



19<sup>th</sup> July, 2017

1. The Dy. General Manager  
Corporate Relationship Dept.  
BSE 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 Sir(s),

**Sub: Annual Report for the year 2016-17**

As required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the financial year 2016-17.

The said Annual Report has also been uploaded on the Company's website.

Thanking You,

For **Tata Coffee Limited**

**Anantha Murthy N**  
**Head – Legal & 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)

*A Sustainable Brew*



*Annual Report 2016 - 17*

# Contents

## Company Overview

- 2 Message from the MD & CEO
- 4 Thought leadership on sustainability
- 6 Water strategy at Tata Coffee
- 12 Holistic water approach
- 18 Sustainability demands a macro perspective
- 20 From insight to initiatives
- 24 We care for our communities
- 28 Refreshing world of Tata Coffee
- 32 Sustainable Business Performance
- 34 Our Board of Directors
- 36 Corporate Information

## Statutory Reports

- 37 Key Highlights
- 38 Notice
- 47 Directors' Report
- 76 Report on Corporate Governance
- 92 Management Discussion & Analysis Report
- 97 Business Responsibility Report

## Financial Statements

### Standalone

- 113 Independent Auditors' Report
- 118 Balance Sheet
- 119 Statement of Profit and Loss
- 120 Cash Flow Statement
- 122 Statement of Changes in Equity
- 124 Notes on Accounts

### Consolidated

- 166 Independent Auditors' Report
- 170 Balance Sheet
- 171 Statement of Profit and Loss
- 172 Cash Flow Statement
- 174 Statement of Changes in Equity
- 176 Notes on Accounts



**₹ 779 Crores**

**Revenue from Operations**

**₹ 139 Crores**

**Profit After Tax**

**₹ 7.45**

**Earning per Share**

Figures on Standalone basis for 2016-17

***For many of us, it is hard to imagine life without a cup of coffee. Across the world, the intensely aromatic beverage is both a delight and a daily essential for hundreds of millions of people. However, to bring this magical goodness of nature to the world, there are hundreds of people caring for the coffee plantations, there is a lush green forest surrounding and supporting the plantations and a multitude of natural resources sustaining them.***

For sustainable growth of coffee beans and production of high-quality instant coffee, numerous environmental and social factors have to be balanced. We at Tata Coffee are cognizant that this sustainable growth is also susceptible to the changing climate.

Water, among all the natural resources, plays a critical role in coffee production and is very sensitive to the changing climate. Just the right amount of water at the right time is imperative for coffee growth.

Natural blossoming and backing showers are very important for a good harvest. However, rainfall patterns are changing and appropriate humidity conditions for vegetative growth of coffee plantations are becoming a challenge.

To combat the threat of climate change, we at Tata Coffee have steadily enhanced our focus on water conservation and management across all our divisions and in our daily operations. Sustainable water practices are aligned to the sustainability principles of the Company and our Group.

We will continue to focus on climate change, water management, renewable energy, waste management and community development as a part of our overarching sustainability strategy.

‘A sustainable brew’ flows from the concoction of our initiatives to create lasting impact for our customers, shareholders, community and the world.



# Message from the MD & CEO

“

***Sustainability is a core value of the Tata group, and is a strongly held belief in your Company.***

***At Tata Coffee, we are in a unique position to display our commitment to various components of this core value – across social, economic and environmental factors.***



## Dear Shareholders,

Every time we sip on a hot steaming cup of coffee, we are reminded of the magical goodness of nature that nurtured the bean behind the cup. At Tata Coffee, we have walked the path to preserve as well as celebrate this magic by embracing sustainable practices in every aspect of coffee making.

Sustainability is a core value of the Tata group, and is a strongly held belief in your Company. At Tata Coffee, we are in a unique position to display our commitment to various components of this core value – across social, economic and environmental factors. One such area is our ability to optimally manage water, one of our planet's most valuable resources.

Our shade-grown and hand-picked coffee beans delight millions of consumers across the globe. The quantity and quality of these beans depend on the elixir of life – water. The right amount of natural showers at the right time leads to a blossom that is often a sight to behold. The backing showers that follow help in optimal development of the coffee fruit. A year blessed with good rainfall coupled with Tata Coffee's best-in-class plantation practices delivers a harvest that excites customers and gratifies workers alike.

However, climate change is adversely impacting rainfall patterns across the world – and India is not immune to this. Your Company's continued dedication towards

water management is therefore critical to insure the long-term health of the coffee plantations, and our overall business.

Tata Coffee has invested heavily in rainwater harvesting initiatives over the past few years. Rainwater harvesting in itself is an ancient practice in our country, with the earliest archaeological evidence of this being found in the Indus Valley Civilization. It ensures that rainwater that would have run-off or seeped below the usable water tables is not wasted. Today, your Company is capable of irrigating the plantations fully through over 250 rainwater harvesting tanks built across our 19 estates. This is a formidable achievement that you can feel proud of. The foresight and focused

execution that has gone into this initiative will mitigate the risk of erratic rainfall patterns to a large extent.

One of our critical downstream processes is pulping of the harvested coffee fruit. Our investments in state-of-the-art imported pulping technology ensures that we consume 60 - 70% less water than regular pulpers. Our instant coffee business has grown appreciably over the last few years. However, both our instant coffee plants in Theni and Toopran are situated in areas impacted by relatively harsh weather conditions. To sustain growth, cross-functional teams have worked closely with experts from the Tata Sustainability Group and other external consultants to identify areas of water optimisation. Our product development teams have worked on specific blends of soluble coffee that consume less water in the manufacturing process without compromising on the taste profile. Today, we require significantly less water per unit of instant coffee produced compared to two years ago. We will continue to focus on the 3Rs – Reduce, recycle and re-use – to achieve our water sustainability goals in the plants. In short, we will continue to conserve a lot of blue, to stay green.

While water has been a key area of focus, Tata Coffee also focuses on other sustainability initiatives across areas of environmental, social and economic importance. To cite an example, almost 60% of the energy used in our

freeze-dried coffee plant at Theni comes from renewable energy sources. The effort has been recognised by the Society of Energy Engineers and Managers' (SEEM) National Energy Management Award in 2016.

As a culmination of our efforts, all of Tata Coffee's estates have the unique distinction of being triple certified by Rainforest Alliance, UTZ and SA 8000. Our focus on sustainability also acts as a unique differentiator as our global customers identify with similar value systems. As a result, many marquee roasters source Indian origin coffee from our estates. Our soluble coffee plants are also RFA and UTZ certified – ensuring stringent export requirements in some countries do not act as a barrier.

At Tata Coffee, our hearts always find a way to ensure we bring the best of our business learnings to benefit the communities around us. We have extended our water conservation initiatives into the communities around us by making it a key focus area for our CSR efforts. We have a team dedicated to the cause that evaluates and selects the neediest villages for intervention. We are working with experts in the area of surface water recharging and our efforts will positively impact more than 3,000 people this year in the Coorg district alone. We will continue to build on this effort.

The Coorg Foundation, established by Tata Coffee, continues to support the excellent

“  
**At Tata Coffee, our hearts always find a way to ensure we bring the best of our business learnings to benefit the communities around us. We have extended our water conservation initiatives into the communities around us by making it a key focus area for our CSR efforts.**

work done by Swastha. This centre for differently-abled children imparts academic and vocational skills that help them integrate with the society.

The team at Tata Coffee is invested in the mission of 'creating long-term value for all our stakeholders through sustainable practices'. We are confident that we will continue to delight our customers across the globe in every sip for years to come, as we have all the right ingredients of - 'A Sustainable Brew'.

**Sanjiv Sarin**  
Managing Director & CEO

# Thought leadership on sustainability

---

***Sustainability is embedded into the Tata Group's business processes through a well-defined vision, a value system committed to social expenditure and environmental preservation; and a governance structure that engages employees and stakeholders.***



## ***Vision***

---

***The Tata Group shall be acknowledged as a global leader in its commitment to improving the quality of life of communities across the globe by embedding environmental, social and ethical principles in all its businesses and enhancing long-term stakeholder value.***



## ***Philosophy***

---

***The Tata Group is committed to integrate environmental, social and ethical principles into its business which is central to improving the quality of life of the communities we serve globally and enhancing long-term stakeholder value.***

Reaffirming its commitment to promote sustainability in business, the Tata Group has crafted the Tata Sustainability Policy, which lays down the guiding principles for the sustainability efforts of all Tata companies. As per the Tata Sustainability Policy announced in 2015, Tata companies aspire to incorporate environmental, social and ethical principles into all business decision-making.

The Group established the Tata Sustainability Assessment Framework. It maps the maturity of Tata companies with respect to their sustainability practices, processes and initiatives using a maturity assessment tool.

*At least two-thirds of the global population, over 4 billion people, live with severe water scarcity for at least one month every year*

*500 million people live in places where water consumption is double the amount replenished by rain for the entire year, leaving them extremely vulnerable as underground aquifers run-down.*

## *Criticality of water*

---

*Water is a key aspect of the sustainability initiatives at the Tata Group. One of the significant initiatives of the group is to help its companies understand, measure and optimise their 'water footprint.' The water footprint looks at both direct and indirect fresh water consumed by a producer as well as a consumer. It looks at the sustainability of the sources of water and also takes into account water quality issues. The group also encourages awareness creation and capacity building around water management in Tata companies.*



# *Water strategy at Tata Coffee*

*Conserving water is an extension of our Group's sustainability credo. This is in resonance with Tata Coffee's core value of 'Responsibility'.*



Water is one of the key natural resources on which Coffee production is dependent, starting from plantations to processing and packaging.

Our plantations are spread across Coorg, Chikmagalur and Hassan in Karnataka and Valparai in Tamil Nadu, where both coffee varieties, Arabica and Robusta are grown. Irrigation forms 90% of our water usage; and hence, we have honed our irrigation practices based on advanced scientific knowledge and by optimising rainwater usage through rainwater harvesting tanks. Besides, we lay equal importance on water conservation during pest control and pulping processes.

Not only the coffee plantations, the instant coffee manufacturing process too, is

a water sensitive process. Our Instant Coffee Divisions are located at Theni in Tamil Nadu and Toopran in Telangana, both of which are water-scarce areas. Benefits of water conservation efforts in these plants are multi-fold: It will ensure equitable water use by neighbouring communities; it will lower water withdrawals, thereby increasing water productivity; and lower wastewater discharges. Above all, our responsible cultivation and sourcing practices, not only have positive impacts on the environment and the communities around us, they also act as a differentiator for the Company, increasing its marketability. Especially, when our customers and other stakeholders are increasingly sensitive to environmental and social issues.