



Into the world *of* PEPPER

A culture of sustainable intercropping

About us

Tata Coffee is one of the world's largest integrated coffee cultivation and processing companies, with a legacy that dates back to 1922. We are home to some of the finest Indian-origin green coffee beans, instant coffee and tea. We are also the largest corporate producer of Indian-origin pepper, intercropped with coffee in our estates. The Tata group's mission 'To improve the quality of life of the communities we serve globally, through long-term stakeholder value creation based on Leadership with Trust' is deeply embedded in our business aspirations and overarching strategy.

Contents

Strategic Report

02	Pepper Story
10	Corporate Identity
14	Letter to the Shareholders
16	Business Overview
20	Key Performance Indicators
22	Farm Innovation
24	Product & Process Innovation
26	Safety
28	Corporate Social Responsibility
30	People
31	Awards & Accolades
32	Board of Directors
35	Corporate Information

Statutory Reports

36	Key Highlights
37	Notice
50	Board's Report
79	Report on Corporate Governance
104	Management Discussion & Analysis Report
110	Business Responsibility Report

Financial Statements

STANDALONE

125	Independent Auditor's Report
134	Balance Sheet
135	Statement of Profit & Loss
136	Statement of Changes in Equity
137	Cash Flow Statement
139	Notes on Accounts

CONSOLIDATED

176	Independent Auditor's Report
184	Balance Sheet
185	Statement of Profit & Loss
186	Statement of Changes in Equity
187	Cash Flow Statement
189	Notes on Accounts

FY 2019-20 key highlights

₹ **719 Cr**

REVENUE
FROM OPERATIONS

₹ **85 Cr**

PROFIT
BEFORE TAX

₹ **3.92**

EARNINGS
PER SHARE

Into the world of pepper

Interestingly, while our story begins with the romance of coffee where every sip holds nearly 100 years of heritage, it is not limited to only coffee.

Our plantations are known for some of the finest coffee, tea and pepper produce in the world. This is the outcome of our devotion to grow excellence in our estates through a range of sustainable practices.

Pepper is as integral to our integrated ecosystem as coffee and tea and the opportunities that we see and explore on the horizon are immense.

Sheltered within the thick native forests of southern India, our lush estates harbour best-in-class pepper produces.

We hope that you will enjoy reading the report, as much as we did making it.



Yesterday



Today



Tomorrow

We now deep dive into the captivating world of pepper and how we have evolved a robust operating model and a responsible business around the proverbial king of spice.

— YESTERDAY —

Spice that enamoured the world

The tale of one of the world's most loved spice can be traced back to the southwestern coast of India, where hot and pungent peppercorns are born among flowering vines.

Envoy from the East

Black pepper plays an integral (and fascinating) role in our history. Wars were fought, favours were sought and offered, and treaties fostered or broken for the love of this spice. Native to the rich rainforests of the Malabar coast, pepper is recognised as the 'king of spices'. It was the sparseness in its availability that conferred upon pepper an element of exoticism and mystery; and led to its worldwide renown and rich legacy.

MESMERISING ARABIA

Archaeologists trace the meandering history of pepper back to Kerala, where nomadic Arabs and ancient Phoenicians are said to be among the first to arrive

for the spice trade. By 600 BC, the Arabs were in control of the lucrative trade, transporting pepper from India through the Persian Gulf to Arabia.

ENTRY OF GREEKS, EGYPTIANS AND ROMANS

The sea traders from Greek-ruled Egypt were careful to avoid the Arab-controlled shoreline of India, until a Greek navigator sailed with the monsoon winds and reached Southwest India. This revolutionised sea journeys and marked the entry of the Egyptians and later Romans into the spice trade, providing them direct access to the Malabar coast.

With the rise in Rome's imperial power, Alexandria became a commercial hub

by 40 AD and dethroned Arabia as the citadel for spices. The consumption of pepper multiplied during the days of the Roman Empire, even becoming a symbol of wealth and affluence.

Enchanting the West

Since the fall of the Roman Empire, Arab merchants managed the pepper trade for a long time, fiercely protecting the spice's source with fantastical stories about the hardships endured in procuring the spice. By the 15th Century, the middle leg of the trade routes was under the Muslims, but seafarers in Italian city-states like Venice and Genoa were reigning supreme over the shipping lines between the Mediterranean and the tables of Europe.



The meandering history of pepper takes us around the globe. To nomadic Arabs and ancient Phoenicians. To sea traders from Greek and Rome. To sailors from Italian city-states. And to colonial rulers of the West.



Portuguese ships setting sail eastward



A twist in the tale

The cost of shipping pepper along the most traversed route, the Silk Road, stretching for over 4,000 miles, was exorbitant. But the extent of regality bestowed upon the spice meant that the Italian traders could quote arbitrary prices and exact enormous profits from consumers. The fact that the spice was an established medium of exchange in medieval Europe, by virtue of its long shelf life, was an added advantage for these traders.

Every effort was made to seek unexplored routes that would break the hegemony of Italian traders. Towards the end of the 15th Century, Portugal and Spain built large and sturdy ships and sailed eastward.

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Pepper was an established medium of exchange in medieval Europe, by virtue of its long shelf life.

DAWN OF THE COLONIAL ERA

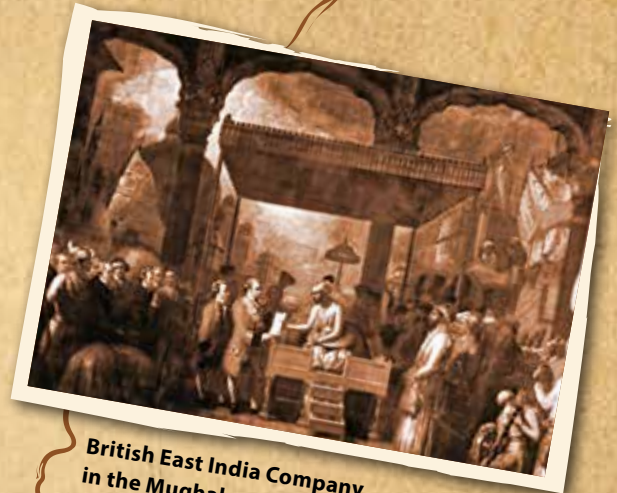
In 1498, Portuguese explorer Vasco da Gama travelled round Africa's Cape of Good Hope and reached the shores of Kerala. His successful voyage led Portugal to take over the spice trade for nearly a century and set in motion Europe's colonial domination of India.

Portuguese monopoly was broken by the Dutch and subsequently,

the overarching control went to the British East India Company that established pepper plantations in India around 1635. By the middle of the 19th Century, the price of pepper dropped dramatically with its abundant availability. The spice, however, remains every chef's favourite till date.

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It is hard to guess from the look of a pepper shaker, sitting unassumingly on present-day dining tables, the monumental influence it wielded on globalisation as we know it.



**British East India Company
in the Mughal court**



**Vasco da Gama arrives
on Indian shores**

— TODAY —

Every chef's preferred condiment

*The story of pepper now is no less riveting.
What starts life as berries on a flowering vine grows
to become a piquant spice, occupying a place of
pride in every chef's arsenal today.*

Tropics that nourish

The Malabar coast of Kerala is in the humid equatorial tropics, where the annual monsoon rains nourish the fertile soil, feed the extensive network of backwater canals and support the region's rich biodiversity. Hemmed in by the Arabian Sea to the West and the mountain range of the Western Ghats in the East, the climate is ideal for pepper cultivation.

*The crop grows amidst
homesteads, midlands
and hills. This includes
the states of Kerala,
Karnataka, Tamil
Nadu and to a certain
extent, Andaman and
Nicobar Islands, Goa,
Puducherry and the
Northeast.*





Flavours of pepper

Pepper vines grow on trees that have a height of up to 10 metres. The vines establish easily wherever the nodal shoots hit the ground; bear fruit from the fourth or fifth year; and continue for several years thereafter. The green, wide-leaved vines grow long tendrils where cylindrical clusters of the berries ripen. The fruits, or peppercorns, are small with a thin skin, a single large seed and very little actual fruit. The heat or pungency in pepper comes from the active ingredient piperine found in the corn.

Incidentally, both black and white peppercorns are the same except for the differences in processing methodology or treatment.

Black peppercorns are those which are picked before they are fully ripe. Dried in the sun, they turn black, or a blackish brown. Green peppercorns are fully matured black peppercorns, which are

typically preserved through flash-freezing, curing or brining to retain their colour and flavour.

The peppercorns for white pepper are picked after maturity, at which point they have a reddish cast. They are soaked in running water, subjected to retting for a week and when the outer skin decomposes, it is peeled off to obtain the white inner seed. Pure white pepper is not as pungent or as aromatic as black pepper.


Dried and washed peppercorns are carefully packed for further processing and grading.

Pepper grading is based on size, colour and relative density; as it is important to secure higher returns for the produce in the international market. India has an elaborate system to grade pepper. Tellicherry and Malabar are two of the most celebrated trade varieties of black pepper in India.

RENOWNED PEPPER GRADES

- Tellicherry Garbled Special Extra Bold (TGSEB) (11.75 mm)
- Tellicherry Garbled Extra Bold (TGEB) (11.5 mm)
- Malabar Garbled (MG 1/10)





TODAY (CONTD.)

***Tata Coffee produces some
of India's finest pepper***

Amid lush green forests that are home to a rich diversity of flora and fauna, our estates produce some of the finest pepper in the country. Pepper cultivation at Tata Coffee can be traced back to the early 60s but harvesting commenced only in the 80s with an initial output of about 100 tonnes. Today, we are undisputedly one of the largest organised pepper producers in India.

We cultivate our pepper by utilising shade trees as natural standards for the pepper vines. Our pepper is superior in terms of quality as the agronomical practices are implemented after mapping the nutritional requirements of the pepper vines. Using the best-in-class technology and agricultural husbandry practices, we raise and transfer to the field only the best sapling from our nurseries. Our pepper nursery is Directorate of Arecanut and Spices Development (DASD) certified. We also refrain from using any pesticides in our pepper cultivation to deliver the safest product to our consumers. We limit our fungicide usage to a bare minimum; it is restricted only to the disease-affected vines.

Nearly 27 varieties of pepper are grown in the Tata Coffee estates, all of which are UTZ, Rainforest Alliance (RFA), SA8000 and GAP certified. These include two in-house varieties, namely Valparai Gold and Pallakere from the Valparai estate and the Anandapur estate, respectively; and Panniyur series from Panniyur research station (P1 to P9 varieties); hybrids varieties like Thevam, Sreekara and Shubhakara, among others released by Indian Institute of Spices Research; and traditional varieties like Karimunda, Kottanadan and so on.

From nursery to the field

Harvesting of pepper vines begins in the months of February and March. Every corn in the plantation is handpicked by skilled workers who are well trained in all safety conventions, ensuring that only the best quality corns are chosen for picking.



Nurturing pepper saplings



Cultivating pepper vines



Washing and drying peppercorns

Processing and grading

Dried and washed peppercorns are transported to our fully mechanised HACCP-certified unit located in Kushalnagar for further processing and grading. Tata Coffee is the producer of the best TGSEB, TGEB and MG1 grades of black pepper and A1, A2 and A3 grades of white pepper.



Processing peppercorns



Grading peppercorns

Traceability

With over 18 lakh pepper vines in various stages of maturity, spread across our estates in Karnataka, Kerala and Tamil Nadu, each vine is numbered and recorded. Through technology, we have enabled ourselves to trace and register pepper being produced from these vines and provide truly traceable pepper.

— TOMORROW —

King holds unrivalled glory

The world today consumes nearly as much black pepper as all other spices combined and the horizon is resplendent with opportunities.

Contemporary market scenario

The king of spices, pepper, today can be broadly segmented, based on the end use. While over half of the pepper consumed can be attributed to the industrial and food service sectors, the rest is used for domestic consumption, health and beauty segments.

The pepper market is directly influenced by the growing processed food industry. The rise in consumption of bakery and confectionary products, alongside ready-to-eat and dried food in the developed economies, is driving the market for the spice.

The global trend of infusing natural flavour enhancers into food is also significantly catalysing the expansion of the pepper market. Increasing demand from the Far East countries that are progressively using more pepper in cooking has contributed largely to a promising market. Additionally, pepper, being rich in antioxidant and antibacterial properties, has emerged as one of the key ingredients for the cosmetics industry.



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I'm proud to be a part of Tata Coffee's wonderful journey to further consolidate its position as the single largest producer of quality black pepper in India. We take a strategic and structured approach to planting, nurturing and establishing pepper vines, thereby contributing significantly to the sustainability and profitability of the plantations business.

- M. B. Ganapathy
Head, Plantations

It is a challenging but phenomenal opportunity for me to be a part of the pepper vertical and lead it to fulfil its potential, ensuring it is a wholesome and power-packed growth driver of enduring value.

- Varun Ganapathy
Manager