



Date: 11<sup>th</sup> August, 2016

1. The Dy.General Manager  
Corporate Relationship Dept.  
Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
**MUMBAI - 400 001**  
Scrip Code No: 532301

2. The Secretary  
National Stock Exchange of India  
Ltd  
Exchange Plaza, 5<sup>th</sup> Floor  
Plot No.C/1, G.Block  
Bandra-Kurla Complex  
Bandra (E)  
**MUMBAI - 400 051**  
Scrip symbol: TATACOFFEE

Dear Sirs,

**Sub: Annual Report 2015-16**

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the financial year 2015-16 approved and adopted by the members as per the provisions of the Companies Act, 2013, at the 73<sup>rd</sup> Annual General Meeting of the Company held on Tuesday the 26<sup>th</sup> July, 2016 at 10.30 A.M. at Pollibetta 571215, Kodagu, Karnataka.

The above is also uploaded on the Company's website.

Thanking You,

Yours Faithfully,  
For **Tata Coffee Limited**

  
*for* **N.S. Suryanarayanan**  
**Company Secretary**

Encl: as above.

**TATA COFFEE LIMITED**

57 Railway Parallel Road, Kumara Park West Bengaluru 560 020  
Tel: 91 80 23560695 - 97 23561976 - 81 Fax: 91 80 23341843  
Registered Office: Pollibetta 571 215 South Kodagu Karnataka India  
Corporate Identity Number (CIN) -L01131KA1943PLC000833  
Website address - [www.tatacoffee.com](http://www.tatacoffee.com)

**INSTANT DELIGHT.  
CONSISTENT BREW.  
GLOBALLY.**

# Contents



## Corporate Overview

- |   |  |
|---|--|
| <b>2</b> Message from the MD & CEO                  | <b>16</b> Tata Coffee Product Portfolio      |
| <b>4</b> The World of Instant Coffee                | <b>18</b> Financial Performance              |
| <b>8</b> Growth of Instant Coffee                   | <b>20</b> Profiles of the Board of Directors |
| <b>10</b> Tata Coffee in the Instant Coffee Segment | <b>22</b> Tata Coffee's Certifications       |
| <b>13</b> Sustainability at Tata Coffee             | <b>23</b> Community Initiatives              |
| <b>14</b> Global Footprint                          |  |



## Statutory Reports

- |                             |   |
|-----------------------------|---|
| <b>25</b> Key Highlights    | <b>69</b> Compliance Report on Corporate Governance |
| <b>26</b> Notice            |   |
| <b>35</b> Directors' Report | <b>85</b> Management Discussion & Analysis          |



## Financial Statements

- | <b>Standalone</b>                      | <b>Consolidated</b>                                  |
|--|--|
| <b>89</b> Independent Auditor's Report | <b>118</b> Independent Auditor's Report              |
| <b>94</b> Balance Sheet                | <b>122</b> Consolidated Balance Sheet                |
| <b>95</b> Statement of Profit and Loss | <b>123</b> Consolidated Statement of Profit and Loss |
| <b>96</b> Cash Flow Statement          | <b>124</b> Consolidated Cash Flow Statement          |
| <b>97</b> Notes on Accounts            | <b>126</b> Notes on Accounts                         |



### **Our Mission**

Create distinctive long-term value for all stakeholders with Coffee and Allied Plantation products embracing sustainable practices.

Coffee is increasingly being consumed the world over for its refreshing energy and its captivatingly enticing aroma. What used to be the sole preserve of a few select consumers is now becoming a global phenomenon.

Instant Coffee has played a significant role in the democratisation of coffee as a beverage. More and more consumers in emerging markets are embracing coffee which is driving its growth.

A steaming cup of Instant Coffee is convenient and delicious. In today's day and age, consumers are looking for easy-to-prepare, great-to-taste options. Instant Coffee fits the bill perfectly on both counts. Making a cup of coffee is easy and quick, and there is consistency of taste, cup-after-cup. For Tata Coffee, the Instant Coffee business constitutes over half of our total business on a standalone basis, besides providing stability and consistency to growth and performance. It allows us to address customer requirements better, given the possibility of customisation.

## Message from the MD & CEO



THE GLOBAL MARKET FOR INSTANT COFFEE HAS MORE THAN TRIPLED IN SIZE SINCE THE YEAR 2000 AND IS SLATED TO CONTINUE ITS GROWTH. AND GROWTH IS ANTICIPATED IN LARGE SPOONFULS IN THE EASTERN HEMISPHERE, WHERE THE COFFEE HABIT IS GROWING.

**Dear Shareholders,**  
Instant Delight. Consistent Brew. Globally – this defines our Instant Coffee business at Tata Coffee. The words ‘Instant delight’ conjure up the vision of happiness, right here right now, when the consumer wants it. That is what our Instant Coffee delivered in the last financial year – 2.5 bn cups of it, globally!

Your Company is proud to be one of the finest manufacturers and marketers of Instant Coffee across the world.

The Global market for Instant Coffee has more than tripled in size since the year 2000 and is slated to continue its growth. And growth is anticipated in large spoonfuls in the Eastern hemisphere, where the coffee habit is growing.

The consumer has faced a “coffee choice dilemma” for many years now – Instant Coffee offers great convenience but the taste profile is different from Roast and Ground freshly brewed coffee, which is more involved in its making and often commands a taste premium. Over the years, technology has

gradually helped bridge this gap. In fact new formats with flavours and mixes are enhancing the consumer’s romance with Coffee, and making Instant Coffee increasingly desirable. In many countries and customer segments, a hot, steaming cup of delicious Instant Coffee is now the beverage of choice.

We at Tata Coffee are well placed to partake in this growth in the Instant Coffee segment. Our Instant Coffee range spans the category, from Spray Dried, to Agglomerated to Freeze Dried. Even in these segments, our drive to innovate has helped us create chicory and malt based mixes. Hence, we have coffee offerings to serve a wide range of consumer palates.

Instant Coffee has an interesting history. It started as a convenience to satisfy the coffee needs of soldiers involved in the World Wars. It has come a long way from those historic beginnings, and is now available to consumers in millions of cafes and stores the world over.

Our coffees are prepared from carefully selected beans, chosen for their unique attributes of flavour, mouthfeel and aroma that contribute to creating unique and customer specific blends. Our ingredients come together with over 6,000 man hours, and close involvement across the organisation, contributing to a single winning blend. Our advanced technology, processes and deep category understanding ensure the consumer has a consistent experience cup after cup.

Last year we successfully partnered with our holding Company, Tata Global Beverages, to develop a unique Instant Coffee product "Tata Coffee Grand" for the Indian market. It has been very well received by Indian consumers, and is an excellent illustration of the product innovation that we lead in this space.

Sustainability runs in our DNA and we extend every possible means to produce our Instant Coffees responsibly. For example, 65% of the energy consumed by our Theni factory is generated through renewable sources. In addition, we use Electrostatic Precipitators in our boiler unit that help remove fine particles from the exhaust and thus protect the environment.

We received the "Commendation for Significant Achievement" at the CI-ITC Sustainability Awards 2015 for our Theni site and were awarded second position in the Food Processing Sector at the National Energy Conservation Awards 2015 for our Toopran site.

This is yet another factor that our consumers bear in mind, when they buy and use our Instant Coffee.

Our plantations are Rainforest and UTZ certified. We invest in rain water harvesting extensively which meets over 50% of our coffee plantation irrigation requirements.

All this emanates from our Company's mission, which is to 'Create distinctive long-term value for all our stakeholders through coffee and allied plantation products embracing sustainable practices.'

While our heads are focused on creating stakeholder value, our hearts are aligned towards adding value to the environment and the community, which is the foundation on which our Company is built.

The Tata Coffee team contributed over 800 volunteering hours to the community last year. This does not include our contribution to the community during the unfortunate flood catastrophe that struck Chennai last year. We continue our efforts to support the differently abled through the unique Swastha School in Coorg.

We are proud of what we do at Tata Coffee. I am sure each one of you is. May I take this opportunity to offer a special word of thanks to all members of the team in Tata Coffee and all our stakeholders, who support me in making this voyage come alive. We look forward to continuing to create distinctive value for you, every single day and in every single cup of coffee.

### Sanjiv Sarin

Managing Director & CEO



**SUSTAINABILITY RUNS IN OUR DNA AND WE EXTEND EVERY POSSIBLE MEANS TO PRODUCE OUR INSTANT COFFEES RESPONSIBLY. FOR EXAMPLE, OVER 65% OF THE ENERGY CONSUMED BY OUR THENI FACTORY IS GENERATED THROUGH RENEWABLE SOURCES.**



## The World of Instant Coffee

Consumers gravitate to Instant Coffee for its convenience, diversity of form, flavours and easy access. It is especially a beverage of choice for new coffee drinkers. Little wonder then that Instant Coffee is one of the fastest growing beverage categories in the world today, especially in emerging economies.

Instant Coffee understands the need for a quick cuppa and helps marry convenience with organoleptics to please the senses. Commonly known as soluble coffee, Instant Coffee harnesses the flavour of the bean into a simple drink.

Stir and whirl,  
a delicious  
cup of coffee  
is ready.

Instant Coffee has a very interesting history. It dates back to nearly 250 years; both Instant Coffee and its early origins have travelled the world since then and have garnered much popularity.



**1771**

Britain - Earliest version of Instant Coffee was invented.



**1910**

USA- George Constant Louis Washington acquired a patent to mass produce Instant Coffee.



**1853**

USA - First American product was in cake form. It was developed and tested during the Civil War.



**1914-1918**

In World War I, caffeine consumption on the battlefield was boosted by George Washington Coffee, nicknamed 'cup of George'.



**1890**

New Zealand - David Strang of Invercargill invented and patented Instant Coffee.



**1938**

Nestle co-dried coffee extract with soluble carbohydrate to improve the taste.



**1901**

Japan - First successful technique for stable powdered product invented by Sartori Kato, who used a process developed for making instant tea.



**1964**

Biggest innovation in Instant Coffee technology - Freeze Dried coffee - enabling infusion of fresh coffee aroma into the product.

Source: [ineedcoffee.com](http://ineedcoffee.com)

## How do you like your Instant Coffee?

Instant Coffee is made from coffee beans that have been roasted and ground. The ground beans are then extracted under pressure to recover the coffee flavour and aroma. The coffee extract is then dried in one of three distinct ways, each of which provides a unique experience to the consumer. The three basic types of Instant Coffee are -

### Freeze Dried

A crystallised form which offers taste and aroma closely resembling Roast and Ground coffee. This is the most premium form of Instant Coffee.

### Agglomerated

A granular form which dissolves easily.

### Spray Dried

The fine powder variety. This is also available in variants like 3-in-1 mixes, and blends with additional flavourings.



## A typical Instant Coffee Value Chain



Farm level - coffee beans are produced



Beans are exported to destinations the world over



Bought by Instant Coffee manufacturers



THE INSTANT COFFEE SEGMENT HAS THE MOST CONSOLIDATED AND COMPETITIVE LANDSCAPE OF ALL HOT DRINKS, DUE TO THE BRAND EXPERIENCE THAT CONSUMERS HAVE COME TO EXPECT.



Varied beans are sourced from all over the world to create the blends, based on consumer preferences and value for money proposition. Blenders who are experts in understanding consumer needs and what a bean type delivers are constantly on the lookout to find the best fit.

Beans used in the making of Instant Coffee need to have optimum density, size and organoleptic characteristics i.e. sensorial aspects of flavours, aromas and feel. Most Instant Coffee products use a basket of origins in an effort to create the most delightful blend that appeals to consumer preferences.



Extracted and  
converted to Instant  
Coffee

Instant Coffee is packaged  
and branded and reaches  
the consumer through a  
large distributive reach

## VALUE DIFFERENTIATION IS BROUGHT FROM THE ORIGIN AND TYPE OF GREEN BEANS AND THE MANUFACTURING PROCESS IN USE - FREEZE DRIED, AGGLOMERATED OR SPRAY DRIED.

At the heart of any Instant Coffee lies a blend of green beans from various origins, each of which impart their own characteristics or attributes – namely fragrance, aroma, mouthfeel, flavour, acidity, bitterness, balance, uniformity and after taste. Balancing multiple attributes and fine tuning them to suit the requirements of a specific geography, customer or category is the challenge in developing a winning Instant Coffee blend.



Most extraction processes are internal and of a proprietary / patented nature in case of the manufacturing units. This distinct process of the green bean extraction imparts characteristics which are unique and specific to the Instant Coffee and thus difficult to replicate.

Products ranging from chicory to polysaccharide sugars are mixed with the Instant Coffee to customise the product as per consumer preferences and create variants.

