industry

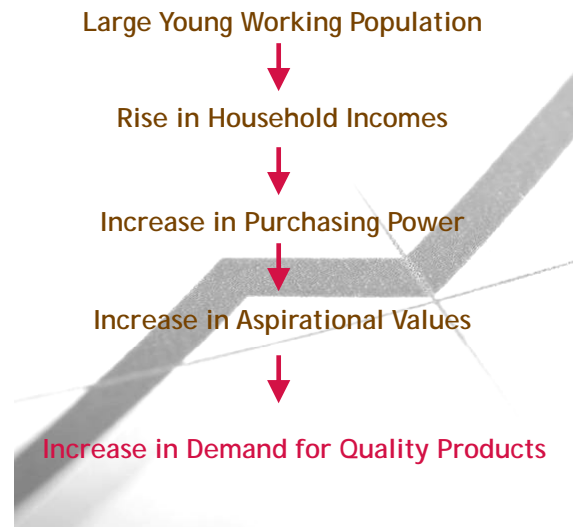
- Current size of retail: \$300 billion; double digit growth expected
- Organized retail: \$8 billion; Set to grow to \$45 billion by 2010
- \$130 billion investment in infrastructure by the year 2010
- \$10 billion FDI in infrastructure development/ capital markets by



Wal Mart has decided to enter the Indian Retail Industry in association with Bharti. Other retailers like Tesco and Carrefour are exploring possibilities to enter the Indian market.

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**SIGNIFICANT DEMAND FOR QUALITY PRODUCTS IS A KEY IMPLICATION OF THESE MACRO TRENDS**



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**COFFEE CONSUMPTION IN INDIA  
TRENDS AND ATTITUDES**



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- Coffee consumption in India has shown an annual average growth of about 2% between 1951 to 2000 (18,400 tonnes in 1951 to 94,400 tonnes during 2008).
- The consumption growth is much faster in recent years showing an annual average growth of about 6% between 2000 to 2008
- Per capita consumption of regular coffee consumers (habitual drinkers) is two cups per day i.e. 10 to 12 gms per day.
- However, overall per capita consumption of coffee at 82 grams which is still low
- coffee has changed from being a traditional beverage consumed mainly in South India, to a beverage with a national presence, consumed in several forms and retail formats.

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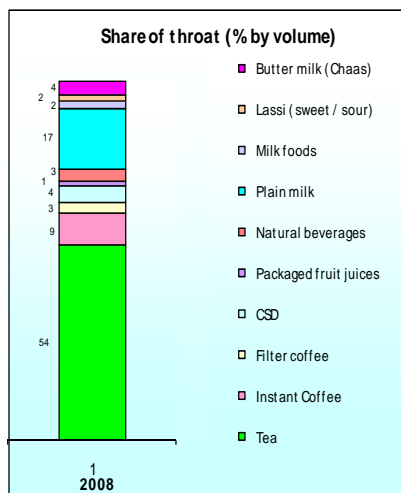
## SHARE OF THROAT



Ratio of the volume of that beverage consumed to the volume of all beverages consumed yesterday (excluding water).

- Tea 54%
- Plain milk 17%
- Coffee 13% (filter + instant)

- During 2003, this Ratio for tea (46%), Plain milk (13%) and coffee (10%).
- This can be attributed to the increase in total volume of beverage consumed (increased in Yesterday consumption)



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## Coffee consumption Volume (MT)

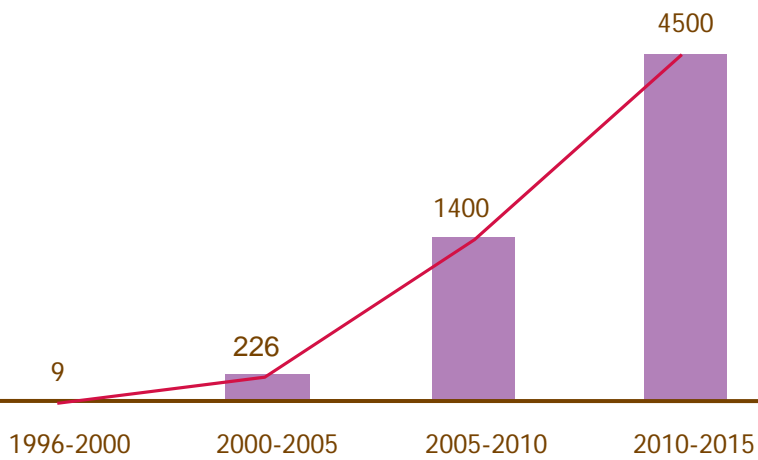
	2003	2008	Qty increase betn the periods	Growth per annum
Urban India	49600 (70.5%)	69000 (73%)	19400 (80%)	6.52
Rural India (South)	20700 (29.5%)	25400 (27%)	4700 (20%)	3.78
All India	70300	94400	24100	5.71

Figures in bracket indicate percent to the total

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## CAFE GROWTH RATE IN INDIA



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## COFFEE DAY - BACKGROUND



- Coffee Day is the largest integrated coffee company in India
- The group
  - owns plantations
  - retails coffee through exclusive outlets
- Employees : 10,500+...engaged in growing, processing and retailing coffee
- Largest coffee retailer in Asia
- Touch 1 million customer/day



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## COFFEE PLANTATIONS



*Coffee Day group owns 10000 acres of Coffee plantations across located in & around 100 Sq Km of finest coffee growing area in Karnataka State, India.*

Family has been in the coffee business for more than 130 years

- 80% of the plantations grow Arabica (Asia's Largest Producer).
- 20% is dedicated towards production of Robusta
- All estates are "Utz Kapeh" certified for best management & traceability practices.
- Most of the plantation are located 4000 Feet above sea level, producing finest Arabica beans.
- Employ more than 2000 skilled plantation workers

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## DARK FOREST CO - FURNITURE DESIGN & MFR CO



- Manufacturing facility of 75,000 sq. ft. - 150 highly skilled carpenters - supplies 2500 pieces per month to Café Coffee Day.
- Timber for furniture sourced from own plantations

### Next Phase

- To set up full-fledged furniture retail stores.



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## COFFEE DAY HAS 5 MAIN DIVISIONS



**COFFEE  
Day Xpress**

**COFFEE  
Day BEAN  
2CUP**

**ABC  
EXPORTS**

**COFFEE  
Day FRESH &  
GROUND**

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## CAFÉ COFFEE DAY



*Most popular 'hang-out' in the country.....*



- 900+ Café Coffee Day stores in 130 cities
- All cafes are company owned & company operated
- Around 450,000 guests visit the cafes everyday
- Stores range from 800 to 2,000 sq ft.

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## COFFEE DAY OVERSEAS



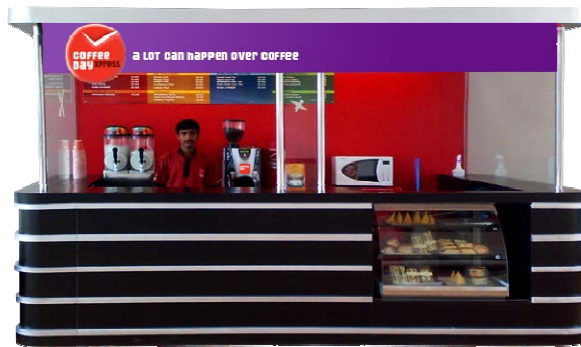
- VIENNA - 4 CAFES
- KARACHI - 2 CAFES
- 3 YEAR PLAN : 50 CAFES IN 10 COUNTRIES

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## COFFEE Day Xpress



- Take-away Food & Beverage kiosk
- Located mainly in Large Corporate offices; Railway & Metro stations
- Presently in 900 locations and will be in 1000 locations by Mar 2010



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## COFFEE Day FRESH & GROUND



- Retailers fresh ground coffee powder
- 400 outlets in South India
- 22 Blends

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- Bean 2 Cup machines
- Machines manufactured indigenously
- 9,500+ Vending Machines serving freshly brewed coffee to 300,000+ customers every day



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**Thank you**

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