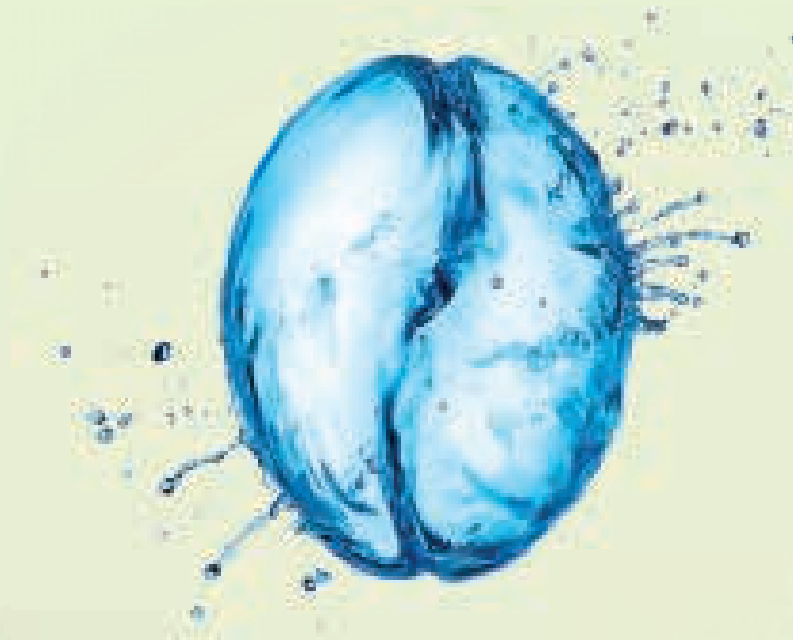


## *A Sustainable Brew*



*Annual Report 2016 - 17*

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# ₹ 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

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***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***

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***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***

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***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.

## ***Plantation Division***

Water resources management is a strategic priority for us throughout the year. Over the years, we have perfected the fine art of water optimisation for coffee plantations. Optimum utilisation of water not only enhances coffee output, but also improves the quality of beans produced.

To combat erratic rainfall patterns (a consequence of climate change), we have introduced sustainable irrigation practices. We have built water tanks across our estates for rainwater harvesting, and the holding capacity has increased significantly.

### ***Why irrigation?***

#### **Scientifically speaking, irrigation has multiple advantages:**

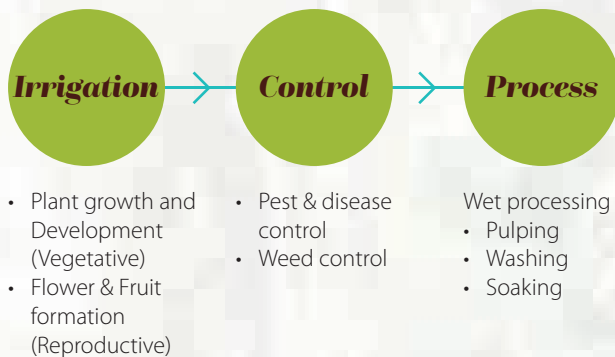
- It reduces the drought period in coffee; enhances the vegetative woods
- Provides reliable protection against crop failure for the coming year
- Increases the beneficial microbial content of the soil
- Increases the organic matter decomposition in soil in-situ, because of the prevailing high temperatures
- Provides the much-needed micro climate, enabling the root zone to function effectively
- Enables uniform fruit set and uniform berry size
- Improves the nutrient uptake

### ***When is it needed?***

- At the time of flowering
- Period of berry expansion (7 to 17 weeks after flowering)
- The period of dry matter development when the beans fill and become solid

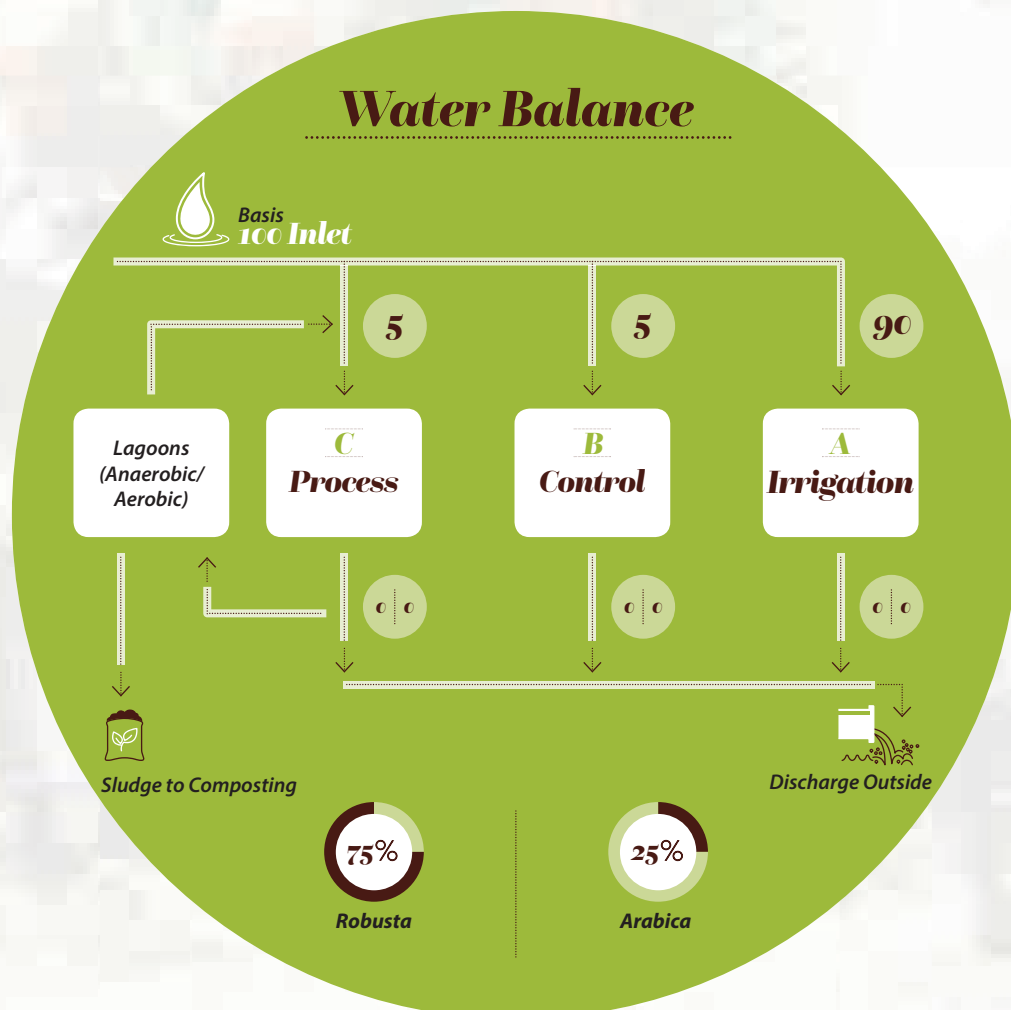


Although irrigation requires a significant amount of water, it is a vital component at several stages of coffee production:



## Augmenting capacity

**We have augmented our existing irrigation capacity to cover 100% blossom and backing water requirements of coffee, along with pepper watering.**



## ***Instant Coffee Division***

Our Instant Coffee Division (ICD) is one of India's largest export-oriented instant coffee manufacturing unit. With our relentless efforts and engineering acumen, we aim to set industry benchmarks in terms of water productivity.

The Instant Coffee manufacturing technologies consume water at different stages of the production process. Our efforts for water optimisation at ICD will address water efficiency at each of these stages:

### ***During Operations (Reduce)***

- Technology upgradation to optimise water
- Optimising and controlling water requirement for critical processes like evaporation, extraction and roasters
- Installing condensate recovery systems
- Adopting best practices on Rainwater harvesting techniques from plantation

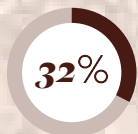
### ***Process Water (Reuse/ Recycle)***

- Reusing treated process water for non-critical applications
- Optimise water use in cleaning processes through better techniques
- Exploring treatment options like anaerobic digesters or advanced options like activated sludge treatment, Using membrane technology (RO) etc.

### ***New Product Development***

- Developing new products in the instant coffee segment which consume low water at the manufacturing stages – e.g. 3 in 1 in Spray Dried variant, other coffee mix products

## ICD Process



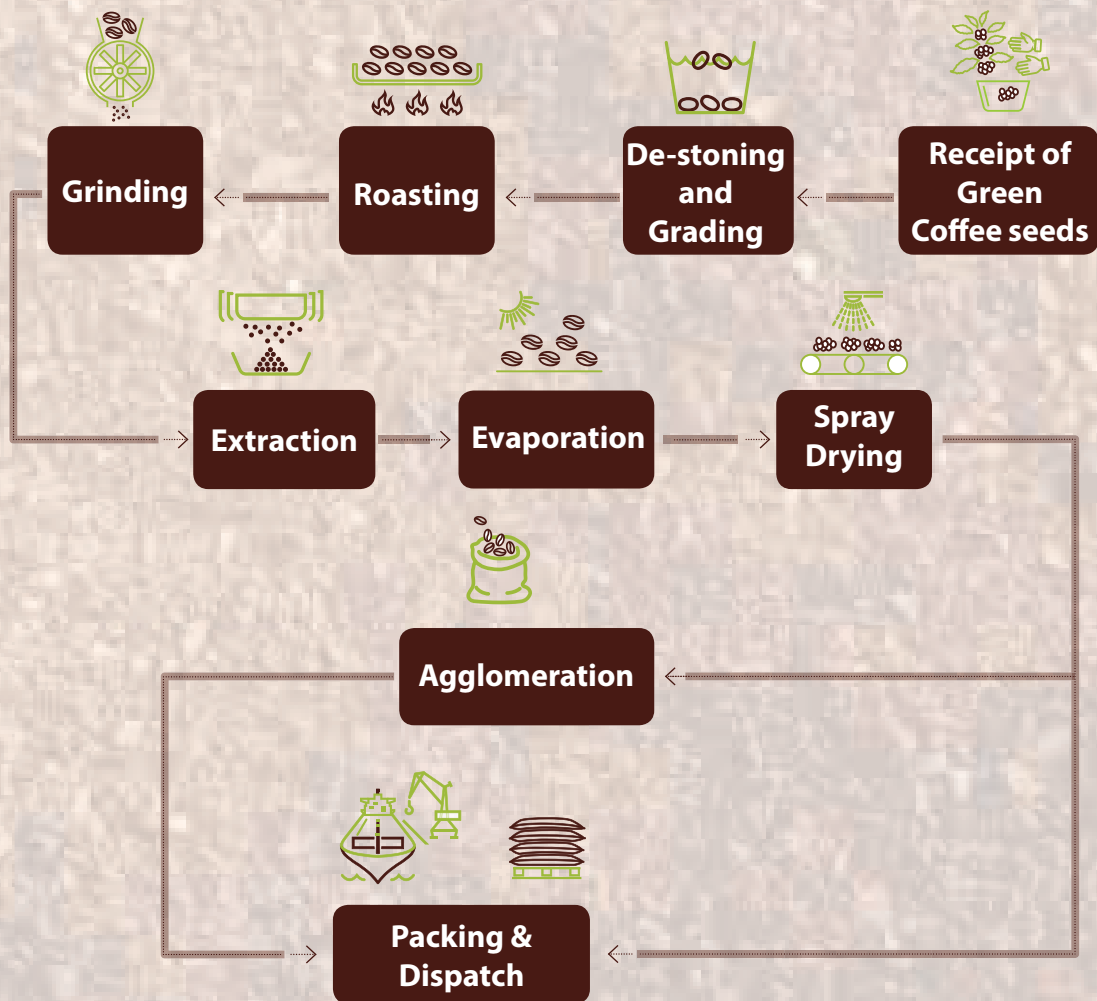
Utilities



Production

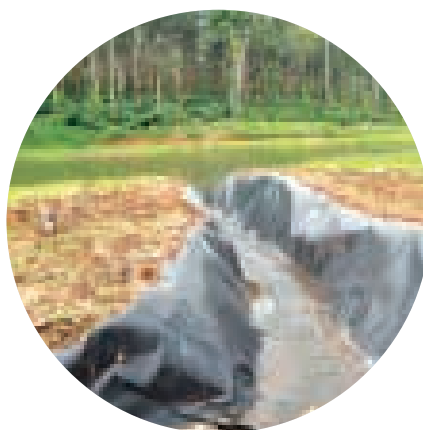


Domestic



# *Holistic water approach*

*Our initiatives around water are all-encompassing. We are developing deep insight and sharp analytics on how water brings a fundamental difference in the way we run our business and take care of the communities.*



## Plantation Division

**Studies in Western Ghats have observed, typically 50% of rainwater leaves monoculture watersheds as runoff whereas the runoff from dense forested watersheds is 30%. This presents a significant Rainwater harvesting potential.**

Nestled in the lap of nature, spread across 19 estates, 7,372 hectares of our coffee plantations are located across the hills of Coorg, Chikmagalur and Hassan districts of Karnataka and Valparai in Coimbatore district of Tamil Nadu. About 10,000 MT of both Arabica and Robusta coffees are produced in these estates, both in washed and unwashed forms. The plantations across the Malabar hills are blessed with the bounty of good monsoons. However, the inconsistency in rainfall, over the past few decades, is bringing 'Water' as an issue at the centre of our strategic game plan.

We have adopted Key Performance Indicators (KPIs) and water management programmes for operations related to water conservation, waste water treatment and rain water harvesting, among others. Additionally, we have invested in water-efficient technologies to achieve these objectives. Our approach to water conservation includes awareness and capacity building programmes for all our stakeholders.

### Irrigation

Our sustainable irrigation resources help mitigate the vagaries of weather. Whereas our rainwater harvesting assets will enable us to complete blossom and backing irrigation requirements, our advanced pulping technologies (state-of-the-art imported eco-friendly pulpers) ensure minimal water consumption. We are also able to fully irrigate our inter-cropped pepper vines through this initiative.

### Enhancing rainwater harvesting

We have been building water-retention facilities to augment water resources in order to meet the future challenge of water scarcity, considering the unpredictability of rainfall patterns. Harvesting rainwater in tanks is one of the most sustainable methods to mitigate the issue.

Vagaries of weather over the preceding two decades, coupled with failure of natural showers during the coffee blossom period (February/March, which is very critical for the flowering and fruit setting) has led us to mitigate the risk through rainwater harvesting. A detailed study of the rainfall patterns, GPS survey to identify the catchment area, topography, soil profile, elevation and the runoff within our plantation was undertaken for construction of the rainwater harvesting tanks.

During rains, we store excess runoff water in over 250 tanks with over 3 million cubic meter water holding capacity. The rainwater harvesting tanks are deep and have been designed to reduce the surface area for air movement. The bunds around are also raised to avoid area of submergence and minimise air flow. The tanks are periodically desilted and reclaimed to store more water.

The path leading to the catchment area and reservoir is well vegetated to avoid soil erosion and silt accumulation in the reservoir. Various types of fish are bred here, thereby preserving the aquatic ecosystem. Besides, these tanks enhance the beauty

of the surroundings, provide a habitat for many birds and create ecological hubs. In addition, they directly help in recharging ground water. Rainwater harvesting ensures the water table level is not disturbed.

### Control

Albeit, control operations constitute a miniscule portion of our total water use; we have adopted all possible measures to optimise water use during spraying of fertilisers, pesticides and weedicides. Not just the water used for spraying, we take all the measures as per the stipulated guidelines of our certification standards for discharge of the waste water, ensuring that surface water sources around the estates are not contaminated.

### Process

We treat the pulping discharge water for effluent exposure. The stream water is diverted through gravity for processing; and the water required for the entire pulping operation is carried out with the

natural flowing stream water. The existing effluent holding capacity is 9.45 lakhs litres. The process reduces water pollution significantly and the biogas generated by this process can be added to the generator as a diesel substitute.

### Key initiatives undertaken during the year

#### Plantations

- We have augmented water capacity to cover 100% blossom and backing requirements of coffee, along with pepper watering.
- We have installed eco-friendly pulping units to reduce water consumption during coffee processing.
- We continue to measure water consumption level for operational and domestic requirements.
- Mechanised irrigation for pepper vines has been implemented to ensure optimum water utilisation.

***The Company's latest technology eco-pulpers use 60-70% less water than normal pulpers.***



## Water Conservation – A way of life at Anandpur Plantations

Dasaratha, a plantation worker at our Anandpur estate, enthusiastically talks about the 12 excavated tanks in the estate, helping the yield of Robusta. He knows that Tata Coffee's efforts to reduce dependence on erratic rains and creating water tanks is not just securing coffee crops, but the workers' livelihoods as well.

Like Dasaratha, all our workers are dedicated to the cause of water conservation. The passion to save every drop of water and owning the efforts of water conservation runs across our Company.

Our focus has always been to harvest rainwater to the extent possible – so that 100% irrigation requirement is met with the harvested rainwater. During the monsoon, the workers ensure that the drains are free of debris and the flow of water to the harvesting tanks is not obstructed. Irrigation from these water tanks has also enhanced yield.

For the pulping process, we have installed Effluent Treatment Plants (ETPs) to ensure we discharge only treated water, which meets or at times exceeds the stipulated standards. There are flow meters installed to monitor and optimise the amount of water used for processing.

Besides, we educate our estate workers about the overriding purpose behind water conservation. The labour units are also provided pits to harvest rainwater.

Water resources management is a strategic priority at Tata Coffee; and we will continue to build on our efforts as a part of our sustainability strategy.



***Do you  
know***

***?***

***Globally, a 125 ml cup of coffee  
needs approximately 140 litres  
of water to produce – from  
bean to cup.***



## Instant Coffee Division

Our Instant Coffee Division (ICD) businesses are located at Theni in Tamil Nadu and Toopran in Telangana. ICD Theni unit has the installed capacity of 6,000 MT per annum and ICD Toopran has a capacity of 2,400 MT per annum. The Instant Coffee production process is largely dependent on water as a key resource.

### Optimising water consumption

We have worked towards reducing the water consumption of plants through effective utilisation of evaporator vacuum pump seal cooling. The equipment safety interlocks were automated to establish a fool-proof system. This initiative led to the reduction of water consumption of 40 KL per day. The specific water consumption has been brought down by almost 4%.

### Key initiatives undertaken during the year

#### Instant Coffee

- Revamped 8KL RO to recover more than 70% RO permeate and reduce the load-softener water utilisation only for process RO, hygiene room and canteen.
- Recycled evaporator pump seal cooling water.

- Created a new rainwater harvesting catchment in factory premises (15mx15m).
- ETP water recovery started by utilising existing RO plant on an average of 15 KLD.
- Replaced cooling tower with in-built water treatment device to reduce blow down (daily 6 KL savings).
- Installed a boiler feed tank water level controller to maintain uniform water temperature, translating into water saving.
- Started the reuse of evaporator condensate for plant cleaning (daily 10 KLD savings).
- Godavari river water line connected to plant 50 KLD and enhancement planning under progress.

**Theni plant is a zero-discharge plant. At Toopran plant, all effluents post treatment are used in plant activities and for its own green belt development.**

**Tata Coffee's water optimisation initiatives have brought down specific water consumption per unit of product by almost 4%, which leads to tangible cost savings.**



## ***Instant Coffee Division***

### ***Making every drop count at Theni***

Water conservation also finds precedence among the Company's senior leadership. In the words of Mr. Sathyakam Senapati, Site-Head at ICD, Theni – "Being a member of the community, it is our responsibility to conserve water."

At Tata Coffee, our company-wide efforts on optimising water use at Theni plant commenced with a brain-storming session, involving a cross-functional team of senior leaders, managers, engineers and technicians. The next step was to work out a viable action plan that will produce measurable outcomes within a stipulated timeline. The result of our collective initiatives was encouraging: ICD Theni could manage a 5% reduction in the total water consumption vis-à-vis last year.

Water reduction initiatives were identified and implemented at several sub-processes. The water quality parameters for the Softener were made more stringent, reducing the water output between regeneration (OBR).

Cooling towers were monitored by auto blow down mechanism where the parameters were well within the specified limit of OEM. This blow down water was reutilised for cooling other towers, which reduced water consumption

# *Sustainability demands a macro perspective*

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***Over 2.25 billion cups of coffee are consumed around the world every day. Global coffee production has more than trebled since the 1960s to cater to a 5% escalation in consumption, annually. However, there is an environmental and human cost that often gets unnoticed.***

## **Farming challenges**

Behind the steaming cup of coffee that enriches us each day are the stories of millions of farmers around the world whose livelihoods depend on growing, caring for, and selling coffee. Coffee farmers are now increasingly facing the threats of climate change. Climate Change is not just affecting the yields, it is likely to adversely impact the physical and mental health of producers, labourers and communities - with clear productivity consequences.

## **Educating farmers**

To combat environmental degradation and climate change, farmers need to be sensitised. At Tata Coffee, we focus on sharing knowledge on effective irrigation management practices to maximise yield. If the water provided during irrigation is more than optimal during drought conditions, the plants become highly susceptible to the very same life-enhancing water. Hence, we work on disseminating the right information to farmers on the importance of water.

## ***Embracing sustainability***

***Coffee growers around the world have acknowledged the severity of climate risks and have adopted sustainable measures to grow coffee.***

***This move reflects a larger foodservice trend: 45% of millennials say that they think more positively of purveyors who sell a sustainably sourced product. And a quarter claim that they would go 'out of their way' to get it, according to recent research from S&D Coffee and Tea.***



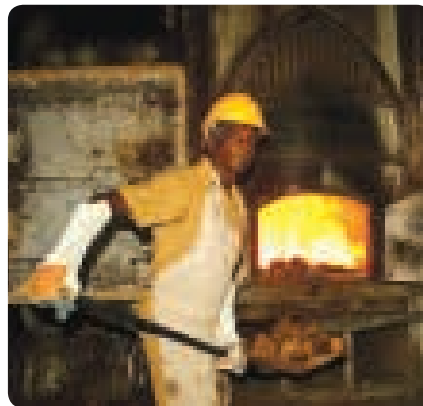
### **Sustainable coffee is more than a concept**

Sustainable coffee provides meaningful economic benefits to the farmer, encourages investment, and assures supply. A sustainable farm gives back as much to the land and people as it receives.

- It seeks independence from non-renewable reserves, using renewable resources when possible.
- Minimises pollution, takes steps to care for the environment, and cares for its employees.
- Implements practices to minimise water consumption and to clean the water used.
- A sustainable farm will replace the natural nutrients of the land by spreading fertilisers and organic matter (composted coffee pulp) under the coffee trees and between the coffee trees.
- Sustainable farms will engage in practices such as shade growing, bio-diversification, organic farming, and sustainable agriculture.
- In addition to seeking renewable energy resources, sustainable farms promote education programmes, provide medical care for workers, and provide competitive wages and good working conditions for their employees.

# From insight to initiatives

*At Tata Coffee, we believe that being eco-efficient is the only way forward to minimise the perils of climate change. We have undertaken several ingenious methods to preserve and enhance the ecological treasure of regions where our plantations are located.*



**95% of the tea  
manufactured during  
this season was from  
biomass briquettes.**

Our cultivation practices comply with globally benchmarked measures of sustainability. All our coffee estates are Utz, Rainforest Alliance and SA 8000 certified. Moreover, our tea estates at Annamalai, are Trustea and Rainforest Alliance certified.

Our consistent endeavour is to deploy eco-friendly technologies and work towards preserving and enriching the soil, water and bio-diversity of regions where we operate.

## Wide-ranging efforts

Focus on sustainability and CSR is ingrained into every business decision at Tata Coffee. We implement multiple initiatives to strengthen our sustainability strategy.

## Key initiatives undertaken during the year

### Sustainable cultivation practices

At Tata Coffee, we continue to focus on advanced agronomy on plantations, to ensure sustainability of crops notwithstanding changes caused by global warming.

Our plantation workforce is an integral part of the Tata family. They live on the farms and are provided with benefits that go beyond statutory norms comprising housing, electricity, piped water, study rooms for children of workers, and so on.

## Replacement of firewood by briquettes for tea processing

Traditionally, firewood was the primary source of energy for processing tea and a large volume of trees are felled every year to meet these energy requirements. To manufacture around 6 million kilogrammes of tea annually in our factories, approximately 27,000 CMT of firewood is consumed, which is equivalent to felling about 4,800 trees per year. Knowing the impact this will have on the environment, the search for a green alternative was one of our main priorities in the fight against deforestation and environmental degradation.

## ***Sustainable to the core***

- ***We use scientific cultivation practices, based on mapping of soil nutrition and cropping patterns.***
- ***Integrated pest and disease management is carried out. This ensures optimal usage of agricultural inputs.***
- ***We use unique shade management practices, based on assessing light intensity that is critical to our agronomic practices. We have over one million shade trees.***
- ***It is our constant endeavour to use eco-friendly technologies to perpetually work towards enriching the soil, water and bio-diversity of the regions our plantations are located in.***
- ***Both Arabica and Robusta are shade grown and hand-picked.***
- ***We use vermi-composting for efficient solid waste management.***

Every year millions of tons of agricultural wastes and forest residues are generated. These are either wasted or burnt inefficiently in their loose form causing air pollution. These wastes provide a renewable energy source by converting them into a high-density fuel called briquettes.

Briquettes are flammable blocks of matter. They are made from extruded or compressed shredded combustible materials, such as dry grass, compacted wood shavings, sawdust husks, corn stalks, hulls, leaves or any bio mass material. This season, 95% of the tea manufactured was from biomass briquettes.



### Promoting biodiversity

We have undertaken several initiatives to preserve and enhance the ecological wealth of the areas where our plantations are located.

At Tata Coffee, wildlife preservation and maintaining a healthy co-existence between wildlife and humans is a key focus area. Eco-friendly operations and water reservoirs make the plantation a habitat for wildlife. Our Wildlife Cell helps mitigate conflicts between humans and elephants. As a part of the human-elephant conflict programme, we work closely with forest officials, small and medium planters and other plantation workers. We employ awareness and training programmes to mitigate risks from wild elephants. Moreover, our effort is to protect the endangered hornbills through the Hornbill Foundation, a registered trust established by Tata Coffee at Valparai.

Our unique process of 'intercropping' – growing coffee along with other crops like pepper, vanilla, oranges and areca nuts amid lush canopies of shade trees – help promote bio-diversity. This coupled with an optimal usage of valuable natural resources, have enabled us to sustain the ecological balance across our locations.

We ensure we do not pollute any water bodies:

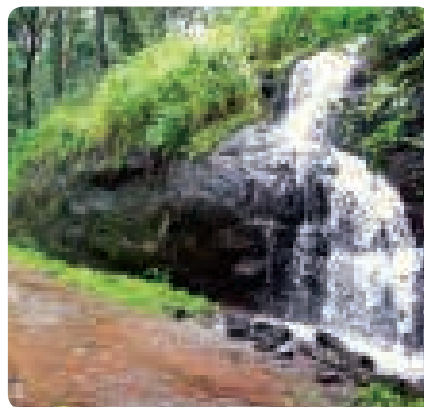
- River and streams flowing through the estate are identified and buffer zones are marked on either side to the extent of 30ft
- No pesticide or inorganic fertiliser are used in this zone to safeguard the water flowing into the community living down stream
- WHO (Class Ia, Ib and II) chemicals are not used in our plantations

### Renewable energy

Tata Coffee's Environmental Sustainability strategy focuses on renewable energy sources and providing energy security to our production units. This is in line with a long-term strategy to reduce the dependence on fossil fuels and increase renewable energy usage.

We use solar power for our Spray and freeze dried coffee production plant at Theni. Our carbon emissions have significantly reduced as a result of sourcing of renewable energy. Such a strategy has taken Tata Coffee a step closer to becoming carbon negative.

***~ 60% of the power required at the ICD (Theni) Freeze Dried Coffee unit is being sourced from wind & solar energy.***



Following are some of the climate change initiatives apart from using renewable energy at ICD units:

- Installed Sky Light Roof for minimum power requirement in day time.
- Energy efficient sandwich PIR panels for high thermal resistance.
- LED light for low wattage high durability.
- Turbo ventilators.
- 100% of coffee waste (spent coffee) is being used in Boilers for Steam generation and generated ash is being disposed for Brick manufacturing and as manure.

***Using wind energy brought down the specific carbon emission by almost 24%.***



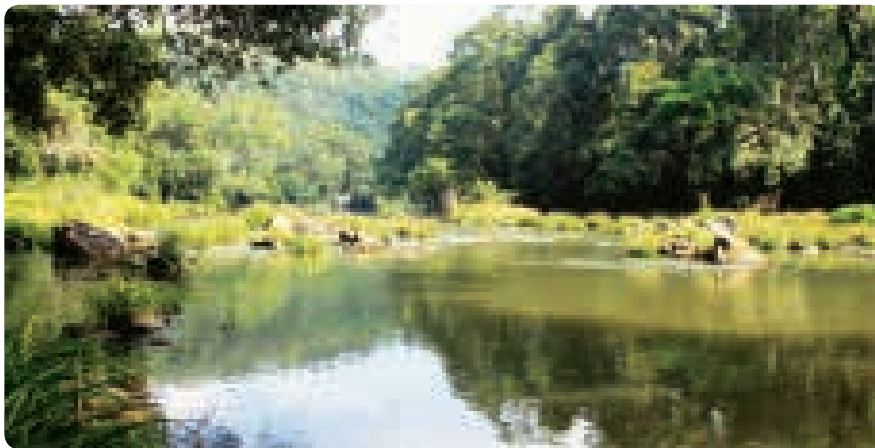


## ***Rich flora and fauna***

***Tata Coffee's estates, along with neighbouring areas are home to about 3,049 native species of flora and 496 species of wildlife. The Company is committed to help protect the area's rich bio-diversity. Registers are maintained to record wildlife sightings in the coffee estates. Honey bees are reared in the estates to improve bio diversity, and enhance pollination.***

# We care for our communities

*At Tata Coffee, we are dedicated to the communities we operate in. Community care and development is also an integral part of our broader sustainability agenda.*



Working with the overarching objective of improving the quality of life for our communities, we have prioritised and set specific goals for our CSR initiatives.

## Goal 2016-17

### Water

Augment Water Tables in selected regions, to increase the availability of water for potable and domestic use

### Skills

Train young women of the community to develop skills required in Hospitality Sector.

We have identified Water Development and Women's Skill Development, as the two focus areas of our CSR initiatives, in tune with the Tata Group's CSR focus areas. We aim to influence lives of people in and around us. We believe assisting them to manage water scarcity and providing skills to women for increased employability will have a positive impact on community lives. We have taken the first steps along this journey in 2016-17.

Our long-term strategy of storing water in its native states (in the four realms of ground) is not only advantageous to the ecosystem but helps sustain surface water bodies. It retains increasing amounts of

water in them, as a function of time, which would otherwise seep into the unsaturated and dry layers below.

Additionally, we provided skill development training to freshers' and others after recognising prior skills in three Taluks.

We aim to replicate the model in other parts, leading the way social investments are made with emphasis on social value creation.

## Water Conservation

We work towards restoration of natural hydrological balance under our water project. We have identified key areas of concern and have devised appropriate solutions.

Our fundamental philosophy towards water management, aided by Water Literacy Foundation, is as follows:

- Over a period, the natural hydrological balance of our ecosystems have been tampered with, through negative externalities of human intervention; thus, causing undesired effects such as change in rain patterns and intensity
- Harnessing neglected runoff
- Sustainably manage the harnessed runoff to restore the natural hydrological balance of the system



### Coorg Foundation

Tata Coffee's commitment to improving the quality of life for the communities it operates in, is a legacy carried forward from the Tata group's ethos of corporate citizenship.

In the year 1994, decades before CSR regulations were even thought of, the Coorg Foundation, a Public Charitable Trust was established with the vision of the late Mr. Darbari Seth, then Chairman of Tata Coffee.

- Convincing and including women members
- Involvement of villagers
- Adopt a co-ownership model

### Suggested solutions

- Utilise the run off collected in the lakes to replenish underground water reserves via recharge shaft(s); thus, harnessing a higher volume of runoff while enhancing water content of lower earth layers
- Implement systems to arrest runoff at various points and utilise the same to augment soil and subsoil moisture; thus, eliminating limitations of the current unidimensional approach. Water retained in earth layers is not extensively subject to evaporation, unlike water stored in tanks, which can be utilised by the vegetation naturally, without the need of human intervention via irrigation.

### We expect our solutions will lead to encouraging outcomes

- Recharging by indigenous systems aimed at actively replenishing all the four realms of ground water
- Restoration of the natural hydrological balance of the ecosystem to a magnitude to which it is feasible
- Community empowerment and involvement through water literacy
- Inherently resulting in an ideal model for relevant communities to follow
- The yield of the borewell should increase, with continuous yield VS the current intermittent yield throughout the year.



### Empowering women

- This is an opportunity for us to enhance employability among women. The project has positively influenced 97 women, providing them certified skills for empowerment. Besides, we have provided 26 girls with 'fresher' training.
- We partnered with a specialist external consultant to impart skill-based training
- Our Recognition of Prior Learning (RPL) programme aims at matching career experience with qualification and encouraging formalisation of self-development. In addition, we have training programmes for freshers to increase employability and working towards the 'Skill India' mission of the government.

The Foundation was founded with the mission of supporting the people of Coorg through healthcare, education, sports, culture and environment.

### Swastha Centre for special education and rehabilitation

The Coorg Foundation established the Swastha centre on 23<sup>rd</sup> August 2003, for the well-being of special children in the region. Currently, it has about 120 children on its roll. The term 'Swastha' is a Sanskrit word that means 'to be oneself or to repose in oneself' and 'to be healthy in one's natural state'.

The institute aims at providing a meaningful life for specially-abled vulnerable children. Swastha imparts vocational training skills such as envelope and file making, screen-printing, making greeting cards, tailoring and other paper products. The products of Swastha have been well received by the community.

The faculty at Swastha comprises qualified special educators, speech therapists and psychologists. The centre provides facilities free of cost to all its students. The Foundation established a second unit of Swastha at Pollibetta in 2007, exclusively for rehabilitating the trained students. At present, 20 participants are involved in making the above products. In addition, Swastha volleyball team represented Karnataka at the national level volleyball tournament held in Gujarat and won the 3rd prize. Moreover, students are encouraged with incentives and stipends based on their achievements, over and above the facilities mentioned above.

#### Rural India Health Project Hospital

Tata Coffee is actively involved in providing essential healthcare for people in the Coorg district through the Rural Indian Health Project Hospital since 1994. Founded in

1964, the hospital got a new breath of life with Tata Coffee's support. Today, the hospital continues to function with the aim of providing accessible and affordable health care in the region. Supported with essential equipment and doctors working round the clock, the hospital carries out surgical procedures as well.

#### Developmental Activities for Rehabilitative Education (DARE)

DARE is an institution located in the Anamallais that helps the mentally and physically challenged children of Tata Coffee employees. The DARE team assists these children with special needs to become self-sufficient earning members of the society, who can contribute to their family. Besides skill development, the facility manages the children's special nourishment and medical needs.



A young woman with dark hair, wearing a green and white plaid shirt, is focused on a craft project. She is holding a wooden frame and appears to be working on a piece of fabric or paper. In the background, another woman is visible, also working on a similar project. The setting appears to be a workshop or a classroom.

*The present focus of Tata Coffee Limited is to support Swastha's initiative of Community Based Rehabilitation (CBR) programme to help reintegrate the children into active society.*

# Refreshing world of Tata Coffee

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***We are one of the world's largest integrated coffee plantation companies. We are involved in every aspect of the coffee making process – from bean to cup.***

Our business initiatives range from growing and processing coffee and tea to manufacturing and marketing of value-added coffee products. We grow coffee on our own estates, process the beans, and export green coffee; manufacture and export instant coffee and supply coffee under our brand in the domestic market.

Our uniqueness lies in the ability to produce large quantities of estate specific, strain specific, specialty and premium coffee, while maintaining strict consistency in quality.

## One of the largest

---

***exporter of Instant Coffee  
from India***



### ***Mission***

---

***Create distinctive long-term value for all stakeholders with coffee and allied plantation products embracing sustainable practices.***



### ***Values***

---

- ***Customer focus***
- ***Responsibility***
- ***Innovation & Agility***
- ***People centric***
- ***Transparency***

## Foremost Producer

---

***of Specialty Coffee in India***

## Business Units



### Coffee

- 19 coffee estates across 7,372 hectares.
- Locations across the hills of Coorg, Chikmagalur and Hassan districts of Karnataka and Valparai in Coimbatore district of Tamil Nadu.
- Arabica and Robusta coffees of about 10,000 MT are produced in both washed and unwashed forms.
- Coffee curing plant at Kushalnagar with installed capacity of 15,000 MT, including a state-of-the-art coffee roasting facility to cater to Tata Starbucks.
- High quality 'monsooning' facility on the Malabar Coast.
- Majority equity stake in Eight O'Clock Coffee Company (USA).

### Instant Coffee

- Instant Coffee capacity of 8,400 MT, which includes producing Spray Dried, Agglomerated and Freeze Dried Instant Coffee.
- State-of-the-art automated SKU packaging unit at Theni.
- Powered by sustainable wind and solar power.

### Tea

- 7 tea estates across 2,456 hectares.
- Locations across Coorg, Chikmagalur districts of Karnataka and Anamallais in Coimbatore district of Tamil Nadu.
- About 7,500 MT of tea produced annually.

### Pepper

- Our estates are extensively inter-cropped with pepper vines, producing about 1,000 MT of pepper.



## Certifications

***We take stringent measures to assure that our products adhere to the highest standards of quality. Our certifications are testimony to this fact.***

### Plantations

- All our coffee estates are Utz, Rainforest Alliance and SA 8000 certified.
- 11 estates are Starbucks C.A.F.E. PRACTICES certified.
- Our Devaracadoo division of Balmany estate in Coorg is certified by IMO for manufacturing quality organic coffee.
- Curing works at Kushalnagar is ISO 9001:2008 certified.

- Anamallais Tea estates are Trustea, Rainforest Alliance and Ethical Tea Partnership certified.

### Instant Coffee Division

- Our Theni plant is certified for Integrated Management System (IMS) comprising ISO 9001, ISO 14001, BS OHSAS 18001, along with certification on ISO 22000, HALAL, KOSHER, BRC, IFS, FSSAI, SA 8000, UTZ and SAN-RFA.

The Theni Plant Laboratory is certified by National Accreditation Board for Testing and Calibration Laboratories (NABL).

- Our Toopran plant is certified for Integrated Management System (IMS) comprising ISO 9001, ISO 14001, OHSAS 18001, along with certification on ISO 22000, HALAL, KOSHER, BIS, FSSAI, SA 8000, UTZ and SAN-RA.

## Awards and Recognitions



- Tata Coffee's Nullore Arabica microlot became the first-ever Indian coffee to be curated in Starbucks Reserve, Seattle.
- Tata Coffee was recognised as the 'Most Ethical Company' in Agriculture Sector in November, 2016 at a function held by World CSR Day in Taj Land's End, Bandra, Mumbai.
- Five estates (Ubban, Valaparai, Anandapur, Yemmigoondi, Karadibetta) of our Plantation Division have won the 'Flavours of India Fine Cups' Award. The awards

have been received for both Arabica and Robusta varieties.

- Theni plant was awarded 'Silver' status by SEEM National Energy Management awards.
- Tata Coffee Limited-Toopran unit was the winner of the 4-Star CII SR Excellence Award for continual development of Environment, Health and Safety practices.





## ***We are globally recognised***

***Tata Coffee provides delight in every cup to coffee connoisseurs around the world.***



● Delighted Global Customers

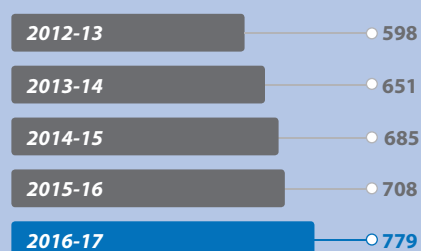
Note: Map not to scale

# Sustainable Business Performance<sup>1</sup>

## Standalone

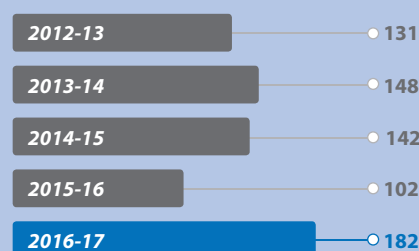
### Revenue from Operations

₹ Crores



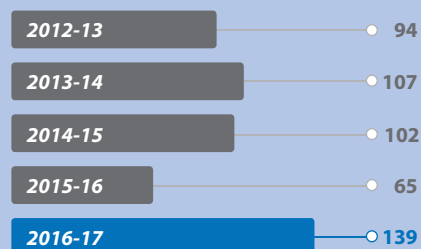
### Profit Before Tax

₹ Crores



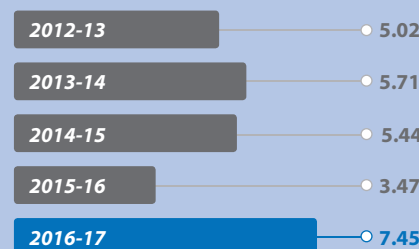
### Profit After Tax

₹ Crores



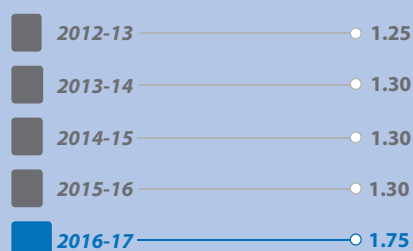
### Earnings Per Share\*

₹



### Dividend Per Share\*

₹



### Production

(Tonnes)

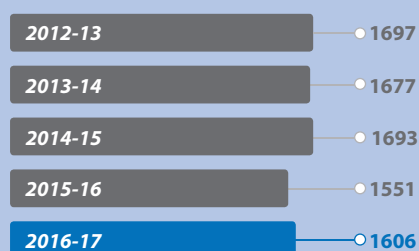
	2015-16	2016-17
<b>Plantation Products</b>		
Arabica	1,899	1,628
Robusta	6,222	6,000
Tea	6,180	5,666
Pepper	599	544
<b>Instant Coffee</b>	7,986	8,474

\* On the adjusted Face Value of ₹ 1 per share

## Consolidated

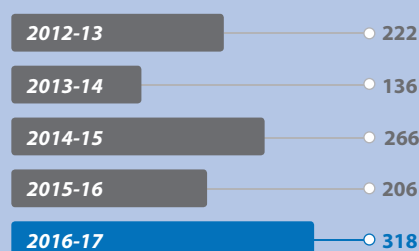
### Consolidated Revenue from Operations

₹ Crores



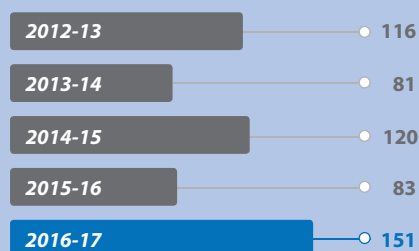
### Consolidated Profit Before Tax

₹ Crores



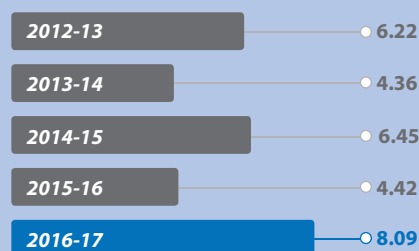
### Consolidated Profit After Tax attributable to Shareholders of the Company

₹ Crores



### Consolidated Earnings Per Share\*

₹



<sup>1</sup>The Company has adopted Indian Accounting standards (Ind AS) from 1<sup>st</sup> April, 2016 with comparatives for FY 15-16 restated under IndAS. Hence all financial figures for 2016-17 and 2015-16 are reported under Ind AS and are not comparable with earlier year's financials which were reported under the previous GAAP.

# Our Board of Directors



**Standing (left to right):** Mr. K. Venkataramanan, Mr. S. Santhanakrishnan, Mr. Sanjiv Sarin, Mr. Siraj Azmat Chaudhry, Mr. Chacko Purackal Thomas, Dr. P. G. Chengappa and Mr. T. Radhakrishnan. **Sitting (left to right):** Mr. V. Leeladhar, Mr. R. Harish Bhat and Ms. Sunalini Menon

## Mr. R. Harish Bhat Chairman

Mr. Bhat is the Brand Custodian at Tata Sons. He joined the Tata Group in 1987, as an officer in the Tata Administrative Service. Currently, he is the Chairman of Tata Global Beverages Ltd. and Tata Coffee Ltd. Moreover, he is a Director on the Boards of several other Tata Companies, including Titan Company Ltd., Trent Ltd., Tata Starbucks Pvt. Ltd., Infiniti Retail Ltd., Tata Unistore Ltd. and Tata AIA Life Insurance Company.

During his career spanning 30 years with the Tata Group, Mr. Bhat has held several senior roles. These include stints as Managing Director of Tata Global Beverages Ltd., Chief Operating Officer of the Watches

and Jewellery businesses of Titan Company and the telecom business of the Group. He has played a key role in several strategic moves of the Group over the past two decades, including launch and nurturing of many iconic brands of the Tata Group, the successful turnaround of the jewellery business, as well as the acquisition of Tetley.

Mr. Bhat is an alumnus of BITS Pilani and IIM Ahmedabad, graduating at the top of his class in both institutions. He won the IIM Ahmedabad Gold Medal for scholastic excellence in 1987. A decade later, he won the Chevening Scholarship for young managers, awarded by the British Government. He has strong professional interests in strategy, consumer behaviour, business economics and business

history; and has been a member of the Consumer Insights Panel of the Economic Development Board, Government of Singapore. Besides, he has represented the Tata Group in the Executive Committee of the World Federation of Advertisers.

Mr. Bhat is passionate about writing and is a prolific writer who contributes regularly to various national publications. In 2012, his first book was published by Penguin, titled "Tata Log", the book narrates stories from the modern history of the Tata Group, set to an overarching theme. His second book, titled "The Curious Marketer" has been published in 2017 by Penguin Random House. This book discusses why curiosity is very important to marketers, and how they can improve their curiosity quotient.

**Mr. Sanjiv Sarin****Managing Director and CEO**

Mr. Sarin, a management graduate from the Asian Institute of Management, Manila, Philippines and a Masters in Economics from Bombay University, where he graduated with a gold medal. He has extensive global experience with leading FMCG multinationals. Previously, he has been the Regional President – South Asia of Tata Global Beverages, for four years.

**Mr. Chacko Purackal Thomas****Executive Director and Deputy CEO**

Mr. Chacko Thomas is a Bachelor of Science with specialisation in Computer Science from University of Jodhpur. He has over 23 years of experience in the industry and has served as the Managing Director of Kannan Devan Hills Plantation Company Private Limited, Munnar. Since August 2015, Mr. Chacko Thomas has undertaken the role of Executive Director and Deputy CEO for Tata Coffee.

**Mr. K. Venkataramanan****Executive Director – Finance and CFO**

Mr. Venkataramanan, is a qualified Chartered Accountant and a Cost Accountant with more than three decades of experience in diverse areas covering financial and management accounting, commercial finance, taxation, treasury, and corporate restructuring. Formerly, he was the Vice President-Finance and Chief Financial Officer of Tata Global Beverages Limited. Since October, 2014, he has been acting as the Executive Director - Finance and CFO of Tata Coffee. Mr. Venkataramanan oversees the Governance and IT functions of Tata Coffee.

**Mr. T. Radhakrishnan****Executive Director – ICD Operations**

Mr. Radhakrishnan is a Chemical Engineer from SV University and owns operational experience of over 26 years in heavy chemicals, fertilisers, salt, bicarbonate and utilities. Before joining Tata Coffee Limited in January 2010, he was associated with Tata Chemicals. Mr. Radhakrishnan is a qualified assessor/auditor for Safety Management Systems, Quality Systems, and Business Excellence models.

**Mr. S. Santhanakrishnan****Independent Director**

Mr. Santhanakrishnan has more than 30 years of experience in Finance, Accounts including IFRS, Strategy and Planning, Global Assurance, Corporate Laws and Consulting. At present, he is positioned as the partner of PKF Sridhar and Santhanam, Chartered Accountants. He is a member of the Central Council of the Institute of Chartered Accountants of India (ICAI). Mr. Santhanakrishnan is actively involved in numerous industry oriented initiatives of the Reserve Bank of India and the Ministry of Corporate Affairs. He is on the Boards of Tata Global Beverages Limited and Tata Housing and Development Company Limited.

**Ms. Sunalini Menon****Independent Director**

Ms. Menon, a Post Graduate in Food Technology from the University of Madras, has been associated with quality and quality-related aspects of domestic and international coffee for over 35 years. She is among Asia's most recognised coffee cuppers. Ms. Menon was the Director of Quality Control with the Coffee Board of India. She currently runs 'Coffeelab', a premier lab, the first of its kind in India, to evaluate the sensorial quality aspects of coffee.

**Mr. V. Leeladhar****Independent Director**

Mr. Leeladhar has considerable experience in the banking industry -having worked as the Executive Director of the Bank of Maharashtra; Chairman and Managing Director of the Vijaya Bank; and Chairman and Managing Director of the Union Bank of India. Additionally, he has served as the Deputy Governor of the Reserve Bank of India, for over four years. Besides, he was a member of the Securities and Exchange Board of India for about three years. He is an expert in banking and financial matters. He is on the Boards of Tata Global Beverages Limited, Tata Cleantech Capital Limited and Axis Mutual Fund Trustee Limited.

**Mr. Siraj Azmat Chaudhry****Independent Director**

Mr. Chaudhry is the Chairman of Cargill India, the wholly owned subsidiary of Cargill

Inc. He has over 28 years of experience in agriculture, commodity risk management and the food processing industry. He is a post graduate from the Indian Institute of Foreign Trade.

He provides leadership and insights in policy advocacy for the industry as an active member of several Industry Associations - CII, FICCI, AMCHAM and USIBC. In the past, he has chaired the National Committee on Food Processing at FICCI. Moreover, he has chaired the Agriculture and Food India Subcommittee in US India Business Council and co-chaired the Agricultural and Food Committee in American Chamber of Commerce. Over the years, he has led significant industry initiatives for food safety, food fortification, food banking and waste reduction. Currently, he is the President of the Food Industry Capacity and Skill Initiative (FICSI) operating under NSDC.

**Dr. P. G. Chengappa****Independent Director**

Dr. Chengappa is one India's leading Agricultural Economists. He has over three decades experience in teaching, research, extension and academic administration. He served as the Vice Chancellor of University of Agricultural Sciences, Bangalore. Till recently, he was the National Professor of the Indian Council of Agricultural Research at the Institute for Social and Economic Change, Bangalore. He is a Policy Economist specialising in the area of agri-business and trade. He was a member of the working group on Agricultural Marketing of Planning Commission of India, for preparing the 12th Five Year Plan document. He has been a consultant to several international organisations including International Food Policy Research Institute, Washington; International Plant Genetics Resource Institute, Rome; International Rice Research Institute, Manila; and DSE Germany. He has been a visiting Professor to Universities of Reading and Wales. He was president (Elect), Indian Society of Agricultural Economics 2012 and President, Agricultural Economics Review Association, New Delhi 2013-16.

Currently, he is on the Board of Sam Agri Tech Ltd., and Sam Agri Ventures Limited, Hyderabad; companies involved in production and exports of fresh fruits.

# Corporate Information

## Board of Directors

Mr. R. Harish Bhat (Chairman)  
 Mr. S. Santhanakrishnan  
 Ms. Sunalini Menon  
 Mr. V. Leeladhar  
 Mr. Siraj Azmat Chaudhry  
 Dr. P. G. Chengappa (w.e.f. 18.05.2017)  
 Mr. Sanjiv Sarin (Managing Director & CEO)  
 Mr. Chacko Purackal Thomas ( Executive Director & Deputy CEO)  
 Mr. K. Venkataramanan (Executive Director - Finance & CFO)  
 Mr. T. Radhakrishnan (Executive Director - ICD Operations)

## Head - Legal & Company Secretary

Mr. N. Anantha Murthy (w.e.f. 20.12.2016)

## Corporate Identification Number (CIN)

L01131KA1943PLC000833

## Registered Office

Pollibetta – 571 215  
 Kodagu, Karnataka  
 Tel: (08274) 251 411/ 13

## Corporate Office

No.57, Railway Parallel Road  
 Kumara Park (W), Bengaluru - 560 020  
 Tel: (080) 2356 0695, Fax: (080) 233 41843  
 E-mail : investors@tatacoffee.com  
 Website : www.tatacoffee.com

## Registrar & Transfer Agent

TSR Darashaw Limited  
 (Unit: Tata Coffee Limited)  
 6-10, Haji Mosa Patrawala Industrial Estate  
 20, Dr. E. Moses Road  
 Mahalaxmi, Mumbai - 400 011  
 Tel: 022-6656 8484  
 Fax: 022-6656 8494  
 E-mail : csg-unit@tsrdarshaw.com  
 Website: www.tsrdarshaw.com

## Statutory Auditors

M/s. Deloitte Haskins & Sells LLP  
 M/s. SNB Associates

## Bankers

Corporation Bank  
 Indian Overseas Bank  
 Standard Chartered Bank  
 Hongkong and Shanghai Banking Corporation Limited  
 HDFC Bank Limited  
 RABO BANK International  
 The Bank of Tokyo-Mitsubishi UFJ Ltd.

## Board Committees

### Audit Committee

Mr. S. Santhanakrishnan - Chairman  
 Mr. V. Leeladhar  
 Ms. Sunalini Menon  
 Mr. Siraj Azmat Chaudhry

### Nomination and Remuneration Committee

Mr. V. Leeladhar - Chairman  
 Mr. S. Santhanakrishnan  
 Mr. R. Harish Bhat  
 Mr. Siraj Azmat Chaudhry

### Stakeholders Relationship Committee

Mr. S. Santhanakrishnan - Chairman  
 Mr. R. Harish Bhat  
 Mr. V. Leeladhar  
 Mr. Chacko Purackal Thomas  
 Mr. K. Venkataramanan

### Corporate Social Responsibility Committee

Ms. Sunalini Menon - Chairperson  
 Mr. V. Leeladhar  
 Mr. Siraj Azmat Chaudhry  
 Mr. Sanjiv Sarin

### Risk Management Committee

Mr. Siraj Azmat Chaudhry - Chairman  
 Mr. S. Santhanakrishnan  
 Mr. V. Leeladhar  
 Mr. Sanjiv Sarin  
 Mr. Chacko Purackal Thomas  
 Mr. K. Venkataramanan  
 Mr. T. Radhakrishnan

### Ethics & Compliance Committee

Mr. S. Santhanakrishnan  
 Ms. Sunalini Menon  
 Mr. Sanjiv Sarin  
 Mr. T. Radhakrishnan

**KEY HIGHLIGHTS-STANDALONE****2012-13 to 2016-17-A Five Year Review**

		2012-13	2013-14	2014-15	2015-16 (Previous GAAP)	2015-16 (Ind AS)	2016-17 (Ind AS)
Revenue from Operations	(₹ in Lakhs)	59807.96	65091.63	68530.52	71817.62	70811.49	77882.51
Other Income	(₹ in Lakhs)	2220.68	3518.07	4013.85	3592.77	4466.53	6948.49
Total Income	(₹ in Lakhs)	62028.64	68609.70	72544.37	75410.39	75278.02	84831.00
Profit Before Tax	(₹ in Lakhs)	13114.90	14823.17	14166.49	14197.05	10231.49	18197.80
As percentage of Total Income		21	22	20	19	14	21
Profit After Tax	(₹ in Lakhs)	9369.26	10657.01	10156.04	10249.98	6473.45	13922.99
As percentage of Total Income		15	16	14	14	9	16
Debt/Equity Ratio		0.21:1	0.17:1	0.17:1	0.15:1	0.15:1	0.11:1
Earning per Share	(₹)	50.16	57.06	5.44*	5.49*	3.47*	7.45*
Dividend per Share	(₹)	12.50	13	1.30*	1.30*	1.30*	1.75*

\* On equity share of ₹ 1 each

**KEY HIGHLIGHTS-CONSOLIDATED****2012-13 to 2016-17-A Five Year Review**

		2012-13	2013-14	2014-15	2015-16 (Previous GAAP)	2015-16 (Ind AS)	2016-17 (Ind AS)
Revenue from Operations	(₹ in Lakhs)	169735.38	167717.01	169294.50	176444.52	155105.81	160600.18
Other Income	(₹ in Lakhs)	1126.08	1203.79	892.48	1096.55	1970.32	2278.71
Total Income	(₹ in Lakhs)	170861.46	168920.80	170186.98	177541.07	157076.13	162878.89
Profit Before Tax	(₹ in Lakhs)	22161.96	13645.47	26571.01	23816.61	20595.28	31789.73
As percentage of Total Income		13	8	16	13	13	20
Profit After Tax (Net of Non-controlling interest)	(₹ in Lakhs)	11622.57	8147.69	12038.57	11783.31	8250.46	15115.09
As percentage of Total Income		7	5	7	7	5	9
Debt/Equity Ratio		1.46:1	1.45:1	1.27:1	1.06:1	0.98:1	0.84:1
Earning per Share	(₹)	62.23	43.62	6.45*	6.31*	4.42*	8.09*

\* On equity share of ₹ 1 each

**PRODUCTION (IN TONNES)**

YEAR	COFFEE			TEA	PEPPER	COFFEE CURED	INSTANT COFFEE
	ARABICA	ROBUSTA	TOTAL				
2007/2008	2233	5771	8004	6576	682	11247	4966
2008/2009	1551	4225	5776	7606	1515	11195	5219
2009/2010	2171	7285	9456	7994	884	10427	2955
2010/2011	1670	6620	8290	7334	535	12959	4974
2011/2012	2129	5667	7796	6775	864	12010	6347
2012/2013	1542	6800	8342	6640	1148	12509	6639
2013/2014	2076	4781	6857	6545	368	11988	6955
2014/2015	1594	7002	8596	6170	1150	10266	7975
2015/2016	1899	6222	8121	6180	599	11162	7986
2016/2017	1628	6000	7628	5666	544	11528	8474

**ACREAGE STATEMENT - 5 YEARS**

	2012/13	2013/14	2014/15	2015/16	2016/17	
		Acres	Acres	Acres	Acres	Hectares
<b>COFFEE*</b>						
Arabica	7587	7568	7548	7579	7482	3029
Robusta	10573	10590	10590	10607	10640	4308
Mixed Coffee	86	86	86	87	87	35
	18246	18244	18224	18273	18209	7372
<b>TEA</b>	6088	6089	6067	6067	6066	2456
<b>OTHER CROPS</b>						
Cardamom	420	413	363	299	351	142
Pure Pepper/Areca	540	550	546	571	425	172
Oil Palm/Bamboo/etc.	153	151	181	169	175	71
<b>TOTAL CULTIVATED AREA</b>	25485	25447	25381	25379	25226	10213

\* Includes Pepper inter-planted in Coffee

# Notice

**NOTICE** is hereby given that the 74<sup>th</sup> Annual General Meeting of the Members of Tata Coffee Limited will be held on **Monday, the 17th July, 2017 at 11.00 A.M** at the Registered Office of the Company at Pollibetta 571215, Kodagu, Karnataka, to transact the following businesses:

## ORDINARY BUSINESS:

1. (a) To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2017, together with the Reports of the Board of Directors and Auditors thereon.
- (b) To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2017, together with the Report of the Auditors thereon.
2. To declare Dividend including Special Dividend on Equity Shares for the Financial Year 2016-17.
3. To appoint a Director in place of Mr. R. Harish Bhat, who retires by rotation and being eligible offers himself for re-appointment.
4. **Ratification of appointment of Statutory Auditors**

To consider and if thought fit, to convey assent or dissent to the following Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as Statutory Auditors of the Company to hold office from the conclusion of 73rd Annual General Meeting until the conclusion of 78th Annual General Meeting of the Company to be held in 2021, on a remuneration as may be agreed upon by the Board of Directors and the Statutory Auditors, be and is hereby ratified".

## SPECIAL BUSINESS:

5. **Appointment of Dr. P.G. Chengappa as an Independent Director**

To consider and if thought fit, to convey assent or dissent to the following Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time, Dr. P. G. Chengappa (DIN: 06771287), who was appointed as an Additional Director by the Board on 18th May 2017 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, signifying its intention to propose Dr. P. G. Chengappa (DIN: 06771287) as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from 18<sup>th</sup> May 2017 to 17<sup>th</sup> May, 2022 and that the term of office shall not be subject to retirement by rotation, as contemplated under the Act".

6. **Re-appointment of Mr. K. Venkataramanan as Executive Director – Finance & Chief Financial Officer**

To consider and if thought fit, to convey assent or dissent to the following Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') as amended from time to time read with Schedule V to the Act, the Company hereby approves the re-appointment and terms of remuneration of Mr. K. Venkataramanan (DIN: 01728072) as Executive Director – Finance & Chief Financial Officer of the Company for a period of three years with effect from 25th October, 2017 to 24th October, 2020, upon the principal terms and conditions set out in the explanatory statement annexed hereto including the remuneration to be paid in the event of inadequacy of profits in any financial year, with liberty to the Board of Directors of the Company to increase, alter and vary, without further reference to the shareholders, the terms and conditions of the said re-appointment, in such manner, as may be agreed to between the Board of Directors and Mr. K. Venkataramanan."

**"RESOLVED FURTHER THAT** the Board of Directors (or a Committee thereof constituted for this purpose) be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

7. **Ratification of Cost Auditor's Remuneration**

To consider and if thought fit, to convey assent or dissent to the following Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, as amended from time to time, payment of ₹ 2,75,000/- (Rupees Two Lacs and Seventy Five Thousand only) plus applicable service tax thereon and reimbursement of out-of-pocket expenses at actuals, to M/s. Rao, Murthy & Associates, Cost Accountants, Bengaluru (Firm Registration No. 000065), who have been appointed by the Board as Cost Auditors of the Company for conducting the cost audit of the accounts for the financial year ending 31st March, 2018, be and is hereby ratified".

By Order of the Board

Place: Bengaluru

Date: 18th May, 2017

**N. ANANTHA MURTHY**

Head – Legal & Company Secretary

#### NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013, ('the Act') setting out the material facts in respect of Item Nos. 5, 6 and 7 is annexed hereto. The relevant details as required under Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), of persons seeking appointment / re-appointment as Directors are provided in the Annexure to this Notice.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OR MEMBERS, AS THE CASE MAY BE, OF THE COMPANY.** Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of companies, societies, partnership firms etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.

Members are requested to note that a person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

#### 3. Book Closure and Dividend:

- (a) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the

4th July 2017 to Monday, the 17th July 2017 (both days inclusive) for the purpose of payment of dividend.

- (b) If dividend on Equity Shares, as recommended by the Board, is approved at the Annual General Meeting, the payment of such dividend will be made on or after 20th July 2017, as under:

- (i) to all beneficial owners in respect of Shares held in electronic form as per details furnished by the Depositories for this purpose as at the end of business hours on 3rd July 2017.
- (ii) to all Members in respect of Shares held in physical form, after giving effect to valid share transfers lodged with the Company on or before 3rd July 2017.

4. The route map showing directions to reach the venue of the Annual General Meeting is annexed.

5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.

#### 7. Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):

Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Further, pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended to date, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

The Members/Claimants whose shares, unclaimed dividend, and debenture interest amount have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) along with requisite fee as decided by it from time to time. The Member/Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

It is in the Members' interest to claim any un-encashed dividends and for future, opt for Electronic Clearing Service, so that dividends paid by the Company are credited to the Members' account on time.

Members who have not yet encashed the dividend warrants, redemption amount on 7% Non-convertible Debentures (NCD) and interest thereon from the financial year ended 31st March 2010 onwards are requested to forward their claims to the Company's Registrar and Share Transfer Agents. It may be noted that once the unclaimed dividend, redemption amount on 7% NCD and interest thereon is transferred to IEPF as above, no claim shall rest with the Company in respect of such amount. It may also be noted that the unclaimed dividend amount, redemption amount on 7% NCD and interest thereon which were lying with the Company upto the year ended on 31st March 2009, have already been transferred to IEPF. The details of the unclaimed dividends, redemption amount on 7% NCD and interest thereon are available on the Company's website at [www.tatacoffee.com](http://www.tatacoffee.com) and on the website of Ministry of Corporate Affairs at [www.mca.gov.in](http://www.mca.gov.in). Members are requested to contact the Company's Registrar and Share Transfer Agent – M/s. TSR Darashaw Limited, Unit: Tata Coffee Limited, 6-10, Haji Mosa Patrawala Ind. Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011, to claim the unclaimed/unpaid dividends, redemption amount on 7% NCD and interest thereon.

#### 8. Payment of Dividend through electronic means:

- (a) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company provides the facility to the Members for remittance of dividend directly in electronic mode through various permitted modes such as National Automated Clearing House (NACH). Members holding shares in physical form and desirous of availing this facility of electronic remittance are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFS Code), along with their Folio Number, to the Company's Registrar and Share Transfer Agent – M/s. TSR Darashaw Ltd. Members holding shares in electronic form are requested to provide the said details to their respective Depository Participants.
  - (b) Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
9. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent. Members holding shares in electronic form must send the advice about change in address to their

respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent.

10. Members holding shares in physical form are requested to consider converting their shareholdings to dematerialized form to eliminate risks associated with physical shares and for ease in portfolio management. Members can contact the Company's Registrar and Share Transfer Agent for assistance in this regard.

#### 11. Updation of Members' Details:

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act requires the Company/ Registrar and Share Transfer Agent to record additional details of Members, including their PAN details, email address, bank details for payment of dividend, etc. A form for capturing the additional details is appended at the end of this Annual Report. Members holding shares in physical form are requested to submit the filled in form to the Company or to its Registrar and Share Transfer Agent. Members holding shares in electronic form are requested to submit the details to their respective Depository Participant.

12. **Nomination Facility:-** As per the provisions of Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, as amended, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.
13. Shareholders, who have not yet exchanged their shares of Asian Coffee Ltd. /Coffee Lands Ltd. /Consolidated Coffee Ltd., with the Share Certificates of Tata Coffee Ltd., are requested to surrender their Share Certificate(s) for exchange. They may contact the Company's Registrar and Share Transfer Agent – M/s. TSR Darashaw Limited, in this regard.
14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and Bank Holidays, during business hours up to the date of the Annual General Meeting.
15. Electronic copy of the Annual Report 2016-17 is being sent to those Members whose e-mail addresses are registered with the Company / Depositories for communication purpose, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report are being sent by the permitted mode. Members may note that this Annual Report will also be available on the Company's website viz. [www.tatacoffee.com](http://www.tatacoffee.com).

16. To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/ their Depository Participants, in respect of shares held in physical/electronic mode, respectively.
17. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended to date and Regulation 44 of the Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the Annual General Meeting.
18. The facility for voting through poll shall also be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right to vote at the Annual General Meeting.
19. The Company has appointed Mr. P. N. Parikh of M/s. Parikh & Associates, Practicing Company Secretaries (Membership No. FCS 327) as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process, in a fair and transparent manner.
20. The Members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.
21. **The instructions for e-voting are as under:**
  - A. **In case a Member receives an email from NSDL (for members whose e-mail ID's are registered with the Company/ Depository Participants):**
    - (i) Open the e-mail and open pdf file "Tata Coffeee-voting.pdf" with your Client ID or Folio No. as password. The pdf file contains your user ID and password/PIN for e-voting. Please note that this password is an initial password.  
  
**Note:** Shareholders already registered with NSDL for e-voting will not receive the PDF file "Tata Coffeee-voting.pdf".
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
    - (iii) Click on "Shareholder – Login".
    - (iv) Type User ID and password as initial password/ PIN noted in step (i) above. Click Login.
  - (v) You will now reach Password Change Menu, wherein you are required to mandatorily change your password/ PIN with new password of your choice. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). On first login, the system will prompt you to change your password and update your contact details like mobile number, e-mail address, etc. in the user profile details of the folio, which may be used for sending future communications. You will also need to enter a secret question and answer of your choice to retrieve your password in case you forget it. Note your new password. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - (vi) You need to login again with the new credentials. Home page of e-voting will open. Click on "e-voting: Active Voting Cycles".
  - (vii) Select the "EVEN" (Electronic Voting Event Number) of Tata Coffee Limited. Now you are ready for e-voting as Cast Vote page opens.
  - (viii) On the voting page, you may cast your vote by selecting an appropriate option "For" or "Against" and click "SUBMIT". A confirmation box will be displayed. Click "OK" to confirm or "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. Upon confirmation, the message "Vote Cast Successfully" will be displayed.
  - (ix) You can similarly vote in respect of all other resolutions forming part of the Notice of the Annual General Meeting. During the voting period, Members can login any number of times till they have voted on all the Resolutions.
  - (x) If you wish to log out after voting on a few resolutions and continue voting for the balance resolutions later, you may click on "RESET" for those resolutions for which you have not yet cast the vote.
  - (xi) Corporate/ Institutional Members (i.e., other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the relevant Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to vote, to the Scrutinizer at the email address: 'cs@parikhassociates.com' with a copy marked to 'evoting@nsdl.co.in'. The scanned image

of the above mentioned documents should be in the naming format: Corporate Name\_EVEN NO.

**B. In case a Member receives physical copy of the Notice of the Annual General Meeting (for Members whose e-mail addresses are not registered with the Company / Depositories):**

- i. Initial password is provided in the enclosed attendance slip: EVEN (E-voting Event Number) + USER ID and PASSWORD
- ii. Please follow all steps from Sl. No. (ii) to (xi) as mentioned in (A) above, to cast your vote.

**C. Members who are already registered with NSDL for e-voting can use their existing User ID and password/ PIN for casting their votes.**

**Note:** Shareholders who forgot the User Details / Password can use "[Forgot User Details / Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DP ID + Client ID).

In case Shareholders are holding shares in physical mode, USER-ID is the combination of (EVEN No. + Folio No.).

- D.** Members holding Shares in either physical or de-materialized form as on the Cut-Off Date i.e., 10th July 2017, may cast their votes electronically. The e-voting period for the Members who hold shares as on the Cut-Off Date commences from 9.00 a.m. on Friday, the 14th July 2017 and ends at 5.00 p.m. on Sunday, the 16th July 2017. The remote e-voting module shall be disabled by NSDL for voting thereafter.
- E.** In case of any query pertaining to e-voting, Members may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the Downloads section of <https://www.evoting.nsdl.com> or call on toll free No: 1800-222-990. Any query or grievance connected with the remote e-voting may be addressed to the Company Secretary, Mr. N. Anantha Murthy, at No. 57, Railway Parallel Road, Kumara Park West, Bengaluru – 560 020. Tel: +91 80 23560695, Fax: +91 80 23341834, Email:- [anantha.murthy@tatacoffee.com](mailto:anantha.murthy@tatacoffee.com)

**22. General instructions/information for Members for voting on the Resolutions:**

- (a) The voting rights of the shareholders (for voting through remote e-voting or by Poll at the Meeting) shall be in proportion to their share of the paid-up equity share capital of the Company as on 10th July 2017 ("Cut-Off Date"). A person whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the meeting.
- (b) Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 10th July 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- (c) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and make, not later than 48 hours of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- (d) The Chairman or the person authorized by him in writing shall forthwith on receipt of the consolidated Scrutinizer's Report, declare the result of the voting. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website and on the website of NSDL immediately after the results is declared and communicated to the Stock Exchanges where the equity shares of the Company are listed.
- (e) Subject to the receipt of requisite number of votes, the Resolutions forming part of the Notice of Annual General Meeting shall be deemed to be passed on the date of the AGM i.e. Monday, the 17th July 2017.

### Details of Directors seeking appointment/re-appointment at the Annual General Meeting (Pursuant to regulation 36(3) of the Listing Regulations)

Name of Directors	Mr. R. Harish Bhat	Dr. P.G. Chengappa	Mr. K. Venkataramanan
Date of Birth	08.11.1962	11.02.1952	30.07.1961
Date of Appointment	27.07.2012	18.05.2017	25.10.2014
Qualifications	B.E (Hons.), PGDM.	Ph.D. in Agricultural Economics M.Sc in Agricultural Economics	FCA, AICWA
Relationship between Directors inter-se	None	None	None
Expertise in specific functional area	Overall Business Management including functional expertise in Sales, Marketing and Corporate Management	Agricultural Economist having over three decades of experience in teaching, research, extension and academic administration	More than three decades of experience in diverse areas covering financial and management accounting, commercial finance, taxation, treasury, and corporate restructuring.
Directorships held in other Public Companies(excluding Foreign, Private and Section 8 Companies)	Tata Global Beverages Limited Infiniti Retail Limited Trent Limited Tata Unistore Limited Titan Company Limited Tata AIA Life Insurance Company Limited	Sam Agri Tech Limited  Sam Agri Ventures Limited	Tata Housing Development Company Limited
Memberships/Chairmanships of committees of other Public Companies(includes only Audit Committee and Stakeholders Relationship Committee)	Titan Company Limited  Audit Committee – Member Stakeholders Relationship Committee - Member	-	-
No. of shares held in the Company	NIL	NIL	NIL

### Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

#### Item No. 5

The Board of Directors of the Company at the meeting held on 18th May, 2017, based on the recommendation of the Nomination & Remuneration Committee, appointed Dr. P.G. Chengappa as an Additional Director of the Company with effect from that date. In terms of the provisions of Section 161 of the Act, Dr. Chengappa holds the office till the date of ensuing Annual General Meeting and is eligible for appointment.

Notice under the provisions of the Section 160 of the Act along with the deposit of requisite amount has been received from a member signifying its intention to propose the candidature of Dr. Chengappa as Director of the Company.

In terms of Section 149 of the Act, an Independent Director can hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Dr. Chengappa has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act as well as the Listing Regulations.

In the opinion of the Board, Dr. Chengappa fulfils the conditions specified in the Act and the Rules framed thereunder for appointment

as an Independent Director and is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, the appointment of Dr. Chengappa as an Independent Director is placed before the Members for their approval.

The terms and conditions of appointment of Independent Director shall be open for inspection by the members at the Registered Office during normal business hours on any working day of the Company.

The Directors recommend the resolution set out at Item No. 5 of the accompanying notice.

Dr. Chengappa is interested and concerned in the Resolution mentioned at Item No. 5 of the Notice. None of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

#### Item No. 6

Mr. Venkataramanan's tenure as Executive Director – Finance & Chief Financial Officer of the Company expires on 24<sup>th</sup> October 2017. At the meeting of the Board of Directors of the Company held on 18<sup>th</sup> May 2017, the re-appointment of Mr. K Venkataramanan

as Executive Director – Finance and Chief Financial Officer for a period of 3 years with effect from 25th October 2017 was approved on the terms and conditions as set out below, based on the recommendations of the Nomination & Remuneration Committee of the Board and subject to the approval by the shareholders of the Company.

Mr. Venkataramanan is a qualified Chartered Accountant and a Cost Accountant with over three decades of experience in diverse areas covering financial and management accounting, commercial finance, taxation, treasury, and corporate restructuring.

The principal terms and conditions of re-appointment of Mr. K. Venkataramanan (hereinafter referred to as “the appointee”) are given below:

**A. Tenure of Appointment:** The re-appointment of Mr. K. Venkataramanan as Executive Director – Finance & Chief Financial Officer is for a period of 3 years with effect from 25<sup>th</sup> October, 2017.

**B. Nature of Duties:** The appointee shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by Board, and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board and the Managing Director of the Company, in connection with and in the best interests of the Company and the business of any one or more of its Associated Companies and/or Subsidiaries, including performing duties as assigned by the Board from time to time by serving on the Boards of such Associated Companies/ Subsidiaries or any other Executive body or a Committee of such a Company.

**C. Remuneration:**

The appointee shall be entitled to remuneration as stated hereunder in terms of Schedule V to the Act and as per Industry/ Market Standards:

- a) Basic Salary: Rs.3,67,540/- p.m. as per the existing terms of remuneration with annual increments effective 1st April every year as may be decided by the Board, on the recommendation of Nomination & Remuneration Committee, based on merit and taking into account the Company's Performance;
- b) Benefits, Perquisites, Allowances:

In addition to the Basic Salary referred to in (a) above, the appointee shall be entitled to:

- I. Rent-free residential accommodation (furnished or otherwise) the Company bearing the cost of

repairs, maintenance, society charges and utilities (e.g. gas, electricity and water charges) for the said accommodation.

OR

House Rent, House Maintenance and Utility Allowances aggregating to 85% of the Basic Salary in case residential accommodation is not provided by the Company.

II. Hospitalization, Transport, Telecommunication and other facilities:

- (i) Hospitalization and major medical expenses for self, spouse and dependent (minor) children;
- (ii) Car, with driver provided, maintained by the Company for official and personal use.
- (iii) Telecommunication facilities including broadband, internet and fax.
- (iv) Housing Loan as per the Rules of the Company.

III. Other perquisites and allowances given below subject to a maximum of 55% of the Basic Salary;

Particulars		%
a.	Allowances	33.34
b.	Leave Travel Concession/Allowance	8.33
c.	Medical Allowance	8.33
	Total	50.00
d.	Personal Accident Insurance	} at actuals subject to a cap of 5.00
e.	Club Membership fees	
		55.00

IV. Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity Fund as per the Rules of the Company.

V. The appointee shall be entitled to leave in accordance with the Rules of the Company. Privilege Leave earned but not availed by the appointee is encashable in accordance with the Rules of the Company.

c) Commission:

Such remuneration by way of commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company

in a particular financial year, as may be determined by the Board of the Company at the end of each financial year, subject to the overall ceilings stipulated under Section 197 of the Act. The specific amount payable to the appointee will be based on performance as evaluated by the Board or a Committee thereof duly authorized in this behalf and will be payable annually after the Annual Accounts have been approved by the Board.

d) Incentive Remuneration:

Incentive remuneration will be paid annually at the discretion of the Board, based on his individual performance and such other parameters including the Company's performance, as may be considered appropriate from time to time.

e) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay to the appointee, remuneration by way of Salary, Benefits, Perquisites and Allowances, and Incentive Remuneration as specified above.

#### D. Other terms of re-appointment:

- i. The appointee shall not become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.
- ii. The terms and conditions of the re-appointment of the appointee may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule V to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the appointee subject to such approvals as may be required.
- iii. The re-appointment may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' remuneration in lieu thereof.
- iv. The employment of the appointee may be terminated by the Company without notice or payment in lieu of notice:
  - (a) if the appointee is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associate company to which he is required to render services; or

(b) in the event of any serious, repeated or continuing breach (after prior warning) or non-observance by the appointee of any of the stipulations contained in the agreement to be executed between the Company and the appointee ("Agreement"); or

(c) in the event the Board expresses its loss of confidence in the appointee.

v. In the event the appointee is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.

vi. Upon the termination by whatever means of the appointee's employment:

(a) the appointee shall immediately tender his resignation from offices held by him in any subsidiaries and associate companies and other entities without claim for compensation for loss of office;

(b) the appointee shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiaries or associate companies.

vii. The terms and conditions of re-appointment of the appointee also include clauses pertaining to adherence with the Tata Code of Conduct and maintenance of confidentiality.

viii. If and when the Agreement relating to re-appointment expires or is terminated for any reason whatsoever, the appointee will cease to be the Executive Director and also cease to be a Director of the Company.

ix. The remuneration payable to the appointee is commensurate with industry standards and Board level positions held in similar sized companies, taking into consideration the individual responsibilities shouldered by them.

In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Act, read with Schedule V thereto, the terms of re-appointment and remuneration specified above are now being placed before the Members for their approval.

The Company has immensely benefited during Mr. Venkataramanan's tenure as Executive Director – Finance & Chief Financial Officer and the Directors

recommend the resolution for his re-appointment as set out at Item No. 6 of the accompanying notice.

Mr. K. Venkataramanan is interested and concerned in the Resolution mentioned at Item No. 6 of the Notice. None of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution.

#### Item No. 7

In terms of the provisions of Section 148 of the Act and the Rules made thereunder, the Company is required to maintain Cost Audit records and have the same audited by a Cost Auditor.

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on 18th May 2017, appointed M/s. Rao, Murthy & Associates, as Cost Auditor for conducting the Cost Audit for the Financial Year ending 31st March, 2018, at a remuneration of ₹ 2,75,000/- (Rupees Two Lacs Seventy-five Thousand only) plus applicable service tax and reimbursement of out-of-pocket expenses at actuals.

Rule 14 of Companies (Audit and Auditors) Rules, 2014 as amended, requires that the remuneration payable to the Cost Auditor be ratified by the Members. Hence, the resolution at Item No.7 of the Notice.

The Directors recommend that the remuneration payable to the Cost Auditor in terms of the resolution set out at Item No. 7 of the accompanying Notice be ratified by the Members.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution.

By Order of the Board

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

**N. ANANTHA MURTHY**  
Head – Legal & Company Secretary

# Directors' Report

To the Members,

Your Directors are pleased to present the 74<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2017.

## FINANCIAL RESULTS:

Your Company has adopted Indian Accounting Standards (Ind AS) from 1st April, 2016 and these are the Company's first annual financial statements prepared in accordance with Ind AS, with comparatives for the previous year restated as per Ind AS.

The Company's financial performance for the year ended 31<sup>st</sup> March 2017 is summarized below:

(₹ in Crores)

	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
<b>Revenue from Operations</b>	779	708	1606	1551
<b>Other Income</b>	69	45	23	20
<b>Total Income</b>	<b>848</b>	<b>753</b>	<b>1629</b>	<b>1571</b>
Profit Before Exceptional Items and Taxes	184	109	320	213
Add: Exceptional Income/(Expenses)	(2)	(7)	(2)	(7)
<b>Profit Before Tax</b>	182	102	318	206
Provision for Tax	43	37	108	81
<b>Profit After Tax</b>	139	65	210	125
Less: Non-controlling Interests			(58)	(43)
<b>Profit After Tax attributable to Shareholders of the Company</b>	139	65	151	82
Surplus brought forward from Previous Year	364	343	430	392
Amount available for appropriation	503	408	581	474
General Reserve No. I	(14)	(11)	(14)	(11)
General Reserve No. II	(8)	(8)	(8)	(8)
Reversal of Dividend Distribution Tax	9	4	9	4
Dividend paid relating to Previous Year	(24)	(24)	(24)	(24)
Tax on Dividend	(5)	(5)	(5)	(5)
<b>Balance carried forward</b>	<b>461</b>	<b>364</b>	<b>539</b>	<b>430</b>

### 1. Revenue from Operations:

#### Standalone:

Your Company's total income during the year under review was ₹ 848 Crores as compared to ₹ 753 Crores in the previous year, registering an increase of 13% over the previous year.

#### Consolidated:

The Consolidated total income during the year under review was ₹ 1629 Crores as compared to ₹ 1571 Crores in the previous year, registering an increase of 4% over the previous year.

### 2. Profits:

#### Standalone:

The Profit before Tax for the year 2016-17 was ₹ 182 Crores as against ₹ 102 Crores in the previous year. Profit after Tax

in 2016-17 stood at ₹ 139 Crores as against ₹ 65 Crores in the previous year.

#### Consolidated:

On a Consolidated basis, Profit before Tax for the year 2016-17 was ₹ 318 Crores as against ₹ 206 Crores in the previous year. Profit after Tax (net of minority interest) in 2016-17 stood at ₹ 151 Crores as against ₹ 82 Crores in the previous year.

### 3. Dividend & Reserves:

Your Directors have recommended a Dividend of ₹ 1.75/- per share (face value of ₹ 1 per share) for the year ended 31st March 2017, which includes a special dividend of ₹ 0.25 per share to commemorate the completion of 25 years of a Tata Group Company acquiring controlling interest in Tata Coffee Limited (erstwhile Consolidated Coffee Limited). The total Dividend

amount aggregates to ₹ 32.68 Crores plus applicable Dividend Distribution Tax. It is proposed to carry forward a sum of ₹ 14.00 Crores towards General Reserve No. I.

#### 4. Share Capital:

The Paid-up Equity Share Capital of the Company as on 31st March, 2017 was ₹ 18.68 Crores comprising of 18,67,70,370 Shares of ₹ 1/- each. The Company has not issued shares with differential voting rights, employee stock options and sweat equity shares. The Company has paid Listing Fees for the Financial Year 2017-18 to each of the Stock Exchanges, where its equity shares are listed.

#### 5. Material changes and commitment – if any, affecting financial position of the Company from the end of the financial year till the date of this Report:

There has been no material change and commitment, affecting the financial performance of the Company which occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

#### 6. Global Coffee Scenario:

The Global Coffee Markets in 2016-17 presented distinctly different pictures for Arabica and Robusta Coffees. On an overall basis, the crop year 2016-17 witnessed a balanced scenario between supply (production) and demand (consumption). The total production of coffee, across multiple estimates was around 155 million bags (60 kgs) matched by almost equal demand of 155 million bags. However, the break-up provides a different picture. The Arabica production, estimated at 95 million bags was an all-time record and the Robusta production at an estimated 60 million bags was the lowest in over 5 years. This deficit of Robusta – over 10% on demand - was only partly compensated by the Arabica surplus. This was indeed the driving force behind the terminal movements for the year.

The New York (ICE) terminal, representing Arabica settled at 141.65 Cents / lb (Jul futures) on 31st March 2017. It had settled for the same position at 129.35 Cents / lb (Jul futures) on 1st April 2016. This year, wide rise in the Arabica terminal was a modest 9.5%. In sharp contrast, the London terminal, representing Robusta coffee saw an increase of 43% through the year. It settled at 2171 \$ / MT (Jul futures) on 31st March 2017 as against a close of 1519 \$ / MT on the same position at the start of the year on 1st April. The sharp deficit of Robusta coffee was therefore the key defining feature of the market through the FY 2016-17.

#### 7. Company's Performance:

##### A. Plantations:

##### Coffee:

During the financial year 2016-17, the Company has harvested a Robusta crop of 6,000 MT as against 6,222 MT in the previous year. In the case of Arabica, a production of 1,628 MT has been harvested in being an off year as

against 1,899 MT in the previous season. The coffee harvesting operation and post-harvest operations has been completed as per schedule.

Planting district of Coorg and Hassan recorded a 46% shortfall in rainfall leading to a drought like situation. The distribution was also distorted with some unprecedented showers during harvest period. The average temperature increased significantly affecting the growth of plants and also the development of bean.

##### Tea:

The Company produced a total of 5.666 Million Kgs of Made tea for the Financial Year 2016-17 as against 6.180 Million kgs in the previous year. The current year's production is less by 8%. Shortfall in quantum of rainfall recorded during the season and with distorted distribution coupled with increased day temperature affected the flush growth and thereby impacting crop.

##### Pepper:

The Company has achieved a pepper production of 544 MT for the Financial Year 2016-17 compared to 599 MT harvested during 2015-16. The density and grade percentage of pepper this year has been good. The Company has initiated various steps to further enhance the production base of pepper in the coming years.

##### Curing Works:

The Company's Curing Works at Kushalnagar (KNW) cured a total of 11,528 MT Coffee during the current year as against 11,162 MT in the previous year. In addition, a record quantity of 520 MT of Monsoon Coffee was processed against the average quantity of 300 MT in the recent years.

##### Pepper Processing Unit:

The entire Pepper of the Company is graded and processed at KNW. The unit has graded & processed 537 MT of Pepper during the Financial Year 2016-17. The unit is certified under ISO 22000:2005 and SA 8000:2008.

##### Green Coffee Exports:

During the Financial Year 2016-17, your Company exported 6,420 MT of coffee as against 6,332 MT in the previous year. Your Company continues to focus on growth, through Premium Differentiated Coffees with volumes sold at 52% of the total exports at very healthy premiums.

##### Plantation Trails:

Plantation Trails, our hospitality business, continues to grow and perform exceedingly well recording the highest ever revenues and profits since inception. Emphasis for the year has been on the digital transformation and

realignment for the business. A new mobile enabled website and payment gateway, a new reservation module, and a complete revamp of the social media channels and digital marketing approach, have given the business the online edge. Chickmagalur was recently introduced as a new destination and the property continues to receive positive reviews.

Plantation Trails was the recipient of several industry awards during the year including the prestigious recognition by Trip Advisor for the "Certificate of Excellence-Winner". International and domestic travel media continue to make mentions about Coorg and the 'Plantation Trails' experience.

#### **B. Instant Coffee Operations:**

The financial year 2016-17 saw the Instant Coffee Division achieving record sales and production. The total sales volumes for the financial year 2016-17 was 8812 MT compared to 7,660 MT in the previous financial year, registering an increase of 15% over the previous year. The production for the year was 8474 MT compared to 7,986 MT in the last fiscal. The plant capacity utilization is more than the designed capacity (8400 TPA). The state-of-the-art Freeze Dried Coffee (FDC) facility also underwent a limited debottlenecking project to achieve its full capacity during the year.

The sales volume growth was healthy across all key geographies – namely Russia and Commonwealth of Independent States, Africa, Europe and Middle East. The Company continued to consolidate its dominant market positions in Russia and Africa and also expanded into potential growth markets in Asia. The Company significantly increased its value added focus in terms of product and packaging. New product variants developed for select markets helped the Company to provide right value to the buyers and also differentiate itself from the competition. The Company also strengthened its sales and marketing team to ensure widespread reach and deeper customer connect.

#### **Tata Coffee Grand:**

The Company manufactures 'Tata Coffee Grand', an Instant Coffee for sale in domestic market, which is being distributed and marketed by the Holding company, Tata Global Beverages Ltd. The Brand has received positive response in the market. In addition, during the year, there were two product variants HTS (Hot Tea Shops) with blend of Spray Dried Coffee with Chicory, and R&G with blend of Roasted and Ground coffee with Chicory, packed for the domestic market as part of overall Tata Coffee Grand portfolio.

#### **C. Starbucks Roastery:**

The Unit did 15% higher production and processed 119 MT during the current year as against 102 MT in the previous year. The Unit is successfully qualified by Starbucks for Espresso, India Estates Blend, Kenya, Sumatra and Italian roasted coffees. The Unit continues to cater exclusively to the requirements of TATA Starbucks outlets in India from its state-of-the-art Coffee Roasting Facility at Kushalnagar Works. The Unit is certified under ISO 9001:2008 (Quality Management System), FSSC 22000 (Food Safety & Standards Certification), ISO 14001:2004 (Environment Management System) and FSSAI (Food Safety and Standards Authority of India).

#### **8. Business Growth:**

Your Company has a dedicated team of Management and Operating Personnel who have been instrumental in the growth of the business over the years. Your Directors believe that the Company has the potential to further scale up its business volumes and profitability and are in the process of identifying new avenues of growth and effective utilization of its existing resources.

#### **9. Quality Awards:**

##### **(i) Sustainability Awards:**

Your Company has consistently been committed to environment protection and co-exists with nature at the coffee plantations.

The Company has been awarded the 'Excellence in Work Place Safety' trophy for its elephant conservation project, in the Confederation of Indian Industry IQ National Safety Competition. Further, the Company was recognized as the 'Most Ethical Company' in the Agriculture Sector in November 2016.

The Anandapur, Karadibetta, Ubban, Valparai and Yemmigoondi Estates of the Company have bagged Regional and Specialty awards for their Arabica and Robusta Coffee.

##### **(ii) Instant Coffee Operations (ICD):**

#### **Awards**

ICD-Toopran stepped into a milestone of achieving EHS 4 star in 2016-17, which has proven the continual development in the areas of Environmental, Occupational Health and Safety Management Systems.

ICD-Toopran also achieved the prestigious FTAPCCI (Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry) Award for excellence in Industrial Productivity.

ICD-Theni received SEEM (Society of Energy Engineers and Managers) National Energy Management Award 2016.

### Certifications

#### Instant Coffee Unit, Toopran

Toopran Unit was certified for Integrated Management System (IMS) comprising of ISO 9001, ISO 14001, OHSAS 18001, along with certification on ISO 22000, HALAL, KOSHER, BIS, FSSAI, SA 8000, UTZ, SAN-RA.

#### Instant Coffee Unit, Theni

Theni Unit was certified for Integrated Management System (IMS) comprising of ISO 9001, ISO 14001, BS OHSAS 18001, along with certification on ISO 22000, HALAL, KOSHER, BRC, IFS, FSSAI, SA 8000, UTZ, SAN-RFA.

The Theni Unit Laboratory was certified with NABL (National Accreditation Board for Testing and Calibration Laboratories).

### 10. Capital Expenditure:

During the Financial Year 2016-17, ₹ 4497.53 Lakhs was incurred towards capital expenditure primarily on account of welfare, modernization, upgradation and other programmes undertaken in the various units of the Company.

### 11. Subsidiary Companies and Consolidated Financial Statements:

#### Subsidiary Companies:

#### I. Eight O' Clock Coffee Company (EOC):

The total Income of EOC during the Financial Year 2016-17 was at ₹ 827 Crores, under Ind AS, compared to ₹ 843 Crores for the previous year. The EOC's bags volumes sold were marginally higher than the previous year amidst intense competitive spending. EOC's total income also includes royalty income from the single serve K-cups sold under a licensing agreement with Keurig. K-cup volumes were lower than previous year due to intense competitive pressures. EOC's profits were higher on account of higher sales, and lower costs.

#### II. Consolidated Coffee Inc. (CCI):

CCI is the Holding Company of EOC. The Consolidated net profit after taxes was ₹ 117 Crores as compared to ₹ 85 Crores for the previous year.

#### Performance of Subsidiaries:

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 ('the Act'), a statement containing salient features of Financial Statements of subsidiaries in Form AOC-1 is annexed as Annexure - A.

The Company does not have any Associate or Joint Venture Companies. The Company has adopted a policy for determining the criteria of material subsidiaries which can be viewed on the Company's website at [www.tatacoffee.com](http://www.tatacoffee.com).

### 12. Freeze Dried Instant Coffee Facility in Vietnam:

The Board of Directors of the Company at their meeting held on 19th December 2016 approved setting up of a state-of-the-art greenfield Freeze Dried Instant Coffee facility in Vietnam of 5000 MT capacity per annum through a Subsidiary Company, with an estimated Project Cost of ₹ 350 Crores. Pursuant thereto, the Company has on 4th May 2017, infused an amount of ₹ 30.49 Crores in the equity capital of "Tata Coffee Vietnam Company Limited", which is a Wholly-owned Subsidiary of the Company. The Directors are happy to report that the Project is making satisfactory progress.

### 13. Directors Responsibility Statement:

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, the work performed by the Internal, Statutory, Cost and Secretarial Auditors including Audit of Internal Financial Controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's Internal Financial Controls were adequate and effective during the Financial Year 2016-17.

Accordingly, pursuant to Section 134(3)(c) and 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (i) in the preparation of the accounts for the Financial Year ended 31st March, 2017, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the profits of the Company for that period;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the Accounts for the Financial Year ended 31st March, 2017 on a 'going concern' basis;

- (v) they have laid down Internal Financial Controls to be followed by the Company and such Internal Financial Controls are adequate and are operating effectively;
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and are operating effectively.

#### 14. Directors & Key Managerial Personnel:

Prof. Arun Monappa, Non-executive Independent Director of the Company retired on 9<sup>th</sup> March 2017, on reaching the retirement age as per the Governance Guidelines adopted by the Board. Your Directors wish to place on record their sincere appreciation for the valuable contribution made by Prof. Monappa during his tenure as Director of the Company.

The Board of Directors at its meeting held on 18<sup>th</sup> May 2017 appointed Dr. P. G. Chengappa as an Additional Director of the Company with effect from that date. Pursuant to the provisions of Section 161 of the Act, Dr. Chengappa holds office till the date of ensuing Annual General Meeting and is eligible for appointment. A resolution in this behalf is set out at Item No.5 of the Notice of Annual General Meeting, for members' approval.

Further, the Board of Directors, at its meeting held on 18<sup>th</sup> May 2017, subject to the approval of the Members at the ensuing Annual General Meeting, re-appointed Mr. K. Venkataramanan as Executive Director – Finance and Chief Financial Officer for a further term of 3 years with effect from 25<sup>th</sup> October 2017, on terms of remuneration as recommended by the Nomination & Remuneration Committee. A resolution in this behalf is set out at Item No.6 of the Notice of Annual General Meeting, for members' approval.

Pursuant to the provisions of Section 152 of the Act, Mr. R. Harish Bhat, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment.

In terms of Section 203 of the Act, the following are the Key Managerial Personnel of the Company:

- Mr. Sanjiv Sarin, Managing Director & CEO
- Mr. K. Venkataramanan, Executive Director – Finance & CFO
- Mr. N. Anantha Murthy, Head – Legal & Company Secretary

Mr. N. S. Suryanarayanan, who earlier held the position of Company Secretary, retired from the services of the Company, effective 19<sup>th</sup> December 2016.

All the Independent Directors have given their declarations stating that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('the Listing Regulations'). In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the Listing Regulations and are independent of the management.

#### 15. Board and Committee Meetings:

An Annual Calendar of Board and Committee Meetings planned during the year was circulated in advance to the Directors.

The Board has constituted an Audit Committee comprising of Mr. S. Santhanakrishnan as Chairman, Ms. Sunalini Menon, Mr. V. Leeladhar and Mr. Siraj Azmat Chaudhry as its Members. There have been no instances during the year where recommendations of the Audit Committee were not accepted by the Board.

The details of the composition of the Board and its Committees and number of meetings held and attendance of Directors at such meetings are provided in the Corporate Governance Report, which forms part of the Annual Report.

#### 16. Governance Guidelines:

The Company has adopted Governance Guidelines on Board Effectiveness. The Governance Guidelines encompasses aspects relating to composition and role of the Board, Chairman and Directors, Board Diversity, Definition of Independence, Term of Directors, Retirement Age and Committees of the Board. It also covers aspects relating to Nomination, Appointment, Induction and Development of Directors, Director Remuneration, Subsidiary oversight, Code of Conduct, Board Effectiveness Review and Mandates of Board Committees.

#### 17. Policy on Director's Appointment and Remuneration and other details:

##### (a) Procedure for Nomination and Appointment of Directors:

The Nomination and Remuneration Committee (NRC) has been mandated to oversee and develop competency requirements for the Board based on the industry requirements and business strategy of the Company. The NRC reviews and evaluates the resumes of potential candidates for appointment of Directors and meets them prior to making recommendations of their nomination to the Board. Specific requirements for the position, including expert knowledge expected, are communicated to the appointee.

On the recommendation of the NRC, the Board has adopted and framed a Remuneration Policy for the Directors, Key Managerial Personnel and other employees

pursuant to the provisions of the Act and the Listing Regulations. The remuneration determined for Executive/Independent Directors is subject to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors. The Non-Executive Directors are compensated by way of profit sharing commission and the criteria being their attendance and contribution at the Board/Committee Meetings. The Executive Directors are not paid sitting fees; the Non-Executive Directors are entitled to sitting fees for the Board/Committee Meetings.

It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and all other employees is in accordance with the Remuneration Policy of the Company. The Company's Policy on Directors' Appointment and Remuneration and other matters provided in Section 178(3) of the Act and Regulation 19 of the Listing Regulations have been disclosed in the Corporate Governance Report, which forms part of the Annual Report.

**(b) Familiarization/Orientation program for Independent Directors:**

The Independent Directors attend a Familiarization / Orientation Program on being inducted into the Board. The details of Familiarization Program are provided in the Corporate Governance Report and are also available on the Company's website. The Company issues a formal letter of appointment to the Independent Directors, outlining their role, function, duties and responsibilities, the format of which is available on the Company's website at <https://www.tatacoffee.com>.

**18. Dividend Distribution Policy:**

As required under Regulation 43A of the Listing Regulations, the Company has formulated a Policy on Dividend Distribution, which is attached as Annexure - B. This Policy can also be viewed on the Company's website at <https://www.tatacoffee.com>.

**19. Annual Evaluation of Board Performance and Performance of its Committees and of Directors:**

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an Annual Evaluation of its own performance, performance of the Directors and the working of its Committees on the evaluation criteria defined by Nomination and Remuneration Committee (NRC) for performance evaluation process of the Board, its Committees and Directors.

The Board's functioning was evaluated on various aspects, including inter-alia the structure of the Board, meeting of the Board, functions of the Board, degree of fulfilment of key responsibilities, establishment and delineation of

responsibilities to various Committees, effectiveness of Board processes, information and functioning.

The Committees of the Board were assessed on the degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of Meetings. The Directors were evaluated on aspects such as attendance, contribution at Board/Committee Meetings and guidance/support to the Management outside Board/Committee Meetings.

The performance assessment of Non-Independent Directors, Board as a whole and the Chairman were evaluated in a separate meeting of Independent Directors. The same was also discussed in the meetings of NRC and the Board. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

**20. Internal Control Systems & their adequacy:**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

**21. Reporting of Frauds:**

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of the Act and the rules made thereunder.

**22. Transfer to Investor Education and Protection Fund:**

As required under Section 124 of the Act, the unclaimed dividend amount aggregating to ₹ 10,02,912/- pertaining to the financial year ended on 31st March, 2009 and Unclaimed Interest on Debentures aggregating to ₹ 59,807/- lying with the Company for a period of seven years were transferred during the year 2016-17, to the Investor Education and Protection Fund established by the Central Government.

**23. Auditors:**

**(i) Statutory Auditors:**

The term of office of M/s SNB Associates, Chartered Accountants (Firm Registration No. 015682N) who were appointed as the Joint Statutory Auditors at the 73<sup>rd</sup> Annual General Meeting of the Company held on 26<sup>th</sup> July 2016, expires upon conclusion of the ensuing Annual General Meeting of the Company.

The Members at the 73<sup>rd</sup> Annual General Meeting of the Company held on 26<sup>th</sup> July, 2016, had appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as the Statutory Auditor of the Company to hold office for

a term of five years i.e., from the conclusion of the said Annual General Meeting until the conclusion of 78th Annual General Meeting of the Company to be held in 2021, subject to ratification of their appointment by the shareholders, every year. The Notice of Annual General Meeting contains a resolution to this effect, for your approval.

**(ii) Cost Auditors:**

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Board of Directors, based on the recommendation of the Audit Committee, has appointed M/s. Rao, Murthy & Associates, Cost Accountants, as Cost Auditor of the Company for conducting the Cost Audit for the Financial Year 2017-18, on a remuneration as mentioned in the Notice of 74th Annual General Meeting.

A resolution seeking Member's ratification for the remuneration payable to the Cost Auditor forms part of the Notice of 74th Annual General Meeting and the same is recommended for your consideration and ratification.

**(iii) Secretarial Auditor:**

Pursuant to the provisions of Section 204 of the Act and the rules made there under, the Company had appointed M/s. HBP & Co., Company Secretaries, to undertake the Secretarial Audit of the Company for the year ended 31st March, 2017. The Secretarial Audit Report issued in this regard is annexed as Annexure - C.

The Auditors' Report and the Secretarial Audit Report for the Financial Year ended 31st March, 2017 do not contain any qualification or reservation or adverse remark.

**24. Risk Management:**

The Company has constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) approving the Company's Risk Management Framework and (b) Overseeing all the risks that the organization faces such as strategic, financial, liquidity, security, regulatory, legal, reputational and other risks that have been identified and assessed to ensure that there is a sound Risk Management Policy in place to address such concerns/risks. The Risk Management process covers risk identification, assessment, analysis and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlight risks associated with chosen strategies.

The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the business and functions are systematically addressed through mitigating actions on continuing basis.

The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and Regulation 21 of the Listing Regulations.

**25. Particulars of Loans, Guarantees and Investments:**

The details of Loans and Investments covered under the provisions of Section 186 of the Act are given in the Notes to the Financial Statements forming part of Annual Report. The Company has not provided any guarantees during the Financial Year.

**26. Fixed Deposit:**

During the year under review, your Company has neither accepted nor renewed any deposits from the public within the meaning of Section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.

**27. Related Party Transactions:**

All Related Party Transactions that were entered into during the Financial Year under review were on an arm's length basis and in the ordinary course of business and is in compliance with the applicable provisions of the Act and the Listing Regulations. There were no materially significant Related Party Transactions made by the Company during the year that required shareholders' approval under Regulation 23 of the Listing Regulations.

All Related Party Transactions are placed before the Audit Committee for prior approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature or when the need for them cannot be foreseen in advance.

None of the transactions entered into with related parties falls under the scope of Section 188(1) of the Act. Details of transactions with related parties as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure - D in Form AOC-2 and forms part of this Report.

The Company has adopted a Policy for dealing with Related Party Transactions. The Policy as approved by the Board may be viewed on the Company's website at the web link: [http://www.tatacoffee.com/investors/related\\_party.pdf](http://www.tatacoffee.com/investors/related_party.pdf).

**28. Corporate Governance & Management Discussion & Analysis Report:**

Your Company is in compliance with all the applicable provisions of Corporate Governance as stipulated under Chapter IV of the Listing Regulations. A detailed report on Corporate Governance as required under the Listing Regulations is provided in a separate section and forms part of the Annual Report. Certificate from the Practicing Company Secretary regarding compliance with the conditions stipulated in the Listing Regulations forms part of the Corporate Governance Report.

The Management Discussion and Analysis Report as required under the Listing Regulations is presented in a separate section and forms part of the Annual Report.

## 29. Business Responsibility Report:

As required under Regulation 34 of the Listing Regulations, the Business Responsibility Report is provided in a separate section and forms part of the Annual Report.

## 30. Employees Welfare:

The Company continues to focus on welfare and improving the quality of lives of its employees by providing educational assistance to their children, crèche and child care facilities, transport at subsidized rate to school going children and supply of provisions at cost through co-operative stores.

## 31. Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Work place:

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. The Policy aims to provide protection to employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee, known as the Prevention of Sexual Harassment (POSH) Committee, to enquire into complaints of sexual harassment and recommend appropriate action.

During the Financial Year 2016-17, the Company received 2 complaints on sexual harassment, which have been disposed of and appropriate actions were taken.

## 32. Whistle Blower Policy/Vigil Mechanism:

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy has been posted on the website of the Company at [www.tatacoffee.com](http://www.tatacoffee.com).

## 33. Corporate Social Responsibility (CSR):

The Annual Report on CSR activities in terms of the requirements of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure - E, which forms part of this Report.

The Company has a Corporate Social Responsibility Policy and the same has been posted on the website of the Company at [www.tatacoffee.com](http://www.tatacoffee.com).

## 34. Extract of Annual Return:

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in the prescribed form i.e., Form MGT-9 is annexed herewith as Annexure – F, which forms part of this Report.

## 35. Particulars of Employees and Remuneration:

In terms of the first proviso to Section 136 of the Act, the Reports and Accounts are being sent to the shareholders excluding the information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any shareholder interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company. The said information is available for inspection by the Members at the Registered Office of the Company on any working day of the Company upto the date of the 74th Annual General Meeting.

The statement containing information as required under the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure – G and forms part of this Report.

## 36. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134 (3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules 2014 is annexed as Annexure – H and forms part of this Report.

## 37. Significant and Material Orders passed by the Regulators or Courts:

There are no significant or material orders which were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's Operations in future.

## 38. Green Initiatives:

In commitment to keep in line with the Green Initiative and going beyond it to create new green initiatives, electronic copy of the Notice of 74th Annual General Meeting of the Company are sent to all Members whose email addresses are registered with the Company/Depository Participant(s). For members who have not registered their e-mail addresses, physical copies are sent through the permitted mode.

**39. Acknowledgement:**

Your Directors take this opportunity to thank the Parent Company – Tata Global Beverages Limited, the employees, customers, vendors, investors and the communities in which the Company operates, for their continued valuable support and co-operation extended to the Company during the year.

Your Directors also thank the Government of India, Government of various States in India and concerned government departments/agencies for their co-operation.

Your Directors appreciate and value the contributions made by every member of Tata Coffee family.

For and on behalf of the Board

Place: Bengaluru  
Date: 18th May, 2017

**R. HARISH BHAT**  
Chairman

**Annexure-A****FORM AOC – 1****Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures**

(Pursuant to first Proviso to Sub-Section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

**PART “A”: SUBSIDIARIES**

(₹ in Crores)

Sl. No.					
1	Name of the Subsidiary	Consolidated Coffee Inc.	Eight O’Clock Holdings Inc.	Eight O’Clock Coffee Company	Tata Coffee Vietnam Company Limited
2	Date since when subsidiary was acquired/formed	July 10, 2006	July 10, 2006	July 10, 2006	March 28, 2017
3	Reporting Currency and Exchange Rate as on the last date of the relevant Financial Year in case of Foreign Subsidiaries	US Dollar / ₹ 64.85	US Dollar / ₹ 64.85	US Dollar / ₹ 64.85	US Dollar / ₹ 64.85
4	Average yearly rate for P & L items translation	US Dollar / ₹ 67.12	US Dollar / ₹ 67.12	US Dollar / ₹ 67.12	NA
5	Share Capital	388.44	388.44	388.44	-
6	Reserves & Surplus	(52.22)	(0.46)	122.27	-
7	Total Assets	395.77	388.72	1555.30	5.70
8	Total Liabilities	59.54	0.73	1044.59	5.70
9	Investments	388.44	388.44	-	-
10	Turnover	-	-	823.90	-
11	Profit before Taxation	91.82	93.95	167.95	-
12	Provision for Taxation	(0.67)	-	58.66	-
13	Profit after Taxation	92.51	93.96	109.30	-
14	Proposed Dividend	-	-	-	-
15	Percentage of Shareholding	50.08	-	-	-

**Notes:**

- Reporting period of the subsidiaries is the same as that of the Company.
- Balance Sheet items have been translated at the exchange rate as on the last day of relevant Financial Year.
- The numbers reported above are based on individual financial statements prepared under local GAAP.
- Part B of the Annexure is not applicable as there are no Associate Companies/Joint ventures of the Company as on 31<sup>st</sup> March, 2017.
- Eight O’Clock Holdings Inc. and Eight O’Clock Coffee Company are subsidiaries of Consolidated Coffee Inc.
- Tata Coffee Vietnam Company Limited has been consolidated based on control over the entity.

For and on behalf of the Board

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

**R. HARISH BHAT**  
Chairman

## Annexure – B

### Dividend Distribution Policy

#### Scope and Purpose

This Policy will regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions of Companies Act, 2013 read with the applicable Rules framed thereunder, as may be in force for the time being ("Companies Act") and the Notification dated 8th July 2016 of Securities and Exchange Board of India (SEBI), which has mandated the top 500 listed companies (by way of market capitalisation as on March 31) to formulate Dividend Distribution Policy, which shall be disclosed in the Annual Report and on the website of companies. Accordingly, this Dividend Distribution Policy has been adopted by the Company.

#### Objective

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion, modernisation or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs.

The objective of this policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will refer to the policy while declaring/recommending dividends on behalf of the Company. Through this policy, the Company would endeavour to maintain a consistent approach to dividend pay-out plans.

The Company believes that it operates in the high potential and fast growing beverage industry. This offers huge investment opportunities. Therefore, the retention of surplus funds for future growth will over-ride considerations of returning cash to the shareholders. However, considering the consistent and impressive generation of profits year on year, there is a need to provide greater clarity on the dividend pay-out philosophy of the Company.

#### Category of Dividends

The Companies Act provides for two forms of Dividend- Final & Interim. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

#### Final Dividend

The Final Dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has

the power to recommend the payment of Final Dividend to the shareholders, for approval in the Annual General Meeting.

#### Process for approval of Payment of Final Dividend

The Board shall recommend the quantum of Final Dividend payable to the shareholders in its meeting, in line with this Policy. The payment of dividend is based on the profits arrived at as per the audited financial statements and subject to approval of shareholders in the Annual General Meeting and is paid once in a financial year.

#### Interim Dividend

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts. This would be in order to supplement the annual dividend or in exceptional circumstances.

#### Process for approval of Payment of Interim Dividend

The Board may declare Interim Dividend at its complete discretion in line with this Policy. The payment of interim dividend may be one or more times during the financial year and is based on the profits arrived at as per quarterly (or half-yearly) financial statements including exceptional items. No Interim Dividend can be declared or paid unless depreciation for the full year has been provided for. It is thus an extra dividend paid during the year requiring no approval of the Annual General Meeting.

#### Declaration of Dividend

Subject to the provisions of the Companies Act, Dividend shall be declared or paid only out of-

- i) Current financial year's profit:
  - a) after providing for depreciation in accordance with law;
  - b) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.
- ii) The profits for any previous financial year(s):
  - a) after providing for depreciation in accordance with law;
  - b) remaining undistributed; or
- iii) out of i) & ii) both.

In computing the above, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in law or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment

in investments (long term or short term) (v) non-cash charges pertaining to amortisation or resulting from change in accounting policies or accounting standards.

### Factors to be considered while declaring Dividend

The decision regarding dividend pay-out is a crucial as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Retained profit plays an important role in the future growth and expansion of the Company because these are internal sources of financing and do not involve floatation costs and legal formalities. As such, the Company will adopt the policy of residual or passive distribution; so far it can profitably invest its retained earnings as a source of internal financing. The term residual distribution here means the declaration of dividend out of the profit remaining left after internal financing of the company. The Board of Directors will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, any optimal policy in this regard may be far from obvious.

The Dividend pay-out decision of any company depends upon certain external and internal factors-

#### External Factors

- **State of Economy** - In case of uncertain or recessionary economic and business conditions, Board will endeavour to retain larger part of profits to build up reserves to absorb future shocks.
- **Capital Markets** - When the markets are favourable, dividend pay-out can be liberal. However, in case of unfavourable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.
- **Statutory Restrictions** - Prevailing legal requirements, regulatory conditions or restrictions laid down under applicable laws including tax laws with regard to declaration of dividend.

#### Internal Factors

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter alia will include-

- Profits earned during the year;
- Present & future capital requirements of the existing businesses;
- Business Acquisitions; Expansion/ Modernization of existing businesses;

- Additional investments in Subsidiaries/Associates of the Company;
- Cash flow required to meet contingencies
- Outstanding borrowings
- Past dividend trends
- Any other factor as deemed fit by the Board.

### Dividend Range

The Company stands committed to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the shareholders, in the form of dividend. As explained in the earlier part of this Policy, determining the dividend pay-out is dependent upon several factors, both internal to a business and external to it.

Taking into consideration the aforementioned factors, the Board will endeavour to maintain a dividend pay-out at an appropriate percentage of profits after tax on the standalone financials. Further, the Board may amend the pay-out range, whenever considered appropriate by it, keeping in mind the aforesaid factors having a bearing on the dividend pay-out decision.

### Effective Date

The Policy shall become effective from the date of its adoption by the Board i.e., 9<sup>th</sup> March, 2017.

### Disclosure

The Company shall make appropriate disclosures as required under the SEBI Regulations.

### General

This Policy would be subject to revision / amendment in accordance with the guidelines as may be issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India or such other regulatory authority as may be authorised, from time to time, on the subject matter.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy

In case of any amendment(s), clarification(s), circular(s) etc., issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendments, clarification(s), circular(s) etc., shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**Annexure - C****SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]**

To,  
The Members,  
Tata Coffee Limited  
CIN: L01131KA1943PLC000833  
Pollibetta, Kodagu 571215

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Tata Coffee Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances, and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2017 according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the Rules made thereunder and the relevant provisions of the Act;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009 – Not applicable as the Company did not issue any security during the financial year under review.
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in relation to Employee Stock Option Scheme – Not applicable as the Company has not issued any ESOPS to its employees.
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – Not applicable as the Company has not issued any debt securities during the financial year under review.
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review; and

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; – Not applicable as the Company has not done any buyback of its securities during the financial year under review.
- vi. The following key / significant laws as specifically applicable to the Company:
  - 1) The Plantation Labour Act, 1951
  - 2) The Coffee Act, 1942 and the Rules made thereunder
  - 3) The Tea Act, 1953 & rules made thereunder
  - 4) The Coffee Market Expansion Act, 1942
  - 5) The Factories Act, 1948
  - 6) The Legal Metrology Act, 2009 and rules made there under
  - 7) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
  - 8) The Water (Prevention and Control of Pollution) Act, 1974
  - 9) The Water (Prevention and Control of Pollution) Cess Act, 1977
  - 10) The Air (Prevention and Control of Pollution) Act, 1981
  - 11) The Environment (Protection) Act, 1986
  - 12) The Hazardous Wastes (Management and Handling) Rules, 1989
  - 13) Food Safety & Standards Act, 2006, and Food Safety & Standards Rules, 2011
  - 14) The Spices Board Act, 1986 and the Rules, Regulations made thereunder
  - 15) The Indian Forest Act, 1927
  - 16) The Indian Wildlife Protection Act, 1972
  - 17) The Arms Act, 1959 and the Arms Rules 1962
  - 18) The Electricity Act, 2003
  - 19) The Contract Labour (Regulation and Abolition) Act, 1970 & its Central Rules/ concerned State Rules
  - 20) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & EPF, FPF Schemes
  - 21) The Employees' State Insurance Act, 1948 & its Central Rules / concerned State Rules
  - 22) The Minimum Wages Act, 1948 & its Central Rules/ concerned State Rules/ Notification of Minimum Wages applicable to various class of industries/ Trade
  - 23) The Payment of Wages Act, 1936 & its Central Rules/ concerned State Rules if any
  - 24) The Payment of Bonus Act, 1965 & its Central Rules/ concerned State Rules if any
  - 25) The Payment of Gratuity Act & its Central Rules/ concerned State Rules if any
  - 26) The Maternity Benefit Act, 1961 & its Rules
  - 27) The Equal Remuneration Act, 1976
  - 28) The Workmen's Compensation Act, 1923

- 29) The Karnataka Shops & Establishments Act, 1961 and rules made thereunder
- 30) The Information Technology Act, 2000
- 31) The Industrial Dispute Act, 1947
- 32) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

We have also examined compliance with the applicable clauses/regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that: -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines. As informed, the Company has responded to notices for demands, claims, penalties etc. levied by various statutory/ regulatory authorities and initiated actions for corrective measures, wherever necessary.

There are no other specific events/actions in pursuance of the above referred laws, rules, regulations guidelines etc., having a major bearing on the Company's Affairs.

Place: Bengaluru  
Date: 18<sup>th</sup> May 2017

For **HBP & Co.,**  
Company Secretaries  
**BISWAJIT GHOSH**  
Partner  
FCS 8750 / CP No. 8239

**'Annexure - 1' to Secretarial Audit Report**

To,  
The Members,  
Tata Coffee Limited  
CIN: L01131KA1943PLC000833  
Pollibetta, Kodagu 571215

**Our report of even date is to be read along with this letter.**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/Company Secretary/Managing Director taken on record by the Board of the Company, in our opinion, adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like Labour Laws & Environment Laws and Data Protection Policy.
8. We further report that the compliance by the Company of applicable financial laws like Direct & Indirect Tax Laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

Place: Bengaluru  
Date: 18<sup>th</sup> May 2017

For **HBP & Co.,**  
Company Secretaries  
**BISWAJIT GHOSH**  
Partner  
FCS 8750 / CP No. 8239

**Annexure - D****Form No. AOC-2**

**(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Tata Coffee Limited (the Company) has not entered into any contract/arrangement/transaction with its related parties which are not in ordinary course of business or at arm's length during the financial year 2016-17. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

- (a) Name(s) of the related party and nature of relationship: **Not Applicable**
- (b) Nature of contracts/arrangements/transactions: **Not Applicable**
- (c) Duration of the contracts / arrangements/transactions: **Not Applicable**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Not Applicable**
- (e) Justification for entering into such contracts or arrangements or transactions: **Not Applicable**
- (f) Date(s) of approval by the Board: **Not Applicable**
- (g) Amount paid as advances, if any: **Not Applicable**
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: **Not Applicable**

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

- (a) Name(s) of the related party and nature of relationship: **Not Applicable**
- (b) Nature of contracts/arrangements/transactions: **Not Applicable**
- (c) Duration of the contracts/arrangements/transactions: **Not Applicable**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Not Applicable**
- (e) Date(s) of approval by the Board, if any: **Not Applicable**
- (f) Amount paid as advances, if any: **Not Applicable**

For and on behalf of the Board

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

R. HARISH BHAT  
Chairman

## Annexure – E

### ANNUAL REPORT ON CSR ACTIVITIES OF THE COMPANY

**1. A brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to the web link of the CSR Policy and projects or programs.**

The focus areas of CSR Policy are as follows:

- a) Reduction of carbon and water foot print through inclusive and sustainable business practices.
- b) Renewable Energy, Water Conservation & Waste Management to support Environmental Sustainability.
- c) Ensuring protection and restoration of wildlife within the scope of operations.
- d) Undertaking programs focused on Education and Skill Development, Healthcare & Gender Equality.
- e) Actively participating in programs for volunteering and Affirmative Action.

The CSR Policy can be viewed on the Company's website at '[www.tatacoffee.com](http://www.tatacoffee.com)'

**2. The Composition of CSR Committee:**

Ms. Sunalini Menon - Chairperson (Independent Non-Executive Director)

Mr. V. Leeladhar (Independent Non-Executive Director)

Mr. Siraj Azmat Chaudhry (Independent Non-Executive Director)

Mr. Sanjiv Sarin (Managing Director & CEO)

**3. Average Net Profit of the Company for the last 3 Financial Years:**

The average Net Profit for the last three years is ₹ 108.91 Crores.

**4. Prescribed CSR Expenditure (two percent of the amount as mentioned at item 3 above):**

The Company is required to spend ₹ 2.18 Crores towards CSR for the Financial Year 2016-17.

**5. Details of CSR spent during the Financial Year:**

- a) Total amount spent for the Financial Year: ₹ 2.21 Crores
- b) Amount unspent, if any: Nil
- c) Manner in which the amount spent during the Financial Year is detailed below:

(₹ in Lakhs)

Sl. No.	Project/Activities	Sector	Locations Districts(State)	Amount Outlay (Budget)	Cumulative expenditure upto reporting period	Amount Spent	
						Direct	Through Implementing Agency
1	Promoting Preventive Health Care	Health	Coorg, KA* Bengaluru, KA* Theni, TN*	70.62	104.02	74.05	30.00
2	Safe Drinking Water/ Sanitation Facility	Water	Theni, TN* Toopran, TEL* Coorg, KA* Bengaluru, KA*	42.52	37.14	37.14	-
3	Promoting education by providing contributions	Education	Coorg, KA * Anamallais, TN * Bengaluru, KA* Toopran, TEL *	75.88	54.97	54.97	-
4	Promotion and Development of Traditional Art and Handicraft	Art and Handicraft	Bengaluru,KA *	14.00	14.00	14.00	-
5	Environmental Sustainability	Environmental Sustainability	Coorg, KA * Toopran, TEL *	3.99	3.99	3.99	-
6	Others	Infrastructure/ Others	Bengaluru, Coorg, KA *	10.82	7.17	7.17	-
<b>Total</b>				<b>217.83</b>	<b>221.29</b>	<b>191.29</b>	<b>30.00</b>

\* KA - Karnataka; TN - Tamil Nadu; TEL – Telangana

**6. In case the Company has failed to spend the two percent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report:**

Not Applicable

**7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

**SANJIV SARIN**  
Managing Director & CEO

**SUNALINI MENON**  
Chairperson - CSR Committee

## Annexure - F

## Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

Sl. No.	Particulars	Details
1	Corporate Identification Number (CIN)	L01131KA1943PLC000833
2	Registration Date	19th November, 1943
3	Name of the Company	Tata Coffee Limited
4	Category/ Sub- Category of the Company	Public Company/Limited by Shares
5	Address of the Registered Office and Contact Details	Pollibetta, Kodagu, 571 215, Karnataka, India Ph:- 080- 23560695 Fax: 080-23341843 E-mail: <a href="mailto:anantha.murthy@tatacoffee.com">anantha.murthy@tatacoffee.com</a>
6	Whether Listed Company? Yes/ No	Yes
7	Name, Address and Contact Details of Registrar and Transfer Agent, if any	TSR Darashaw Ltd. 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011. Tel. No.: 91 22 6656 8484 Fax No.: 91 22 6656 8494 E-mail: <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Website: <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a>

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the Company:-

Sl. No.	Name & Description of Main Products/ Services	NIC Code of the Product/ Service	% to Total Turnover of the Company
1	Coffee	01272/10792	18.44
2	Instant Coffee	10792	53.34

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Tata Global Beverages Limited	L15491WB1962PLC031425	Holding Company	57.48	2(46)
2	Consolidated Coffee Inc. USA	NA	Subsidiary	50.08	2(87)
3	Eight O'Clock Holdings Inc.	NA	Subsidiary	-	2(87)
4	Eight O'Clock Coffee Company	NA	Subsidiary	-	2(87)
5	Tata Coffee Vietnam Company Limited	NA	Subsidiary	-	2(87)

**IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):****i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 1st April, 2016				No. of Shares held at the end of the year i.e. 31st March, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	107,359,820	0	107,359,820	57.48	107,359,820	0	107,359,820	57.48	0.00
(d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A) (1)</b>	<b>107,359,820</b>	<b>0</b>	<b>107,359,820</b>	<b>57.48</b>	<b>107,359,820</b>	<b>0</b>	<b>107,359,820</b>	<b>57.48</b>	<b>0.00</b>
<b>(2) Foreign</b>									
(a) Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>107,359,820</b>	<b>0</b>	<b>107,359,820</b>	<b>57.48</b>	<b>107,359,820</b>	<b>0</b>	<b>107,359,820</b>	<b>57.48</b>	<b>0.00</b>
<b>(B) Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds / UTI	7,096,970	27,860	7,124,830	3.81	7,682,743	27,860	7,710,603	4.13	0.31
(b) Financial Institutions / Banks	165,112	52,650	217,762	0.12	261,445	52,650	314,095	0.17	0.05
(c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e) Insurance Companies	4,245,060	0	4,245,060	2.27	2,947,350	0	2,947,350	1.58	-0.69
(f) Foreign Institutional Investors	4,100	0	4,100	0.00	49,086	0	49,086	0.03	0.02
(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i) Foreign Portfolio Investors (Corporate)	0	0	0	0.00	0	0	0	0.00	0.00
(j) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B) (1)</b>	<b>11,511,242</b>	<b>80,510</b>	<b>11,591,752</b>	<b>6.21</b>	<b>10,940,624</b>	<b>80,510</b>	<b>11,021,134</b>	<b>5.90</b>	<b>-0.31</b>
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate	15,010,032	123,770	15,133,802	8.10	13,731,249	123,770	13,855,019	7.42	-0.68
(b) Individuals -									
i Individual shareholders holding nominal share capital upto ₹ 1 lakh	33,601,021	5,849,600	39,450,621	21.12	36,920,242	5,641,980	42,562,222	22.79	1.67
ii Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	5,222,269	205,070	5,427,339	2.91	3,947,130	205,070	4,152,200	2.22	-0.68
(c) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d) Any Other									
i Foreign Company	7,586,310	0	7,586,310	4.06	7,581,310	0	7,581,310	4.06	-0.00
ii Director	3,000	0	3,000	0.00	3,000	0	3,000	0.00	0.00
iii Trust	217,726	0	217,726	0.12	235,665	0	235,665	0.13	0.01
<b>Sub-total (B) (2)</b>	<b>61,640,358</b>	<b>6,178,440</b>	<b>67,818,798</b>	<b>36.31</b>	<b>62,418,596</b>	<b>5,970,820</b>	<b>68,389,416</b>	<b>36.62</b>	<b>0.31</b>
<b>Total Public Shareholding (B) = (B) (1)+(B)(2)</b>	<b>73,151,600</b>	<b>6,258,950</b>	<b>79,410,550</b>	<b>42.52</b>	<b>73,359,220</b>	<b>6,051,330</b>	<b>79,410,550</b>	<b>42.52</b>	<b>0.00</b>
<b>TOTAL (A)+(B)</b>	<b>180,511,420</b>	<b>6,258,950</b>	<b>186,770,370</b>	<b>100.00</b>	<b>180,719,040</b>	<b>6,051,330</b>	<b>186,770,370</b>	<b>100.00</b>	<b>0.00</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>180,511,420</b>	<b>6,258,950</b>	<b>186,770,370</b>	<b>100.00</b>	<b>180,719,040</b>	<b>6,051,330</b>	<b>186,770,370</b>	<b>100.00</b>	<b>0.00</b>

**ii. Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 1st April, 2016			Shareholding at the end of the year 31st March, 2017			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	% change in shareholding during the year
1	TATA Global Beverages Limited	107,359,820	57.48	16.60	107,359,820	57.48	0.00	0.00
		107,359,820	57.48	16.60	107,359,820	57.48	0.00	0.00

**iii. Change in Promoter's Shareholding ( Please specify , if there is no change)**

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year 1st April, 2016	% of total Shares of the Company	Cumulative Shares during the year	% of total Shares of the Company during the year
1	TATA Global Beverages Limited				
	At the beginning of the year	107,359,820	57.48	107,359,820	57.48
	At the end of the year			107,359,820	57.48

**iv. Shareholding Pattern of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of Shareholders	No of Shares as on 1st April, 2016	No of Shares as on 31st March, 2017	Net Change in shares	Net Change % to Capital
1	F. Born A G	7,586,310	7,581,310	-5,000	0.00
2	Reliance Capital Trustee Co. Ltd.	5,691,506	5,887,806	196,300	0.11
3	Religare Finvest Ltd.	3,853,324	2,567,775	-1,285,549	-0.69
4	Capital First Limited	2,994,960	2,549,214	-445,746	-0.24
5	National Insurance Company Ltd.	2,495,930	1,495,930	-1,000,000	-0.54
6	Birla Sun Life Trustee Company Private Limited	1,404,297	1,200,000	-204,297	-0.11
7	Mangal Keshav Capital Ltd.	1,133,110	1,133,110	0	0.00
8	Infina Finance Private Ltd.	350,028	1,033,698	683,670	0.37
9	Kashyap K Bhatt	1,000,000	1,000,000	0	0.00
10	Life Insurance Corporation of India	505,870	505,870	0	0.00

Note: The shares of the Company are traded on a daily basis and hence the date-wise increase/decrease in shareholding are not indicated. Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

**v. Shareholding of Directors and Key Managerial Personnel:**

Sl. No	Particulars	Shareholding at the beginning of the year i.e. 1st April, 2016		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Sanjiv Sarin				
	At the beginning of the year	3,000	0.00		
	At the end of the year			3,000	0.00
	<b>Total</b>	<b>3,000</b>	<b>0.00</b>	<b>3,000</b>	<b>0.00</b>

None of the other Directors and Key Managerial Personnel of the Company holds shares in the Company.

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/ accrued but not due for payment:

(₹ in Lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i) Principal Amount	6531.24	4500.00	306.14	11337.38
ii) Interest due but not paid				
iii) Interest accrued but not due	5.29			5.29
<b>Total ( i+ii+iii)</b>	<b>6536.53</b>	<b>4500.00</b>	<b>306.14</b>	<b>11342.67</b>
<b>Change in Indebtedness during the Financial Year</b>				
i) Addition	1172.70		0.14	1172.84
ii) Reduction		4500.00		4500.00
<b>Net Change</b>	1172.70	(4500.00)	0.14	(3327.16)
<b>Indebtedness at the end of the Financial Year</b>				
i) Principal Amount	7705.22		306.28	8011.50
ii) Interest due but not paid				
iii) Interest accrued but not due	4.01			4.01
<b>Total (i+ii+iii)</b>	<b>7709.23</b>	<b>-</b>	<b>306.28</b>	<b>8015.51</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager				Total Amount
		Mr. Sanjiv Sarin (Managing Director & CEO)	Mr. Chacko Purackal Thomas (Executive Director & Dy. CEO)	Mr. K. Venkataramanan (Executive Director - Finance & CFO)	Mr. T. Radhakrishnan (Executive Director - ICD Operations)	
1	Gross Salary					
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	65.67	45.97	40.80	27.20	179.64
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	85.52	62.92	53.23	35.49	237.16
	c) Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-	
2	Stock Option	-	-	-	-	
3	Sweat Equity	-	-	-	-	
4	Commission	150.00	84.00	73.00	46.00	353.00
5	Others (contribution to Retiral funds)	17.73	12.41	11.02	7.34	48.50
	<b>Total (A)</b>	<b>318.92</b>	<b>205.30</b>	<b>178.05</b>	<b>116.03</b>	<b>818.30</b>
	Ceiling as per the Act (@10% of profits calculated under Section 198 of the Companies Act, 2013					1755.31

**B. Remuneration to Other Directors:****1. Independent Directors**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. S. Santhanakrishnan	Prof. Arun Monappa	Ms. Sunalini Menon	Mr. V. Leeladhar	Mr. Siraj Azmat Chaudhry	
1	Fee for attending Board and Committee Meetings	7.95	3.30	5.85	7.65	6.45	31.20
2	Commission (2016-17)	50.00	13.00	28.00	31.00	30.00	152.00
3	Others, please specify	-	-	-	-	-	-
<b>Total (B1)</b>		<b>57.95</b>	<b>16.30</b>	<b>33.85</b>	<b>38.65</b>	<b>36.45</b>	<b>183.20</b>

**2. Non- Executive Director**

Sl. No.	Particulars of Remuneration	Name of Director	Total Amount
		Mr. R. Harish Bhat	
1	Fee for attending Board and Committee Meetings	2.80	2.80
2	Commission (2016-17)	-	-
3	Others, specify	-	-
<b>Total B(2)</b>			<b>2.80</b>
<b>Total Managerial Remuneration (B1)+(B2)</b>			<b>186.00</b>
<b>Total Sitting Fees</b>			<b>34.00</b>
<b>Total Commission</b>			<b>152.00</b>
Overall Ceiling as per the Act for payment of Commission to Non- Executive Directors for the Financial Year 2017-18			175.53

**C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD:**

Sl. No.	Particulars of Remuneration	COMPANY SECRETARY		TOTAL
		Mr. N. S. Suryanarayanan*	Mr. N. Anantha Murthy*	
1	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	16.06	9.92	25.98
	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	13.32	10.37	23.69
	Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	N.A.		N.A.
3	Sweat Equity	N.A.		N.A.
4	Commission	N.A.		N.A.
5	Others (contribution to Retiral funds)	2.18	1.43	3.61
<b>Total</b>		<b>31.56</b>	<b>21.72</b>	<b>53.28</b>

\*part of the year

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any section of the Companies Act, 2013, against the Company or its Directors or other officers in default, if any, during the year.

**Annexure – G****PARTICULARS OF EMPLOYEES**

Information relating to remuneration of Directors / Key Managerial Personnel as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, or Manager, if any, in the Financial Year:

Non-Executive Directors	Ratio to Median	% increase/(decrease) in Remuneration
Mr. R. Harish Bhat	1.40	17
Mr. S. Santhanakrishnan	29.08	12
Prof. Arun Monappa <sup>^</sup>	8.18	NA
Ms. Sunalini Menon	16.98	49
Mr. V. Leeladhar	19.39	66
Mr. Siraj Azmat Chaudhry <sup>^</sup>	18.29	NA
<b>Executive Directors &amp; Key Managerial Personnel</b>		
Mr. Sanjiv Sarin <sup>^</sup>	151.13	NA
Mr. Chacko Purackal Thomas <sup>^</sup>	96.79	NA
Mr. K. Venkataramanan	83.81	29
Mr. T. Radhakrishnan	54.54	35
Mr. N. S. Suryanarayanan <sup>^</sup>	14.75	NA
Mr. N. Anantha Murthy <sup>^</sup>	10.18	NA

<sup>^</sup> Directorship / Employment is for part of the period, either in current year or in previous year. Hence, percentage increase in remuneration is not provided.

2. The percentage increase in the median remuneration of employees in the Financial Year: 8 %
3. The number of permanent employees on the rolls of Company: 5975
4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The percentage increase in the salaries of employees other than Managerial Personnel in Financial Year 2016-17 was 8%. The increments given to employees are based on their potential, performance and contribution, which is benchmarked against applicable Industry norms.

5. Affirmation that the remuneration is as per the Remuneration Policy of the Company:

It is affirmed that the remuneration paid is as per the Remuneration Policy applicable for Directors, Key Managerial Personnel and other employees, adopted by the Company.

## Annexure – H

### DETAILS ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014)

#### A. CONSERVATION OF ENERGY:

##### 1. The steps taken or impact on conservation of energy

Various steps taken to use renewable energy which is generated from natural sources i.e. wind, solar, rain and Biomass.

##### ICD, Toopran

- a) Spent coffee utilization remained a major saving initiative for the unit .Installation of spent squeezer facilitated 100% spent utilization as a boiler fuel. The unit could able to save alternate fuel husk by improvised spent consumption i.e., 37% increase in 2016-17 compared to 2015-16. (148 MT/Month to 204 MT/Month)
- b) Enhanced usage of LPG replacing Diesel in Spray Drier made usage drop of diesel fuel in Spray Dried operations by 63%.
- c) Installation of energy efficient motors(4 No's) in Evaporator, Roaster & Cooling tower facilitated to an energy savings of 20 KWH.
- d) Upgrading the evaporator cooling tower with latest technology aided an saving of 15 KWH.
- e) A sustainable water savings of 21 KLD achieved through ETP recovery and cooling tower upgradation project executed this year.
- f) Cladding the thermal lines (Steam distribution & condensate recovery) made 3% saving of boiler fuel & improvise boiler efficiency by 5% through 18 degree centigrade rise in feed water temperature.
- g) Replacing major portion of traditional lighting system with LED's made a saving of 21KWH

##### ICD, Theni

- a) Additional wind energy of 25 Lakh units introduced through Group Captive Power (GCP) concept during March 2017 from the existing sanction of 64 Lakh units. With this, the total sanction has gone upto 89 Lakh units against the total requirement of 120 Lakh units i.e., 74% of total energy will be from Green Energy.
- b) In continuation of the introduction of spent squeezing system during FY 2012-13, 100% of waste spent coffee is squeezed to reduce the moisture to the tune of 45% and is directly used in the boiler as a fuel to replace coal which is specially designed to take higher moistured fuel. 17% increase of spent consumption as a boiler fuel from 356MT to 420MT avg/ month enhanced the potential of alternate fuel savings.
- c) Pilot rain water harvesting pit activated and the water is re-charged to get a continuous ground water availability. Full-fledged harvesting system has been planned during the current financial year
- d) Specific power consumption reduced by 5% through implementing energy conservation measures through CFT's.
- e) Specific diesel consumption in Roaster at FDC has reduced from 0.19 to 0.18 lts/Kg through PIT's.
- f) Fly ash generated from the boiler is being disposed in an eco-friendly manner for brick manufacturing.

##### 2. The steps taken by the Company for utilising alternate sources of energy

- a) Lesser CO<sub>2</sub> emission fuel of LPG has been introduced during end of FY 2015-16 which had been performing sustainably all over the year 2016-17 in Spray drying operations of Toopran Unit by reduction of diesel fuel usage by 64%.

- b) Theni Unit improvised its focus on solar power sourcing and made it fruitful by increasing its power share from 2.8 to 6.2 % of the total power consumption of the plant i.e. from 2015-16 to 2016-17.
- c) Wind power share increased from 42% to 59% of the total power consumption of ICD i.e. from 2015-16 to 2016-17. Additional sourcing increased by 17% i.e. from 64 to 89 Lakh units.

### 3. The capital investment on energy conservation equipments

The Theni Unit of Instant Coffee Division invested ₹ 16 Lakhs on OLTC – On load tap changer 800 KVA Transformer in SDC plant to minimize the losses in electrical power distribution system. The energy reduction initiative led to a saving of 5KWH and Toopran Unit invested an amount of ₹ 6 Lakhs on Energy efficient motors & cooling tower which gained an energy saving 20 KWH

## B. TECHNOLOGY ABSORPTION:

1. **Specific Area**
  - a. Soil health - maintenance and its sustenance, with Soil Nutrient Index.
  - b. Integrated Pest, Disease and Crop Management Research.
  - c. Bio-Control Research – culturing of beneficial microbes for disease control and Composting process.
  - d. Varietal trial of Coffee, Pepper and Cardamom.
  - e. Quality enhancement, good post-harvest processing and Pepper grading for incremental gain.
  - f. Environmental preservation through Surface Water Analysis, Pesticide Residue Analysis, etc. and Water Conservation.
  - g. Irrigation Study – Drip and basin Irrigation for Robusta.
  - h. Bio-remediation and waste management - Recycling of Agro waste, Compost, Vermi-compost & Coffee Waste Water Treatment and recycling.
  - i. Quality evaluation of estate produce and Agro-inputs.
  - j. Mono Cultivation of Pepper and Crop Diversification.
  - k. Apiculture and Pisciculture.
  - l. Collaborative Research to evolve less hazardous environment friendly Agro – Chemical and Pheromones for Sustainable Agriculture.
  - m. Standardization 'Operating Procedure for Plantation, Processing, Monsooning of Coffee'.
2. **Benefits Derived**
  - I. **Crop Nutrition Research :**
    - a. Soil fertility evaluation through annual soil nutrient analysis and leaf diagnostic analysis, the results are used to optimize fertilizer recommendation and soil amendment.
    - b. Our fertilizer program is rationalized based on soil nutrient status and plant replenishment ratio, which is optimum and adequate to enhance crop production and productivity.
    - c. Monitoring the availability of micronutrients and secondary nutrients to improve Coffee, Pepper and Cardamom productivity and quality.
  - II. **Coffee, Pepper & Cardamom - Varietal Trial Experiment :**

Identified location specific high yielding, pest, disease and drought tolerant selection for planting in our Estates.
  - III. **Organic Manure :**

Agro Waste management and recycling through large-scale production of quality compost with improved technology incorporating in-house prepared beneficial microbial concoction, to enhance the soil fertility status and to manage soil borne diseases.
  - IV. **Bio- control Research :**
    - a. Culturing of beneficial fungus for Integrated disease management. R&D pioneered and scaled up the culturing of pure line Trichoderma fungus using fermenter and concentrate formulation in vial. To be used as a biological control for Pepper Wilt and Root diseases of Coffee.
    - b. Culturing of Pseudomonas for soil Nematode control.

- c. Coffee Berry Borer Control: Large-scale installation of Berry Borer trap with the use of organic solvents and Culturing of Entomopathogen fungus Beauveria bassiana, as a part of Integrated Pest Management.
- d. Coffee White Stem Borer Control: Large-scale installation of Pheromone traps as a monitoring and IPM tool, 'Lime spray' and intensive tracing, as a part of Integrated Pest Management [IPM] in endemic area.

**V. Organic farming system :**

Coffee and Pepper cultivation is in compliance with Organic Farming Standards as per NPOP and NOP – US technical standards.

**VI. Mono Cultivation of Pepper and Crop Diversification :**

Intensive Pepper cultivation with improved package of practices.

Areca nut, Oil palm planted along the valleys and marginal areas have established and contributing substantial revenue. Horticulture crops like Avocado and tree spice – Nutmeg are experimented.

**VII. Preparation of Standard Operating Procedure (SOP) and package of practices based Good Agricultural practices (GAP) and Good Processing Practices (GPP).**

**VIII. Training programs on critical cultural operations for estate personnel and monthly Advisory circulars to estates and also to our customers on updated current/new trends in cultivation practices, pest & disease management and post-harvest technology.**

**IX. Certifications –**

All our cultural operations are validated through international certifications such as UTZ, Rainforest Alliance, SA 8000, ISO 22000 and Cafe Practices.

**3. Plan of action in-house**

**I. Improved crop varieties :**

Field evaluation of location specific high yielding and pest, disease and drought tolerant selection of Coffee, Pepper and Cardamom.

**II. Crop Diversification :**

To assess the potential of very low yielding coffee areas and to identify other suitable commercial crops and fruit trees.

**III. Coffee 'Waste water' Management Research :**

Experiments are under way to determine economical waste water treatment through effective Eco-friendly neutralization agents, biological process and energy recovery from waste water.

**IV. Crop Nutrition Research:**

Rationalization of Fertilizer application for the future. Experimenting on identification of potential 'fertilizer formulation' for better absorption of applied nutrients.

**V. Water conservation :**

- To develop an economically viable technique of recycling of treated waste water for agricultural use.
- Drip irrigation and Fertigation, overhead irrigation and basal irrigation to evolve a most economic and efficient way of water management.

**VI. Quality enhancement – Improved process to preserve the "Inherent quality" of estate produce, right time of crop harvest based on sugar content (coffee), improved post-harvest drying standards for Coffee and Pepper to avoid Mycotoxins.**

**VII. Quality of Surface Water – To assess and confirm that our farm activities are not contaminating the receiving water bodies even though less hazardous chemicals are used as per WHO standard.**

**VIII. Apiculture and Pisciculture - To enhance production through insect pollination in Coffee and also to revive the diminishing population of honey bees to preserve the bio-diversity.**

Rearing of fish in Irrigation tank to preserve the aquatic eco system and also for Revenue generation.

**IX. Collaborative Research : To evolve less Hazardous "WHO" approved Agro-Chemicals for sustainable Agriculture.**

**4. General**

**I. Collaboration with Research Institutes :-**

- Central Coffee Research Institute, Balehonnur.
- Indian Institute of Spices Research, Calicut.

- Collaborative Research with Tata Chemicals Innovation Centre and Rallis Innovation Chemistry Hub, with respect to Arabica White Stem Borer and Termite on 'live standards'.
- Pest Control India Private Limited on new molecules of Pheromones for coffee white stem borer.
- College of Forestry Science, University of Agricultural Sciences, Bengaluru.

- II. **Obtained UTZ, Rainforest Alliance and Café practices Certificates for Coffee export to EU, USA, NOP and NPOP Certificate for Organic produce, and ISO: 22000 Certification for R & G and Pepper Processing unit at KNW.**
- III. **Scientific technical guidance to students pursuing higher studies both International and National universities.**
- IV. **Our R&D Laboratory is recognized by the Department of Scientific and Industrial Research, Ministry of Science and Technology.**

**5. In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year):**

- (a) the details of technology imported; Penagos, Pulping Technology for Coffee Processing
- (b) the year of import: 2015-16
- (c) whether the technology been fully absorbed: Yes
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; Not Applicable

**6. The expenditure incurred on Research and Development:**

(₹ in Lakhs)

Particulars	2016-17	2015-16
Capital Expenditure	27.75	26.19
Revenue Expenditure	69.13	60.44
<b>Total</b>	<b>96.88</b>	<b>86.63</b>
<b>Total R&amp;D expenditure as a % of net sales</b>	<b>0.12%</b>	<b>0.12%</b>

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(₹ in Lakhs)

Particulars	2016-17	2015-16
Foreign Exchange Earned	55909	48561
Outgo of Foreign Exchange	18829	17025

For and on behalf of the Board

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

R. HARISH BHAT  
Chairman

# Report on Corporate Governance

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company has based its principles of Corporate Governance philosophy on transparency, accountability, values and ethics, which forms an integral part of the Management's initiative in its ongoing pursuit towards achieving excellence, growth and value creation. Your Company is committed to highest standards of Corporate Governance and disclosure practices to ensure that its affairs are managed in the best interest of all stakeholders.

As part of Tata Group, your Company has a strong legacy of fair, transparent and ethical governance practices. This is further strengthened by the comprehensive written code of conduct "Tata Code of Conduct", which has been revised in line with the current amendments, which serves as a guide on the standards of values, ethics and business principles to be followed in running the Company's affairs. The Company has also adopted the Tata Code of Conduct for prevention of Insider Trading and Code of Corporate Disclosure Practices in pursuance of the Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015 and Whistle Blower Policy. The Company also practices the Tata Business Excellence Model, which stresses on excellence in whatever the Company does, while upholding highest levels of values and business ethics.

The Corporate Governance practices followed by the Company are compatible with International Standards. Your Company has established systems to encourage and recognize employee participation and volunteering in environmental and social initiatives that contribute to Organizational Excellence, Sustainability, Human Resources Development and health of its employees and of the neighboring community etc. These actions have become an integral part of your Company's operating plans for performing social responsibilities too.

Your Company is in compliance with the requirements of Corporate Governance stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereinafter called "the Listing Regulations" and also Guidance Note on Board Evaluation as prescribed by SEBI.

## 2. BOARD OF DIRECTORS:

The Board of Directors along with its Committees provides leadership and guidance to the Management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. The Board has a fiduciary

relationship in ensuring that the rights of all stakeholders are protected. Your Company has an engaged and well informed Board with qualifications and experience in diverse areas. The Board composition is in conformity with the Listing Regulations and the Companies Act, 2013 ("the Act").

The Company's Board has an optimum combination of Executive and Non-Executive Directors including a woman Director. As on 31st March, 2017, the Company had 9 Directors, of which 4 are Executive Directors and 5 are Non-executive Directors, which includes 4 Independent Directors. The Chairman of the Board is a Non-Executive Director and more than one-half of the total number of Directors comprised of Non-Executive directors.

All Directors possess relevant qualifications and experience in general Corporate Management, Coffee/Commodity expertise, Finance, Banking and other allied fields, which enable them to effectively contribute to the Company in their capacity as Directors. None of the Directors are related to each other. Mr. Sanjiv Sarin holds 3000 equity shares of the Company as on 31st March 2017. No other Director holds any shares in the Company.

None of the Directors on the Board is a member of more than ten Committees or Chairman of five Committees (committees being Audit Committee and Stakeholders Relationship Committee as per Regulation 26(1) of the Listing Regulations) across all the Public Companies in which he/she is a Director. The necessary disclosures regarding their Committee positions have been made by all the Directors.

None of the Directors hold office in more than 10 Public Companies. None of the Independent Directors of the Company serve as an Independent Director in more than seven listed companies. All Directors are also in compliance of the limit on Independent Directorships of listed companies as prescribed under Regulation 25(1) of the Listing Regulations.

### Composition and category of Directors vis-à-vis their attendance at meetings

Details of attendance of Directors at Board Meetings and at the last year's Annual General Meeting together with particulars of their Directorship and Chairmanship/Membership of Board Committees (excluding Tata Coffee Limited) as on 31st March, 2017, are as under:

Name of Directors	Category	Attendance at		Directorships and Chairmanship/Memberships of Board Committees in other Indian Public Companies			
		Board Meetings during FY 2016-17		AGM 26th July 2016	Directorship(#)	Committee Membership (#)	Committee Chairmanship(#)
		Meetings held	Meetings attended				
Mr. R. Harish Bhat (Chairman) DIN: 00478198	Non-Independent Non-Executive	9	9	Yes	6	2	1
Mr. S. Santhanakrishnan DIN: 00032049	Independent Non-Executive	9	9	Yes	5	4	2
Prof. Arun Monappa (*) DIN: 00050840	Independent Non-Executive	9	7	Yes	-	-	-
Mr. V. Leeladhar DIN: 02630276	Independent Non-Executive	9	9	Yes	5	2	3
Ms. Sunalini Menon DIN: 06983334	Independent Non-Executive	9	9	Yes	-	-	-
Mr. Siraj Azmat Chaudhry DIN: 00161853	Independent Non-Executive	9	9	Yes	-	-	-
Mr. Sanjiv Sarin (Managing Director & CEO) DIN: 02063332	Non-Independent Executive	9	9	Yes	-	-	-
Mr. Chacko Purackal Thomas (Executive Director & Deputy CEO) DIN: 05215974	Non-Independent Executive	9	8	Yes	-	-	-
Mr. K. Venkataramanan (Executive Director – Finance & CFO) DIN: 01728072	Non-Independent Executive	9	9	Yes	1	-	-
Mr. T. Radhakrishnan (Executive Director – ICD Operations) DIN: 03527405	Non-Independent Executive	9	9	Yes	-	-	-

(\*) Prof. Arun Monappa retired as Director of the Company on 9th March 2017. Consequently, the Board at its meeting held on 18th May 2017, has appointed Dr. P G Chengappa (DIN: 06771287), as an Additional Director (Independent Non-Executive) of the Company, with effect from 18th May 2017.

(#) Excludes Directorships in Associations, Private Limited Companies, Foreign Companies, Government Bodies and Companies registered under Section 8 of the Act. Only Audit Committee and Stakeholders Relationship Committee of Indian Public Companies have been considered for committee positions.

The Company held 9 Board Meetings during financial year 2016-17, and the gap between two meetings did not exceed 120 days. The dates of which the Board Meetings were held were: 16th May 2016, 10th June 2016, 26th July 2016, 6th August 2016, 19th October 2016, 19th December 2016, 27th January 2017, 9th March 2017 and 28th March 2017.

#### Board Procedure

The annual calendar of Board Meetings is circulated to the members of the Board, in advance. The agenda is circulated well in advance to the Board members, along with comprehensive back-ground information on the items in the agenda to enable the Board to arrive at appropriate decisions. The agenda and related information is circulated in electronic form through a highly secure web based application, which is accessible

through iPad. The information as required under Part A of Schedule II to the Listing Regulations is also made available to the Board. The Board also reviews the declarations made by the Managing Director & CEO, the Chief Financial Officer and the Company Secretary regarding compliance with all applicable laws, on a quarterly basis.

#### Code of Conduct

The Company has adopted the Tata Code of Conduct which is applicable to the Company and its employees, including the Managing and Executive Directors. The Board has also approved a Code of Conduct for the Non-Executive Directors of the Company, which incorporates the duties of Independent Directors as laid down in the Act. Both the Codes are posted on the Company's website.

All Board Members and Senior Management Personnel, as per Regulation 26 (3) of the Listing Regulations have affirmed compliance with the applicable Code of Conduct. A declaration to this effect, signed by the Managing Director & CEO, forms part of this Report.

Apart from receiving remuneration that they are entitled to under the Act as Non-Executive Directors and reimbursement of expenses incurred in the discharge of their duties, none of the Non-Executive Directors has any other material pecuniary relationship or transactions with the Company, its Promoters or its Directors, its Senior Management or its Subsidiaries and Associates.

The Directors and Senior Management of the Company have made disclosures to the Board confirming that there are no material financial and/or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large.

### **Independent Directors**

All the Independent Directors of the Company have been appointed as per the provisions of the Act and the Governance Guidelines for Board Effectiveness adopted by the Company. Formal letters of appointment have been issued to the Independent Directors and the terms and conditions of their appointment are disclosed on the Company's website at [www.tatacoffee.com](http://www.tatacoffee.com).

### **Separate Meeting of Independent Directors**

A separate meeting of Independent Directors of the Company was held on 27th March, 2017, as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations.

At the meeting, the Independent Directors:

- reviewed the performance of Non-Independent Directors and the Board as a whole;
- reviewed the performance of the Chairman of the Company, taking into account the views of the Managing Director and Non-Executive Directors; and
- assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors of the Company attended the Meeting of Independent Directors held on 27th March 2017. The Independent Directors expressed their entire satisfaction to the desired level on the governance of the Board.

### **Board and Director Evaluation and Criteria for Evaluation**

During the year, the Board has carried out an Annual Evaluation of its own performance and the performance of the Directors, as well as the evaluation of the Committees of the Board.

The Nomination and Remuneration Committee (NRC) has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors. The criteria for Board Evaluation include inter-alia, structure of the Board, including qualifications, experience and competency of Directors, diversity in Board and process of appointment; Meetings of the Board, including regularity and frequency, agenda, discussion and dissent, recording of minutes and dissemination of information; functions of the Board, including strategy and performance evaluation, corporate culture and values, governance and compliance, evaluation of risks, grievance redressal for investors, stakeholder value and responsibility, conflict of interest, review of Board evaluation and facilitating Independent Directors to perform their role effectively; evaluation of management's performance and feedback, independence of management from the Board, access of Board and management to each other, succession plan and professional development; degree of fulfillment of key responsibilities, establishment and delineation of responsibilities to Committees, effectiveness of Board processes, information and functioning and quality of relationship between the Board and management.

Criteria for evaluation of individual Directors include aspects such as professional qualifications, prior experience, especially experience relevant to the Company, knowledge and competency, fulfillment of functions, ability to function as a team, initiative, availability and attendance, commitment, contribution, integrity, independence and guidance/ support to management outside Board/ Committee Meetings. In addition, the Chairman is also evaluated on key aspects of his role, including effectiveness of leadership and ability to steer meetings, impartiality, ability to keep shareholders' interests in mind and effectiveness as Chairman.

Criteria for evaluation of the Committees of the Board include mandate and composition; effectiveness of the Committee; structure of the Committee; regularity and frequency of meetings, agenda, discussion and dissent, recording of minutes and dissemination of information; independence of the Committee from the Board; contribution to decisions of the Board; effectiveness of meetings and quality of relationship of the Committee with the Board and management.

The procedure followed for the performance evaluation of the Board, Committees and Directors is detailed in the Directors' Report.

The NRC has also formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of Section 178(3) of the Act and the Listing Regulations.

#### **Familiarization Programme for Independent Directors**

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, etc., through various programmes. These include orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on an ongoing basis.

The Familiarization Programme for Independent Directors is disclosed on the Company's website at the web link: [http://www.tatacoffee.com/investors/shareholder\\_information/TCL\\_familiarisation\\_programme.pdf](http://www.tatacoffee.com/investors/shareholder_information/TCL_familiarisation_programme.pdf).

### **3. AUDIT COMMITTEE:**

The Audit Committee has been constituted by the Board in compliance with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.

#### **Terms of reference**

The terms of reference of the Audit Committee covers all the areas mentioned under Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations. The terms of reference of the Audit Committee, inter-alia are as follows:

- a) Oversight of the Company's Financial Reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Review with the Management, the Quarterly and Annual Financial Statements and the Auditor's Report thereon, before submission to the Board for approval.
- c) Discuss with the Statutory Auditors, before the Audit commences, about the nature and Scope of Audit, as well as post-audit discussion to ascertain any area of concern.
- d) Recommend to the Board the appointment, reappointment and, if required, the replacement or removal of Statutory/Internal Auditors, remuneration and terms of appointment of Auditors, fixation of audit fees and to approve payment for any other services rendered by the Statutory/Internal Auditors.
- e) Review and monitor the Auditor's Independence and performance and effectiveness of audit process.

- f) Review with the Management, performance of the Statutory and Internal Auditors.
- g) Review the adequacy of the Internal Audit function and the adequacy and efficacy of the Internal Control Systems.
- h) Evaluate Internal Financial Controls and Risk Management Systems.
- i) Scrutinize Inter-Corporate Loans and Investments.
- j) Discuss any significant findings with Internal Auditors and follow-up thereon.
- k) Review the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or failure of Internal Control Systems of a material nature and reporting the matter to the Board.
- l) Look into the reasons for substantial defaults in payments to Depositors, Debenture Holders, Shareholders and Creditors.
- m) Approve transactions, including any subsequent modifications, of the Company with related parties.
- n) Valuation of undertakings or Assets of the Company, wherever it is necessary.
- o) Review and monitor the statement of use and application of funds raised through Public Offers and related matters.
- p) Review the functioning of the Whistle Blower Mechanism.
- q) Approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.
- r) And generally, all items listed in Section 177 of the Act and Part C of Schedule II to the Listing Regulations.

#### **Internal Audit**

The Company has adequate internal control and Internal Audit system commensurate with its size and nature of its business.

#### **Composition and Attendance during the year**

The Audit Committee of the Company is constituted in accordance with the provisions of Regulation 18 of the Listing Regulations and the provisions of Section 177 of the Act. All members of the Committee are financially literate, with Mr. S. Santhanakrishnan, as Chairman of the Committee, having the relevant accounting and financial management expertise.

The composition of the Audit Committee and the details of the meetings attended by its members during the financial year ended 31st March, 2017 are as under:

Director	Category	No. of Meetings held	No. of Meetings attended
Mr. S. Santhanakrishnan – Chairman	Independent Non-Executive	9	9
Ms. Sunalini Menon	Independent Non-Executive	9	9
Mr. V. Leeladhar	Independent Non-Executive	9	9
Mr. Siraj Azmat Chaudhry	Independent Non-Executive	9	8

The Audit Committee met 9 times during the financial year 2016-17 and the gap between two meetings did not exceed 120 days. The dates on which Audit Committee Meetings held were: 6th April 2016, 29th April 2016, 14th May 2016, 27th June 2016, 5th August 2016, 18th October 2016, 18th November 2016, 27th January 2017 and 13th February 2017. Necessary quorum was present at the above Meetings.

The Audit Committee meetings are usually attended by the Managing Director & CEO, Executive Director & Deputy CEO, Executive Director – Finance & CFO, Executive Director - ICD Operations and the respective departmental heads, wherever required. The Company Secretary acts as the Secretary of the Audit Committee. The Statutory Auditors and Internal Auditors also attend the Audit Committee meetings by invitation.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the year, the Audit Committee reviewed key audit findings covering Operational, Financial and Compliance areas, Risk Mitigation Plan covering key risks affecting the Company which were presented to the Committee. The Chairman of the Audit Committee briefed the Board members on the significant discussions which took place at Audit Committee Meetings.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 26th July, 2016.

#### 4. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

#### Terms of reference

The terms of reference of the Nomination and Remuneration Committee (NRC) are as follows:

- Make recommendations regarding the composition of the Board, identify Independent Directors to be inducted to the Board, from time to time and take steps to refresh the composition of the Board, from time to time.
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees.
- Formulate criteria for evaluation of performance of Independent Directors and the Board of Directors.
- To see whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors
- Devise a policy on diversity of Board of Directors.
- Assist the Board in fulfilling its Corporate Governance responsibilities relating to remuneration of the Board, KMP and Executive Team members.
- Evaluate and approve the appointment and remuneration of senior executives, including the KMP, the Company's remuneration plan, annual salary increase principles and budgets, annual and long term incentive plans of the Company, policies and programmes such as succession planning, employment agreements, severance agreements and any other benefits.
- Establish key performance metrics to measure the performance of the Managing Director, KMP and the Executive Team including the use of Financial, Non-Financial and qualitative measures.
- Review and recommend to the Board, the remuneration and commission to the Managing and Executive Directors and define the principles, guidelines and process for determining the payment of Commission to Non-Executive Directors of the Company.

**Composition and Attendance during the year**

The composition of the NRC and the details of meetings attended by its members during the financial year ended 31st March, 2017, are given below:

Name of the Member	Category	No. of Meetings held	No. of Meetings attended
Mr. V. Leeladhar – Chairman	Independent Non-Executive	3	3
Mr. S. Santhanakrishnan	Independent Non-Executive	3	3
Mr. R. Harish Bhat	Non-Independent Non-Executive	3	3
Prof. Arun Monappa*	Independent Non-Executive	3	2
Mr. Siraj Azmat Chaudhry	Independent Non-Executive	3	3

\*Prof. Arun Monappa retired as Director of the Company on 9th March, 2017

The NRC met three times during the financial year 2016-17 i.e., on 16th May 2016, 19th December 2016 and 28th March 2017.

The Chairman of the NRC was present at the Annual General Meeting of the Company held on 26th July, 2016.

**Performance Evaluation Criteria for Independent Directors:**

The performance evaluation criteria for Independent Directors are determined by the NRC. An indicative list of factors that are evaluated include participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgment.

**Remuneration Policy**

The Company's philosophy for remuneration of Directors, Key Managerial Personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a Policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy are as under:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company does not have any Employee Stock Option Scheme.

The key principles governing the Company's Remuneration Policy are as follows:

- Independent Directors and Non-Independent Non-Executive Directors
  - Independent Directors ('ID') and Non-Independent Non-Executive Directors ('NEDs') are paid sitting fees for attending the Meetings of the Board and of Committees of which they are Members, and Commission within regulatory limits, as recommended by the NRC and approved by the Board.
  - Overall remuneration should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company taking into consideration the challenges faced by the Company and its future growth. Remuneration paid should be reflective of the size of the Company, complexity of the Sector/ Industry/ Company's Operations and the Company's capacity to pay the remuneration and be consistent with recognized best practices.
  - The aggregate Commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board. The NRC will recommend to the Board the quantum of Commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee Meetings, individual contributions at the Meetings and contributions made by Directors other than in Meetings.
  - The remuneration payable to Directors shall be inclusive of any remuneration payable for services rendered in any other capacity, unless the services rendered are of a professional nature and the NRC is of the opinion that the Director possesses requisite qualification for the practice of the Profession.

- (ii) Managing Director ('MD')/ Executive Directors ('ED')/ Key Managerial Personnel ('KMP')/ rest of the employees

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence, remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the Sector/ Industry/ Company's Operations and the Company's capacity to pay, consistent with recognized best practices and aligned to regulatory requirements.

Basic/Fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and

experience. In addition, the Company provides employees with certain perquisites, allowances and benefits in accordance with terms of employment/contract.

In addition to the Basic/ Fixed salary, benefits, perquisites and allowances as provided above, the Company provides to its MD/ EDs' such remuneration by way of Commission, calculated with reference to the net profits of the Company in the Financial Year, as may be determined by the Board, subject to the overall ceilings stipulated under Section 197 of the Act. The specific amount payable to the MD/ EDs' would be based on performance as evaluated by the NRC and approved by the Board.

### Details of remuneration paid during the financial year 2016-17:

- a) Non-Executive Directors (NEDs)

(₹ in Lakhs)

Name of Non-Executive Directors	Commission relating to FY 2015-16 (paid in FY 2016-17)	Commission relating to FY 2016-17 (payable in FY 2017-18)	Sitting fee
Mr. R. Harish Bhat *	-	-	2.80
Mr. S. Santhanakrishnan	45.00	50.00	7.95
Prof. Arun Monappa	17.00	13.00	3.30
Ms. Sunalini Menon	18.00	28.00	5.85
Mr. V. Leeladhar	18.00	31.00	7.65
Mr. Siraj Azmat Chaudhry	18.00	30.00	6.45

\*Mr. R. Harish Bhat does not draw any commission as he is a full-time employee of Tata Sons Ltd.

- b) Managing Director and Executive Directors:

(₹ in Lakhs)

Name of Managing/ Executive Directors	Salary	Perquisites and Allowance	Contribution to Retiral Funds	Commission FY 2016-17	Total
Mr. Sanjiv Sarin	65.67	85.52	17.73	150.00	318.92
Mr. Chacko Purackal Thomas	45.97	62.92	12.41	84.00	205.30
Mr. K. Venkataramanan	40.80	53.23	11.02	73.00	178.05
Mr. T. Radhakrishnan	27.20	35.49	7.34	46.00	116.03

The Company pays sitting fee of ₹ 30,000/- per meeting to the NEDs for attending Meetings of the Board, Audit Committee and NRC and ₹ 15,000/- for other Committees. In respect of current employees of Tata Companies who are NEDs on the Board of Indian Tata Companies, the sitting fees payable shall not exceed ₹ 20,000/- per meeting. In respect of other Committees, the sitting fees shall be ₹ 10,000/- per meeting; there is no sitting fee for attending the Meeting of Corporate Social Responsibility Committee.

The Members at the Annual General Meeting of the Company held on 21st July, 2014 approved payment of Commission to the NEDs within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act. The said Commission payable to the NEDs is decided each

year by the Board of Directors and distributed amongst them based on their attendance, role and responsibility as Chairman/ Member of the Committees and overall contribution as well as time spent on operational matters otherwise than at the meetings. The Company also reimburses the out of pocket expenses incurred by the NEDs for attending meetings.

The Governance Guidelines on Board Effectiveness adopted by the Company provides for the retirement age of Directors. As per the Guidelines, the Managing and Executive Directors retire at the age of 65 years, subject to the terms of their appointment; Non-Independent Non-Executive Directors retire at the age of 70 years and the retirement age for Independent Directors is 75 years.

The services of the Managing Director and Executive Directors may be terminated by either party, giving the other party a six months' notice or the Company paying six months' salary in lieu thereof. There is no separate provision for payment of severance fees.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

### Terms of reference

In terms of Section 178 (5) of the Act and Regulation 20 of the Listing Regulations, the terms of reference of the Stakeholders Relationship Committee are as under:

- To consider and resolve the grievances of the security holders of the Company, including complaints related to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc.
- To set forth the policies relating to and to oversee the implementation of the Code of Conduct for Prevention of Insider Trading and to review the concerns received under the Tata Code of Conduct.

The composition of the Stakeholders Relationship Committee and the details of the meetings attended by its members during the financial year ended 31st March, 2017 are as under:

Name of the Member	Category	No. of meetings held	No. of meetings attended
Mr. S. Santhanakrishnan-Chairman	Independent Non-Executive	4	4
Mr. V. Leeladhar	Independent Non-Executive	4	4
Mr. R. Harish Bhat	Non-Independent Non-Executive	4	4
Mr. Sanjiv Sarin (till 16.05.2016)	Non-Independent Executive	4	1
Mr. Chacko Purackal Thomas (from 26.07.2016)	Non-Independent Executive	4	3
Mr. K. Venkataramanan	Non-Independent Executive	4	4

During the financial year 2016-17, the Committee met 4 times on 16th May 2016, 26th July 2016, 19th October 2016 and 27th January 2017. The Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of Investors' service. Mr. N. Anantha Murthy, Head-Legal & Company Secretary, is designated as Compliance Officer of the Company.

Details of complaints received and attended to during the financial year 2016-17 are given below:

No. of complaints pending as on 1st April 2016	1
No. of complaints received during the year	8
No. of complaints resolved during the year	9
No. of complaints pending as on 31st March 2017	0

The equity shares of the Company are traded on the stock exchanges in dematerialized form. During the financial year 2016-17, 36 requests for transfer/transmission covering 1,18,200 shares and 126 requests for dematerialization covering 1,89,510 shares were received and processed. As on 31st March 2017, there was 1 request for transfer/transmission covering 1,000 shares and 4 requests for dematerialization covering 23,350 shares were pending. These requests were received in last week of March 2017 and have been subsequently processed.

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

### Terms of reference

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Act. The terms of reference are:

- Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII to the Act.
- Recommend the amount to be spent on the CSR activities.
- Monitor implementation and adherence to the CSR Policy of the Company from time to time.
- Such other activities as the Board of Directors determine as they may deem fit in line with CSR Policy.

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The CSR Policy is available on the website of the Company at [www.tatacoffee.com](http://www.tatacoffee.com). The Annual Report on CSR activities for the financial year 2016-17 forms part of the Directors' Report.

The composition of the CSR Committee and the details of the meetings attended by its members during the financial year ended 31st March, 2017 are as under:

Name of the Member	Category	No. meetings held	No. of Meetings attended
Ms. Sunalini Menon - Chairperson	Independent Non-Executive	5	5
Mr. V Leeladhar	Independent Non-Executive	5	5
Mr. Siraj Azmat Chaudhry	Independent Non-Executive	5	5
Mr. Sanjiv Sarin	Non-Independent Executive	5	5

During the financial year 2016-17, the Committee met 5 times on 14th May 2016, 27th June 2016, 25th July 2016, 18th October 2016 and 27th March 2017.

## 7. OTHER COMMITTEES:

### a) Risk Management Committee:

The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of the Listing Regulations.

The Board of the Company has constituted a Risk Management Committee to frame, implement and monitor the Risk Management Plan for the Company. The Committee is responsible for reviewing the Risk Management Plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The composition of the Risk Management Committee and the details of the meetings attended by its Members during the financial year ended 31st March, 2017 are as under:

Name of the Member	Category	No. of meetings held	No. of meetings attended
Mr. Siraj Azmat Chaudhry –Chairman	Independent Non-Executive	3	3
Mr. S. Santhanakrishnan	Independent Non-Executive	3	3
Mr. V. Leeladhar	Independent Non-Executive	3	3
Mr. Sanjiv Sarin	Non-Independent Executive	3	3
Mr. Chacko Purackal Thomas	Non-Independent Executive	3	3
Mr. K. Venkataramanan	Non-Independent Executive	3	3
Mr. T. Radhakrishnan	Non-Independent Executive	3	3

During the financial year 2016-17, the Committee met 3 times on 25th July 2016, 18th October 2016 and 27th March 2017.

### b) Ethics and Compliance Committee

The Company has Ethics and Compliance Committee of Directors to consider matters relating to the Company with respect to the Company's Code of Conduct and such matters as may be referred by the Board, from time to time.

The composition of the Ethics and Compliance Committee and the details of the meetings attended by

its members during the financial year ended 31st March, 2017 are as under:

Name of the Member	Category	No. of meetings held	No. of meetings attended
Prof. Arun Monappa * – Chairman	Independent Non-Executive	3	3
Mr. S. Santhanakrishnan	Independent Non-Executive	3	2
Ms. Sunalini Menon	Independent Non-Executive	3	3
Mr. Sanjiv Sarin	Non-Independent Executive	3	2
Mr. T. Radhakrishnan	Non-Independent Executive	3	3

\*Prof. Arun Monappa retired as Director of the Company on 9th March, 2017

During the financial year 2016-17, the Committee met 3 times on 16th May 2016, 18th October 2016 and 9th March 2017.

## 8. SUBSIDIARY COMPANIES:

The Company does not have material non-listed Indian Subsidiary as defined under Regulation 16 of the Listing Regulations. It is therefore, not required to have an Independent Director of the Company on the Board of such Subsidiary.

The Company's Audit Committee reviews the Consolidated Financial Statements of the Company as well as the Financial Statements of the Subsidiaries, including the investments made by the Subsidiaries. The Minutes of the Board Meetings, along with a report of the significant transactions and arrangements of the unlisted subsidiaries of the Company are placed before the Board of Directors of the Company.

The Company has formulated a policy for determining Material Subsidiaries and the Policy is disclosed on the Company's website at [www.tatacoffee.com](http://www.tatacoffee.com).

## 9. GENERAL BODY MEETINGS:

### i. Location and time, where last three AGMs were held:

The last three Annual General Meetings of the Company were held as under:

Year	Date & Time of Meeting	Venue
2013-14	21st July, 2014 at 10:00 AM	Registered Office :
2014-15	3rd August, 2015 at 10:00 AM	Pollibetta – 571215,
2015-16	26th July, 2016 at 10:30 AM	Kodagu

**ii. Whether any special resolutions passed in the previous three AGMs**

Two Special Resolutions were passed at the AGM held on 21st July, 2014 for approving borrowing limits of the Company and creation of mortgage/charge on the assets of the Company.

**iii. Whether any Special Resolution passed last year through postal ballot- details of voting pattern**

No special resolution was passed through postal ballot in the last year.

**iv. Whether any special resolution is proposed to be conducted through postal ballot**

Yes. The Company is proposing to seek shareholders' approval via postal ballot, for increase in the limits applicable under Section 186 of the Act with regard to making investments / extending loans and giving guarantees or providing securities in connection with loans to persons / bodies corporate.

**v. Procedure for postal ballot**

In compliance with the provisions of Section 108, 110 and other applicable provisions, if any, of the Act and the rules made thereunder, the Company provides e-voting facility to all its Members, to enable them to cast their votes electronically. The Company engages the services of NSDL for the purpose of providing e-voting facility to all its Members. The Members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its Members whose names appear on register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to Members in electronic form to the e-mail addresses registered with their depository participant (in case of electronic shareholding) / the Company's Registrar and Share Transfer Agent (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and the rules made thereunder.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to

exercise their vote by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot and e-voting are then announced by the Chairman / Director of the Company. The results are also displayed on the website of the Company at [www.tatacoffee.com](http://www.tatacoffee.com) besides being communicated to the stock exchanges, depository and Registrar and Share Transfer Agent.

## 10. DISCLOSURES:

- a. All transactions entered into by the Company with related parties as defined under the Act and the Listing Regulations, during the financial year 2016-17 were in the ordinary course of business and on arm's length pricing basis and do not attract provisions of Section 188 of the Act. There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of Company. Necessary disclosures as required under Ind AS have been made in the Financial Statements. The Board has approved a policy for related party transactions and the same is disclosed on the website of the Company at the link [http://www.tatacoffee.com/investors/related\\_party.pdf](http://www.tatacoffee.com/investors/related_party.pdf).
- b. The Company has complied with the requirements of the Stock Exchanges / SEBI and Statutory Authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by these authorities.
- c. The Company has adopted a Whistle Blower Policy and has established necessary Vigil Mechanism as defined under Regulation 22 of the Listing Regulations for Directors and employees to report concerns about any unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has also been disclosed on the website of the Company at the link [http://www.tatacoffee.com/investors/whistle\\_blower\\_policy\\_May14.pdf](http://www.tatacoffee.com/investors/whistle_blower_policy_May14.pdf).
- d. The Company does not have any material non-listed Indian subsidiary whose net worth exceeds 20% of the consolidated net worth of the Holding Company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. However, in line with the requirements of the Listing Regulations, a policy to determine a material subsidiary has been framed and the same is disclosed on the Company's website at the link [http://www.tatacoffee.com/investors/material\\_subsidary.pdf](http://www.tatacoffee.com/investors/material_subsidary.pdf).

- e. The Managing Director & CEO and the Chief Financial Officer have certified to the Board in accordance with Regulation 33(2)(a) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended 31st March, 2017.
- f. The Company has complied with all the mandatory requirements of the Listing Regulations. The Company has also fulfilled the following discretionary requirements as provided for in the Listing Regulations:
- The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.
  - The Internal Auditor reports to the Audit Committee.
  - The financial statements of the Company are with unmodified audit opinion.
- g. Commodities form a major part of business of the Company and hence Commodity price risk is one of the important risk for the Company. Your Company has a robust framework in place to protect the Company's interests from risks arising out of market volatility. The Risk Management Team, based on market intelligence and continuous monitoring, advises the sales and procurement teams on appropriate strategy to deal with such market volatility.
- h. Your Company has managed the Foreign Exchange risk with appropriate hedging activities in accordance with the policies of the Company. The Company used Forward Exchange Contracts to hedge against its Foreign Currency

exposures relating to firm commitments. There were no materially uncovered exchange rate risks in the context of the Company's Foreign Exchange exposures. The details of Foreign Exchange exposures as on 31st March, 2017 are disclosed in Note No. 36 annexed to the Standalone Financial Statements.

i. Insider Trading Regulations

Your Company has adopted the Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices. This Code of Conduct is applicable to all Directors and such designated employees of the Company and other connected persons who are expected to have access to unpublished price sensitive information relating to the Company. Mr. K. Venkataramanan, Executive Director- Finance & Chief Financial Officer of the Company, is the Compliance Officer for the purpose of this regulation.

## 11. MEANS OF COMMUNICATION:

The quarterly and annual financial results of the Company are uploaded on NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre in accordance with the Listing Regulations. The financial results are displayed on BSE and NSE websites. The financial results are also published in 'The Business Line' (English) and 'Kannada Prabha' (Kannada) newspapers and posted on the Company's website at [www.tatacoffee.com](http://www.tatacoffee.com). In terms of the Listing Regulations, the Company has designated a separate email ID for dealing with Investors' complaints viz., [investors@tatacoffee.com](mailto:investors@tatacoffee.com). The official media releases and presentations made to Institutional Investors/Analysts and transcript/ audio recording of Analyst Calls are posted on the Company's website.

## 12. GENERAL SHAREHOLDER INFORMATION:

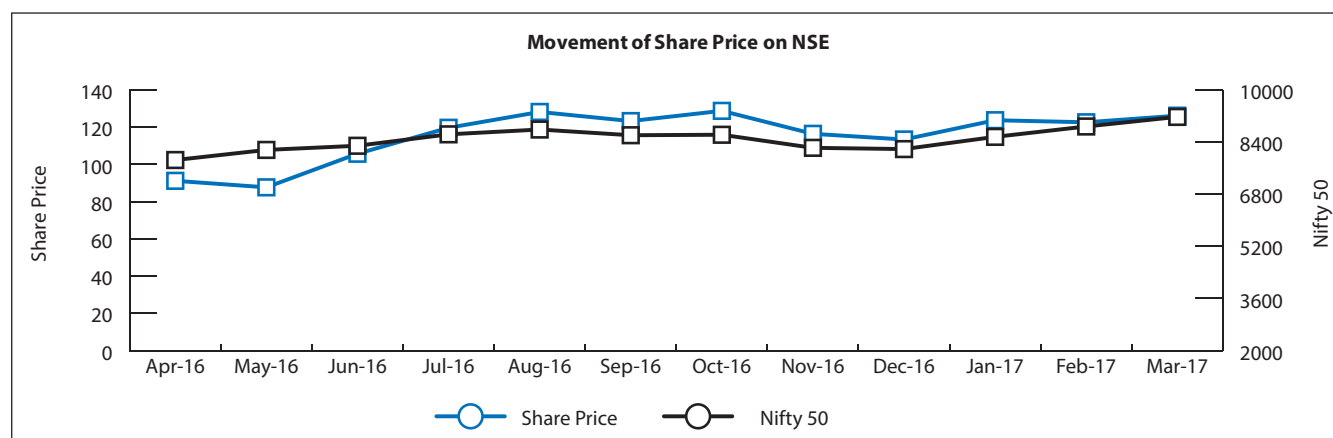
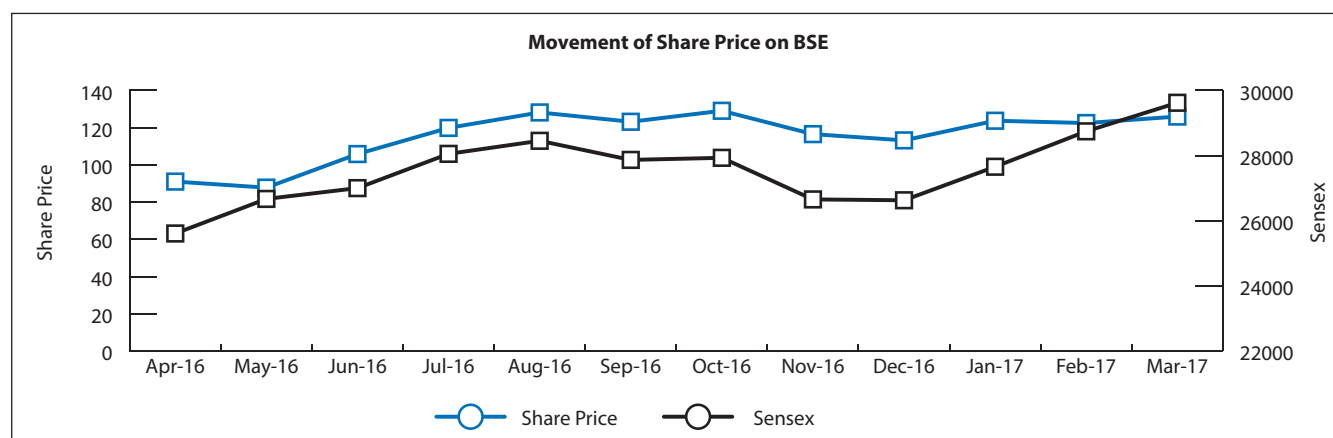
<b>I. AGM: Date, Time and Venue</b>	Monday, the 17th July, 2017 at 11.00 A.M at the Registered Office: Pollibetta – 571 215, Kodagu, Karnataka	
<b>II. Financial Calendar (tentative)</b>	Board Meetings for approval of: Financial Results for the first quarter ending 30th June, 2017 In July/August 2017 Financial Results for the second quarter ending 30th September, 2017 In October/November 2017 Financial Results for the third quarter ending 31st December, 2017 In January/February 2018 Annual Accounts for FY 2017-2018 In May, 2018 Annual General Meeting for the year ending 31st March, 2018 In July/August, 2018	
<b>III. Dates of Book Closure</b>	4th July, 2017 to 17th July, 2017 (both days inclusive)	
<b>IV. Dividend Payment Date</b>	The Dividend will be paid on or after 20th July, 2017.	
<b>V Listing on Stock Exchanges</b>	BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Tel: 022-22721233/34 Fax: 022-22723121 Stock Code: 532301	National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G.Block Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Tel Nos: 022-26598100-8114 Fax : 022-26598237/38 Stock Code: TATACOFFEE

The Company has paid Listing Fees for the Financial Year 2017-18 to each of the Stock Exchanges, where the equity shares of the Company are listed.

## VI. Market Price Data: High and Low during each month in the financial year 2016-17:

Month	BSE Ltd.		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2016	95.80	89.00	95.80	89.10
May, 2016	93.30	85.40	93.25	85.20
June, 2016	109.70	86.75	109.70	87.05
July, 2016	123.80	105.60	123.80	106.10
August, 2016	135.50	111.40	135.70	111.55
September, 2016	131.40	118.35	131.60	118.10
October, 2016	150.05	124.10	150.00	123.95
November, 2016	131.70	107.30	131.60	107.10
December, 2016	120.80	108.80	120.80	108.40
January, 2017	127.60	113.40	127.70	113.05
February, 2017	131.80	115.50	132.00	115.85
March, 2017	132.00	120.00	132.20	120.00

## VII. Performance of the Company's equity shares in comparison to BSE Sensex and NSE Nifty during the financial year 2016-17:



<b>VIII. Name of the Depository with whom the Company has entered into Agreement:</b>	ISIN Number
1. National Securities Depositories Limited	INE493A01027
2. Central Depository Services (India) Limited	INE493A01027
<b>IX. Registrar and Share Transfer Agent: Share Transfer System</b>	
Share transfers, dividend payments and all other investor related activities are attended to and processed at the Registered Office of the Company's Registrar and Share Transfer Agent. For lodgment of transfer deeds and any other documents or for any grievances/complaints, kindly contact any of the offices of TSR Darashaw Limited which are open from 10.00 a.m. to 3.30 p.m. between Monday to Friday (except on bank holidays)	
<b>TSR Darashaw Limited</b>	
<b>REGISTERED OFFICE:</b>	
6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011	
Tel: 022-66568484, Fax: 022-66568494	
E-mail: <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Web: <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a>	
<b>BRANCH OFFICES:</b>	
<b>i. Bengaluru</b>	<b>ii. New Delhi</b>
503, Barton Centre, 5th Floor, 84, Mahatma Gandhi Road,	2/42 Ansari Road, 1st Floor, Daryaganj, Sant Vihar,
Bengaluru – 560001	New Delhi – 110 002
Tel: 080- 25320321	Tel: 011- 23271805
Fax: 080-25580019	Fax: 011-23271802
E-mail: <a href="mailto:tsrdlbg@tsrdarashaw.com">tsrdlbg@tsrdarashaw.com</a>	E-mail: <a href="mailto:tsrdldel@tsrdarashaw.com">tsrdldel@tsrdarashaw.com</a>
<b>iii. Kolkata</b>	<b>iv. Jamshedpur</b>
Tata Centre, 1st Floor, 43, J. L. Nehru Road, Kolkata – 700 071	'E' Road, Northern Town, Bistupur,
Tel: 033-22883087	Jamshedpur – 831 001.
Fax: 033-22883062	Tel: 0657-2426616
E-mail: <a href="mailto:tsrdlcal@tsrdarashaw.com">tsrdlcal@tsrdarashaw.com</a>	Fax: 0657 2426937
<b>v. Ahmedabad (Agent)</b>	E-mail: <a href="mailto:tsrdljsr@tsrdarashaw.com">tsrdljsr@tsrdarashaw.com</a>
Shah Consultancy Services Limited	
3, Sumathinath Complex	
2nd Dhal, Pritam Nagar	
Ellisbridge	
Ahmedabad – 380 006	
Tel: 079- 26576038	
Email: <a href="mailto:shahconsultancy8154@gmail.com">shahconsultancy8154@gmail.com</a>	
<b>X. Share Transfer System:</b>	and an electronic credit of shares is given to the account of the Shareholder.
Shares in physical form should be lodged for transfer at the office of the Company's Registrar & Share Transfer Agent, TSR Darashaw Ltd., Mumbai or at their branch offices at the addresses given above. The transfers are processed, if technically found to be in order and complete in all respects.	
<b>Dematerialization of Shares and Liquidity</b>	
The process of conversion of shares from physical form to electronic form is known as dematerialisation. For dematerializing the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the R&T Agent. On receipt of the demat request, both physically and electronically and after verification, the Shares are dematerialised	
<b>XI. Secretarial Audit:</b>	
<p>a) M/s HBP &amp; Co., Practicing Company Secretaries have conducted a Secretarial Audit of the Company for the year 2016-17. Their Audit Report confirms that the Company has complied with the applicable provisions of the Act and the Rules made there under, Listing Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Directors' Report.</p> <p>b) Pursuant to Regulation 40(9) of the Listing Regulations certificates have been issued on a half-yearly basis, by M/s Parikh &amp; Associates, Practicing Company Secretaries, certifying due compliance of share transfer formalities by the Company.</p> <p>c) M/s Parikh &amp; Associates, Practicing Company Secretaries carry out a quarterly Reconciliation of Share Capital Audit, to</p>	

reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

d) The Company submitted Compliance Certificate to the concerned stock exchanges duly signed by both the Compliance Officer of the Company and the Registrar & Share Transfer Agent within one month of end of each half of the financial year 2016-17 certifying compliance with the requirements of clause(2) of Regulation 7 of the Listing Regulations.

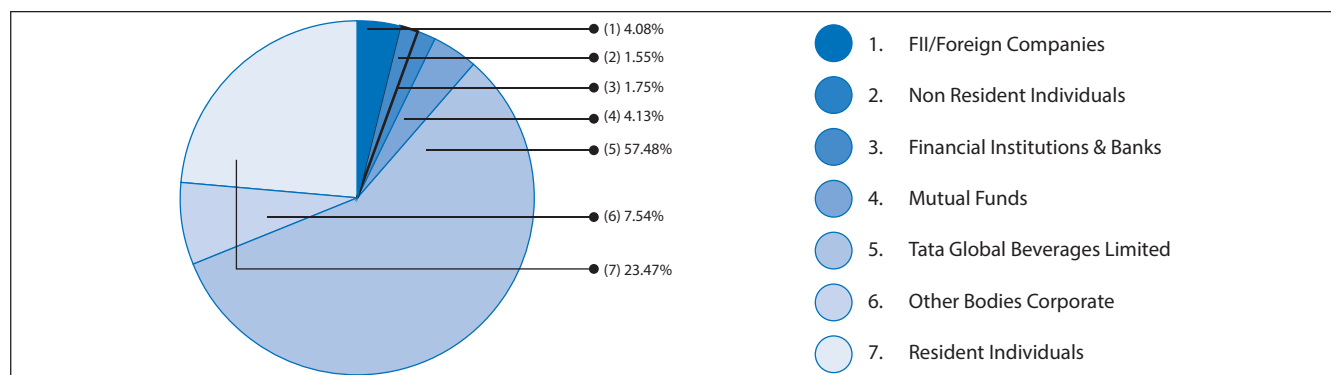
## XII. Distribution of Shareholding as on 31st March, 2017:

No. of Equity Shares	No. of Shareholders	% to Shareholders	No. of Shares	% of Shareholders
1 - 500	58691	83.02	8472057	4.54
501 - 1000	5527	7.82	4648924	2.49
1001 - 2000	2793	3.95	4398520	2.36
2001 - 3000	1168	1.65	3033329	1.62
3001 - 4000	526	0.75	1910374	1.02
4001 - 5000	489	0.69	2327981	1.25
5001 - 10000	772	1.09	5738413	3.07
10001 & above	727	1.03	156240772	83.65
<b>TOTAL</b>	<b>70693</b>	<b>100.00</b>	<b>186770370</b>	<b>100.00</b>

## XIII. Category-wise Shareholders as on 31st March, 2017:

Sl. No.	Category of Shareholders	No. of Shares	Percentage
1	FII/Foreign Companies	7630396	4.08
2	Non-Resident Individuals	2890695	1.55
3	Financial Institutions & Banks	3261445	1.75
4	Mutual Funds	7710603	4.13
5	Tata Global Beverages Limited	107359820	57.48
6	Other Bodies Corporate	14090684	7.54
7	Resident Individuals	43826727	23.47
<b>TOTAL</b>		<b>186770370</b>	<b>100.00</b>

Category-wise Shareholders as on 31st March, 2017



<b>XIV. Shares in Physical and Demat form as on 31st March, 2017:</b>	<b>No. of Shares</b>	<b>Percentage</b>
In Physical Form	60,51,330	3.24
In Dematerialized Form	18,07,19,040	96.76
<b>XV. No. of shareholders whose shares as on 31st March, 2017 are in Physical and Demat form:</b>	<b>No. of Shares</b>	<b>Percentage</b>
In Physical Form	8,617	12.19
In Dematerialized Form	62,076	87.81
<b>XVI. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:</b>		Nil
<b>XVII. Plant Locations:</b>		
17 Coffee Estates in Kodagu, Hassan and Chikmagalur District.		
1 Tea Estate in Kodagu Dist. and	State of Karnataka	
1 Tea and Coffee (mixed) in Chikmagalur District.		
4 Tea Estates in Pachaimalai, Pannimade, Uralikal & Velonie and 1 Coffee Estate in Valparai	State of Tamil Nadu	
1 Tea Estate in Malakiparai	State of Kerala	
Curing Works, R&G factory and Pepper processing Unit in Kudige, Kushalnagar	State of Karnataka	
1 Instant Coffee Plant at Toopran, Brahmanpally Village.	State of Telangana	
1 Instant Coffee Plant at Jayamangalam Village, Theni	State of Tamil Nadu	
<b>XVIII. Address for correspondence:</b>	<b>As stated in 12 (IX) above</b>	

13. Particulars of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting have been provided in the Notice of the Annual General Meeting.

#### 14. Certificate on Corporate Governance

A compliance certificate from Dr. Asim Kumar Chattopadhyay, Practicing Company Secretary pursuant to Schedule V to the Listing Regulations regarding compliance of conditions of Corporate Governance is attached.

#### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

In terms of the Listing Regulations, I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the respective Codes of Conduct, as applicable to them for the year ended 31st March, 2017.

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

**SANJIV SARIN**  
Managing Director & CEO

**PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of Tata Coffee Limited

I have examined the compliance of the conditions of Corporate Governance by Tata Coffee Limited ('the Company') for the year ended 31st March 2017, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

I state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

DR. ASIM KUMAR CHATTOPADHYAY  
Practicing Company Secretary  
FCS No. 2303  
CP No. 880

# Management Discussion & Analysis Report

## A. INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Global Coffee Markets in 2016-17 presented distinctly different pictures for Arabica and Robusta Coffees. On an overall basis, the crop year 2016-17 witnessed a balanced scenario between supply (production) and demand (consumption). Estimates of the total production of coffee was around 155 million bags (60 kgs) matched by almost equal demand of 155 million bags. However, the break-up provides a different picture. The Arabica production, estimated at 95 million bags was an all-time record and the Robusta production at an estimated 60 million bags was the lowest in 5 years. This deficit of Robusta – over 10% on demand - was only partly compensated by the Arabica surplus. This was indeed the driving force behind the terminal movements for the year.

The NY (ICE) terminal, representing Arabica settled at 141.65 Cents / lb (Jul futures) on 31st March 2017. It had settled for the same position at 129.35 Cents / lb (Jul futures) on 1st April 2016. The rise in the Arabica terminal was a modest 9.5%. In sharp contrast, the London terminal, representing Robusta coffee saw an increase of 43% through the year. It settled at 2171 \$ / MT (Jul futures) on 31st March 2017 as against a close of 1519 \$ / MT on the same position at the start of the year on 1st April. The sharp deficit of Robusta coffee was therefore the key defining feature of the market through the FY 2016-17.

Tea is a popular and widely consumed beverage in India and around the world. Its cultivation is confined to only certain regions of the world due to specific requirements of climate and soil. Africa, India, Sri Lanka, Indonesia are the major Black Tea producing regions. It is also grown in South America in small quantities. India is the largest producer of Black Tea and contributes to about 30% of the global Tea production. China is the largest producer of Green Tea.

Pepper is the native of South India and is extensively cultivated along the tropical regions. It is an economically important agricultural commodity of commerce and trade in India since pre-historic period. Until 18th Century, black pepper cultivation and production had been the monopoly of India; the major share contributed by the state of Kerala. However, from the past two centuries, pepper cultivation has been taken up on a commercial scale by several nations.

Currently, Vietnam is the world's largest pepper producer (35%) followed by Indonesia (17%) and India (14%). Pepper is mono-cropped in Vietnam, Indonesia, Thailand, Malaysia and Brazil and the height is restricted to 4 – 6m giving a columnar appearance but in India the major portion of the crop is intercropped on shade trees of Coffee, Tea, Cardamom and on Arecanut and

coconut where the vine height is unlimited. The states of Kerala, Karnataka and Tamil Nadu account for a major portion of India's production with North- East of India also catching up. India produces approximately 55,000 MT of pepper annually and 70% of the production is consumed in the domestic market. Indian pepper is known for its good pungency and taste, which has a specific demand in the International Market known as TGSEB (Tellicherry Garbled Special Extra Bold), TGEB (Tellicherry Garbled Extra Bold) and MG-1 (Malabar Garbled).

Instant Coffee market continues to grow globally at just over 2% per annum. There is an increasing conversion of non-traditional markets to the fold of instant coffee – either through direct or through indirect routes (coffee mixes). Markets of Asia and Africa, backed by the headroom to grow, continue to be attractive for instant coffee manufacturers and marketers to invest for the future. The growth of modern retail in some of these countries is another catalyst for growth of instant coffees. Tata Coffee is cognizant of these changing dynamics and is positioning itself suitably to benefit from these changes.

## B. OPPORTUNITIES:

### Plantations

#### i) Green Coffee

Tata Coffee's Green Coffee business continues to focus on premiumization and differentiation. The Company clearly believes that the space for such coffees – whether specialty, certified, single estate or microlot offerings and organic coffee is expanding across the globe as consumers seek a superior experience and a more informed choice about the coffees they consume. With our continuous focus on enhancing potential for the beans through farm practices to our expansion in the monsooning facility at Mangalore, the business is unlocking value at all levels of the supply chain. Our focus on relationships with the leading roasters across the world allows us to innovate and secure the best value for our efforts. We believe that these relationships are crucial to the Company's sustainable growth in future.

#### ii) Instant Coffee:

Instant Coffee is showing an increasing consumption trend specially in Asia and Africa/Middle east.

Currently, soluble coffee consumption accounts for over 20% of global consumption. The value of extracts and soluble preparations has risen at a faster rate than that of pure soluble, largely reflecting the trends seen in the trade in volume terms. eg., China now ranks as the fourth-

largest global market for ready-to-drink coffee in terms of volume, and fifth in terms of value.

The Company announced the setting up of a state-of-the-art Freeze Dried Instant Coffee plant in Vietnam with an installed capacity of 5000 MT per annum. Freeze Dried Coffee is a growing segment worldwide in the premium Instant Coffee space. This move is expected to further strengthen the Company's growth in the Instant Coffee segment and further expand our global foot print. Vietnam offers an attractive business environment besides being the largest Robusta Coffee growing region.

Your Company had launched "Tata Coffee Grand" in the domestic market last year, a product which is being manufactured by the Company and is distributed/ marketed by Tata Global Beverages Limited in India. The product is getting positive responses from the consumers on its innovative blend of the finest coffee powder and decoction crystals.

### iii) Tea

Quality Teas continue to sell well and command a good premium in the domestic markets. The outlook for good liquoring Teas is promising and is expected to have a strong demand. The Company's Estates and Manufacturing Facilities are certified both Nationally and Internationally by Trustea, Rain Forest Alliance, and Ethical Tea Partnership. These Certifications reaffirm the Company's commitment to produce high-quality products in a sustainable and responsible manner, while also protecting the environment.

### iv) Pepper

Today, pepper is an indispensable ingredient in cooking and occupies a supreme position in the cuisines of both East and the West. The customer preference for pepper corns is more among the western people as they relish the presence of pepper in every meal either in ground form or as dry corns. Thus, there are opportunities for availing premiums for better quality and grade in the international and domestic market. With the Company's triple-certification (Utz, RA and SA 8000), upgraded processing center at Kushalnagar and with sustainable cultivation practices, our endeavor is to disintermediate and target customers directly in the market, who value the sustainability efforts of the Company. The Production, Research and Development Wing, Processing Unit and the Marketing Team has been aligned to meet customers' requirement. The Company is also focusing on expanding its Pepper production.

## C. RISKS, CONCERNS AND THREATS:

Volatility in the demand for Coffee and its prices in the International Commodity Market and Currency Exchange

movements are some of the major risks to which the Company is exposed. The Company has robust currency hedging policies and business marketing practices to mitigate these risks. The currency hedging strategy is monitored by the Risk Management Committee on a regular basis.

The Company operates in highly competitive Instant Coffee markets which are price sensitive and has substantial dependence on certain geographies and customers. This challenge is being mitigated and de-risked by diversifying sales into new geographies and building long term customer relationships. The Company is required to maintain its cost competitive edge by timely sourcing of green coffee – the primary raw material, whose prices are highly volatile in the international markets. Constant efforts are required to create and innovate new blends to cater to the changing needs of customers in different markets.

The entire Plantation Industry is dependent on nature, making it susceptible to climate vagaries. The major weather factors that influence coffee yield are rainfall, temperature, light intensity and relative humidity. The Company has introduced an innovative method of rain water harvesting to improve the water table and significantly augment the water storage capacity.

With regard to Plantation Operations, white stem borer infestation is a continuous threat being faced by the Arabica growers across the industry. The Company, in addition to regular tracing and chemical control, has taken rigorous initiatives to curb this pest. It is also working closely with the R&D cells of few Tata Group Companies for developing effective measures in this regard.

Shortage of skilled labour is a big challenge for the Plantation Industry. The Company has been increasingly concentrating on labour optimization initiatives and mechanization of critical cultural operations, where feasible, in order to achieve better operating efficiency. Efforts are also being made to retain the existing work force and also attract new hands by introduction of better working conditions.

Intrusion of wild animals into plantations and man-animal conflict is increasingly becoming an issue. The Company has taken all measures to minimize man-animal conflict. The Wildlife Cell has been conducting regular awareness programmes across all Estates and systems are in place to track the movement of wild animals and avoid potential danger to the workers. In addition, the Wildlife Cell is also actively involved in protecting the endangered and nature-friendly species such as Snakes, Birds etc., by closely liaising with the Forest Department.

With increased price realization in pepper, many countries like Vietnam, Brazil, China, Thailand, Sri Lanka, Malaysia and

Madagascar have started intensive mono cultivation of black pepper. Indian planters have also intensified cultivation which may result in increased production in the world market in the next few years.

With very low rainfall received in the past two years, it has been challenging for the plantation industry. Poor rainfall in the last year has led to impact on the Coffee crop and sparse pepper crop setting. Initiatives of watering vines during November/December are being introduced to improve the quality of pepper and mitigate drought situation. This has also acted as lifesaving irrigation to many pepper vines due to poor rainfall received during this season.

#### D. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

##### Major Product-wise Turnover

	2016-17		2015-16	
	Qty (MT)	₹ Lakhs	Qty (MT)	₹ Lakhs
Coffee				
Cured	7159	13031.74	7339	12811.04
Instant	8812	41539.03	7615	36511.47
R & G	370	1327.87	376	1297.40
Tea	5863	7979.19	6135	6515.26
Pepper	575	3922.58	902	5205.17
Estates Supply Division		3137.31		3363.39

#### E. OUTLOOK:

##### Green Coffee

The Plantation Division of the Company has been following scientifically based sustainable cultural practices with increased focus in producing high quality Premium Differentiated Coffees. The growing demand by customers around the world for enhanced differentiated flavors saw success in selection of Tata Nullore Estate Coffee by Starbucks as its first micro lot from India for its 'Reserve' selection of rare and distinctive coffees. The micro lot coffee is unique to its ecosystem on account of its exclusivity created by a combination of flora and fauna with distinctive soil conditions influencing the intrinsic quality of the beans.

The Company continues to pursue its strategy to sustain asset rejuvenation (Replanting & Consolidation) of Arabica and Robusta, to increase the yield performance and narrowing down variations in biannual crop pattern.

- With Climate change impact being significant, efforts to augment water resources to mitigate inadequate blossom and backing showers are well addressed by excavating additional irrigation tanks.
- Focus on timely harvest when the coffee bean and pepper development is at its peak continues to get

utmost importance to produce high quality produce with improved premium grades.

- Skill development and sourcing repeat workers to enhance labour productivity is practiced.
- Upgradation of processing equipment with increased capacity utilization and standardization of material and man-day usage was given utmost importance, a cost optimization initiative.
- All social and environmental certifications were sustained, a testimony to our commitment in safeguarding and protecting the ecosystem we operate in.

##### Instant Coffee

The Instant Coffee Division would continue to focus on new product development, customer centricity, emerging markets and best in class service to remain at the forefront of this exciting space. Our engagements with set of customers across the world – coffee brand owners, modern retail, importers and distributors etc., would be at the core of our growth.

The fastest growth in soluble consumption is expected from Africa and Middle East although emerging markets forecasts slower coffee consumption growth due to projected lower economic growth and disposable incomes.

In many of the mature/advance markets, R&G consumption using single-cup brewers is expected to increase.

The Company's commitment to sustainability focusing on Renewable Energy utilization and strengthening Operational Excellence shall bring value add to the business.

The Instant Coffee market in India is growing at an attractive rate of around 15%, year on year. A positive consumer outlook towards new experiences such as Café culture, premium coffee, higher disposable incomes and young population are some of the important factors that promoted growth in coffee consumption in India.

Additionally, increased access to coffee machines in offices and institutions triggered interest in coffee among consumers who began to acquire and appreciate taste and in turn consumed coffee at home as well.

##### Tea

CTC Tea markets for plainer and middling Teas remains weak. However, Teas that are of good quality still find good demand and the outlook for the good liquoring Teas in the ensuing season will continue to be firm. Orthodox Teas are also expected to find better acceptance, especially with the export market.

**Pepper**

Black pepper produced by the Company will be of a premium quality with its initiatives of sustainable cultivation practices, processing, certifications, upgraded processing center and working towards getting it EIA certified and implementing traceability initiatives.

With introduction of modern pepper nurseries to grow different varieties of pepper specific to estates based on location, rainfall pattern and altitude, we shall continue to increase pepper production. With a separate vertical working exclusively on the following parameters, Tata Coffee will strive to increase production.

- Increased focus on pepper cultivation practices with short and long term plans.
- Increased focus on Irrigation capacity and efficiency.
- Up-gradation of the processing and grading unit.
- Target customers directly in the domestic and international market.

**F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has aligned its current systems of Internal Financial Control with the requirements of the Companies Act, 2013, on lines of globally accepted risk based framework. The Internal Control – Integrated Framework (the 2013 framework) is intended to increase transparency and accountability in an organization's process of designing and implementing a system of Internal Control. The framework requires a Company to identify and analyze risks and manage appropriate responses.

The Company has successfully laid down the framework and ensured its effectiveness. The Company's Internal Controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of Corporate Policies.

The Company has a well-defined delegation of power with authority limits for approving revenue as well as expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down. The Company uses a state-of-the-art Enterprise Resource Planning (ERP) system to record data for Accounting, Consolidation and Management Information purposes and connects to different locations for efficient exchange of information. It has continued its efforts to align all its processes and controls with best practices.

The Operating Management assessed the effectiveness of the Company's Internal Control over Financial Reporting as of 31st March, 2017. M/s. Deloitte Haskins & Sells LLP and M/s. SNB Associates, the Statutory Auditors of the Company have audited the Financial Statements included in this Annual Report and have issued a report on the Internal Control over financial reporting (as defined in section 143 of the Companies Act, 2013).

The Company has appointed reputed firms of Chartered Accountants to oversee and carry out Internal Audits. The Audit is based on an Internal Audit Plan, which is reviewed each year in consultation with the Audit Committee. In line with international practice, the conduct of Internal Audit is oriented towards the review of Internal Controls and risks in its operations such as Plantations (Coffee and Tea), Instant Coffee Divisions, Estates Supply Division, Curing Works, Accounting and Finance, Procurement, HR etc.

Additionally, there has been a continued focus on IT enablement and computerization of key process controls through the ERP systems to maximize automated control transactions across key functions.

The Internal Audit function endeavors to make meaningful contributions to the Organization's overall governance, Risk Management and Internal Controls. The Audit Committee reviews reports submitted by Internal Auditors. Suggestions for improvement are considered and the Audit Committee follows up on corrective actions taken by the Management. The Audit Committee also meets the Company's Statutory Auditors to ascertain, inter alia, their views on the adequacy of Internal Control Systems and keeps the Board of Directors informed of its major observations periodically.

Based on its evaluation (as provided under Section 177 of the Companies Act, 2013 and Clause 18 of SEBI Listing Regulations), the Audit Committee has concluded that as of 31st March, 2017, the Internal Financial Controls were adequate and operating effectively.

**G. BUSINESS EXCELLENCE:**

The Company continued its journey of excellence in Tata Business Excellence Model (TBEM) and underwent a dipstick assessment during the financial year 2016-17 to strengthen its operational excellence. The outcome of the assessment commended the Company's strong focus on operational excellence. During the year, the Company has also invested in training on Business Excellence Practitioners, Business Excellence Leadership Program, Business Excellence Leadership Program Recertification, Experienced Assessors Program and Senior Business Leaders Program. The Company plans to participate in a full-fledged TBEM assessment during the financial year 2017-18. As is said, "TBEM is a journey and not a destination".

## H. MISSION/VALUES:

The Company's Mission/Values are as under:

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

**Values :** Customer focus; Responsibility; Innovation & Agility; People centric; Transparency.

## I. FINANCIAL AND OPERATIONAL PERFORMANCE:

Your Company has seamlessly adopted Indian Accounting Standards (Ind AS) from April 1, 2016 and the annual financial statements for the financial year 2016-17 is prepared in accordance with Ind AS, with comparatives for the previous year restated as per Ind AS.

The Total Income showed a healthy improvement with the topline at ₹ 848 Crores compared to ₹ 753 Crores in the previous year, an increase of 13%. The Profit before Tax of ₹ 182 Crores was substantially higher than the previous year's profit of ₹ 102 Crores. The Profit after Tax was ₹ 139 Crores vis-à-vis ₹ 65 Crores in the previous year.

The Instant Coffee Operations recorded higher profitability on higher sales volumes, favourable sales mix and lower commodity costs. The Plantations business recorded higher turnover and operating profit on increased realization and fair valuation benefits.

## J. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT AND NUMBER OF PEOPLE EMPLOYED:

The manpower strength of the Company as on 31st March, 2017 was 5975 permanent employees including 169 Management Staff across different locations. This does not include the temporary and contractual workers.

The Company's efforts are to build capabilities for the workforce continued through adoption of specific and targeted interventions for the different categories in the workforce. With respect to the Management Staff Cadre, specific Leadership Development Programs has been adopted in partnership with Tata Management Training Centre, Pune. For the junior officer and staff cadre, several in-house programs have been conducted at specific locations with both internal and external

faculty. The Company adopted various governmental skill-developmental programs to build and enhance plantation and shop-floor related skills. The Company continues its efforts to build further on Reward and Recognition practices introduced in the earlier years and the same has been deployed across the Company in order to continue to encourage and foster Employee Engagement. Training and Development interventions in areas of technical and behavioral needs of the workforce have been addressed through deployment of internal and external faculty. Harmonious Industrial Relations prevailed at all the units of the Company during the Financial Year 2016-17.

## K. SUBSIDIARY COMPANY - EIGHT O'CLOCK COFFEE COMPANY (EOC):

EOC in USA had a stable performance in its base business in 2016-17 with Bag coffee volume sales improving from the previous year led by effective promotion, distribution gains and new items. The Company's Profits grew over the previous year aided largely by good control over costs. The Company continued its focus on new product launches. EOC Coffee, a premium coffee brand with over a 150 year legacy, introduced a game changer to the coffee category that delivers an enhanced coffee-drinking experience to consumers. The Company launched a new coffee infusions line in the US, which offers thoughtfully crafted coffees blended with added ingredients to help enhance your day. Through this launch, EOC is delivering an enhanced coffee drinking experience to consumers. The launch is being supported through a multi-faceted marketing campaign and the consumer response has been positive. EOC and Keurig Green Mountain, Inc. (Keurig) have announced a multi-year expansion of their successful partnership for the manufacturing, sales, licensing and distribution of the EOC Coffee brand in K-Cup pods for use in Keurig brewers.

## L. CAUTIONARY STATEMENT:

Certain statements made in the Management Discussion and Analysis Report relating to the Company's Objectives, Projections, Outlook, Expectations, Estimates and Others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's Operations. These include Climatic and Economic Conditions affecting Demand and Supply, Government Regulations and Taxation, Natural Calamities over which the Company does not have any direct control.

# Business Responsibility Report

## CEO's message

Dear Stakeholders,

As one of the first triple-certified heritage plantation Company and also the manufacturers and marketers of instant coffee across the world, I am delighted to share our first Business Responsibility Report with you. Being part of the illustrious Tata Group, Tata Coffee has imbibed each and every value bestowed by our group. Our group stands for the highest levels of ethical business conduct striving to create value for all stakeholders involved including the society at large and the environment. Imbibing these values into our operations, Tata Coffee is proud to say that every coffee bean, instant coffee and other plantation products is produced keeping in mind our responsibility towards the society, environment and every other stakeholder involved. Our Instant Coffee manufacturing unit at Toopran is India's first export-oriented soluble coffee unit, which was acquired by the Company in the year 1992. To consolidate the instant coffee business, the Company acquired another unit at Theni in the year 2004. These units employ state-of-the-art technology with a focus on ensuring highest level of product quality under safe and sustainable environmental conditions. The units adhere to the global best practices of the industry and are certified for ISO- 9001: 2015, ISO 22000: 2005, ISO 14001: 2004, OHSAS-18001:2007, HALAL, KOSHER, BIS and FSSAI, BRC, IFS, RFA,UTZ,SA 8000:2008.

The above is reflected in Tata Coffee's vision which is to 'create distinctive long-term value for all our stakeholders through coffee and allied plantation products embracing sustainable practices.' This means managing the natural resources we consume in our operations, making our operations energy efficient, using more and more renewable energy, reducing our water consumption, providing a safe and a fair work environment for our people, creating thriving communities around our operations and respecting the ecosystem (flora and fauna) in which we operate. It also means working with our business partners, investors and suppliers to ensure that these values percolate across our value chain and help us in delivering the highest quality products to our customers and that too responsibly.

We are excited by the business opportunity ahead of us driven by trends that all point towards a growing market for our products. As we harness this growth, we are sure that our focus on sustainability and conducting our business responsibly is going to be the differentiator and will help us stand out in the market.

I also want to take this opportunity to thank all the members of the Tata Coffee family who work day in day out to bring our vision to life. This report represents our effort to be more transparent with our stakeholders on our business responsibility initiatives.

**SANJIV SARIN**  
Managing Director & CEO

## Pursuing sustainability excellence at our plantations

**Our core products come from nature's many bounties and we are very conscious and watchful of how we treat the social and environmental aspects of our operations.**

At Tata Coffee, we have various initiatives directed towards environmental conservation and sustainability across our plantations in Hassan, Coorg and Anamallais. These include initiatives like rainwater harvesting, use of renewable energy like wind and solar, bio-waste management, saving power and optimising paper consumption in offices.

We also run targeted initiatives across our plants to sensitize our employees and other stakeholders about environmental conservation.

### Tata Coffee - certified for excellence

Tata Coffee's drive towards becoming a sustainable organization is reflected in the list of industry leading accreditations accorded to us. We are certified by ISO 9001, ISO 22000; Rain Forest Alliance, SA 8000, UTZ, Café practices and Organic Certification.

- 11 estates are Starbucks C.A.F.E. PRACTICES certified
- Our Devaracadoo division of Balmany estate in Coorg is certified by IMO for manufacturing quality organic coffee
- Curing works at Kushalnagar is ISO 9001:2008 certified
- Anamallais Tea estates are Trustea and Rainforest Alliance certified

We conduct our operations in a manner that creates net positive value for the environment and the local communities in which we operate wherein we generate employment as most of the employees live in and around our areas of operation. Periodic technical inputs provided by R & D (in Plantations) to the farmer community help in acquainting them with the latest technical knowledge on agriculture.

### Our holistic approach to sustainability

As one of the leading organizations in India, we are committed to producing ethical and environment friendly products. All our farms go through rigorous audit for Rain Forest Alliance, SA 8000, UTZ and organic certifications. All our operations are aligned to the following parameters:

- Social and Environmental Management System
- Ecosystem Conservation
- Wildlife Protection
- Water Conservation

- Fair treatment and good working conditions for workers
- Occupational Health and Safety
- Community Relations
- Integrated Crop Management
- Soil Management and Conservation
- Integrated Waste Management

### Practicing sustainable agriculture

We have undertaken various initiatives to preserve and enhance the ecological wealth of the areas where our plantations are located. Our unique cultivation practices are based on scientific mapping of soil nutrition and cropping patterns coupled with an optimal usage of valuable natural resources. This enables us to sustain the ecological balance across our locations. Integrated pest and disease management are also a part of our standard operating procedures. Shade management is conducted using advanced sunlight exposure measurement. We also make conscious efforts in some of our estates to reduce impact on the natural habitats of birds and animals while managing shade.

Our cultivation practices comply with global best practices of sustainability. It is our constant endeavour to use eco-friendly technologies and to perpetually work towards enriching the soil, water and bio-diversity in and around our plantations.

Our sustainable irrigation practices allow us to mitigate and partially manage the vagaries of weather and our rainwater harvesting assets enable us to serve a complete round of pre and post blossom irrigation requirements. We use advanced pulping technologies using state-of-the-art Penagos and Pinhalese pulpers which ensure minimal water consumption. We also treat pulping discharge water efficiently and safely and our practice of continuous re-planting helps rejuvenate the healthy plant population.

### Taking care of our ecosystem

As an organization, we take due cognizance of the ecosystem in which we operate. We give utmost importance to environmental considerations in our operations. We operate in the biodiversity hot spot zone of the Western Ghats and therefore it is of prime importance for us to protect the rich heritage of the region.

We identify, protect and restore existing natural ecosystems, both inside and outside our estates. Through our CSR projects we are doing ground water recharging partnering with "the Water Literacy Project" to maintain hydrological balance in Badaga Bananagala village, in Coorg District so as to maintain their integrity through conservation programmes. As standard practice, we do not harvest threatened or endangered plants or tree species. We establish a buffer zone by planting permanent native vegetation (Acalypha) bushes in order to promote biodiversity, minimize any negative

visual impacts, and reduce the drift of agrochemicals, dust and other substances emanating from our agricultural or processing steps. We conduct annual surface water analysis to check the drift and erosion of chemicals to water bodies.

We maintain an inventory of wildlife and wildlife habitats found on our estates through a wild life sighting register. Hunting, capturing, extracting and trafficking wild animals is strictly prohibited on the estates. Our dedicated 'Wildlife Cells' help mitigate the potential human-elephant conflict and also help create feeding sites for the animals in reserve forests.

The Company has been awarded the 'Excellence in Work Place Safety' trophy for its elephant conservation project, in the Confederation of Indian Industry IQ National Safety Competition.

### Managing our water consumption

Water is critical for our business and, we invest significantly in rain water harvesting structures to meet our needs. Each year, we provide adequate funds to increase the water holding capacities of storage tanks and we take great pride in sharing that we are the first Company in this business to not use ground water for irrigation purposes and in production process of our coffee.

Our water conservation program ensures rational use of water resources. We strictly monitor quantum of water supplied and used as it allows for better management. All our processing centres are equipped with water flow meter to gauge the use of water. Our initiatives towards efficient water management include:

- We use Global Positioning System (GPS) to increase operational efficiency of irrigation process thereby optimize water usage. This initiative also helps us to locate our tanks in catchment areas to maximise rain water harvesting.
- We assessed the water requirement for various cultural/processing operations and accordingly augmented capacity by digging water tanks and harvesting rainwater.
- We recycle water through ETPs and re-use it in our operations to the extent possible. We do not discharge or deposit industrial or domestic wastewater into natural water bodies.
- We conduct domestic water survey to understand the water use patterns of our employees and review it periodically.
- All residential units are supplied with septic tanks for treatment of domestic wastewater and non-industrial wastewater to prevent negative impacts on underground or surface water. Even wastewater from the washing of machinery used for agrochemical applications is collected separately and not mixed with domestic wastewater without prescribed treatment.

### Case study: Adopting new technology for better water management

Earlier, we were using a traditional pulper for wet processing of raw coffee which involved high water consumption (20-25KL/MT) and low pulper efficiency in terms of output (0.8 MT/hour). Given the scarce availability of high quality water, we have now employed state-of-the-art technology from Columbia and Brazil to process our coffee in a sustainable manner with minimum water consumption. Tata Coffee has modernized the pulper at 13 locations across the Company to reduce water consumption and improve the quality of coffee. With the installation of the modern machineries in coffee plantation, the water consumption has come down to 6KL/MT, which is resulting in 70% reduction in water consumption during processing of coffee.

### Responding to climate challenge

In line with our climate change policy, we are committed to playing a leading role in climate change debate by being responsive, trustworthy, and adopting environment-friendly technologies. We do this by:

- Measuring our own carbon footprint and striving to be the benchmark in our industry segment.
- Engaging actively in climate change advocacy and shaping regulations in a responsible manner.
- Incorporating a green perspective in all key organizational processes.

We have implemented several energy efficiency and renewable energy initiative at our plantations. These include:

- Monitoring and bringing in awareness of diesel and Grid electricity consumptions on monthly basis and displaying on notice boards
- As part of our waste to energy project, we harness methane gas from the ETP tanks one of the locations.
- We use Bio fuel (Briquettes) in our Tea factories to reduce consumption of firewood and also carbon emission.

By virtue of our zealously maintained vegetative cover in our coffee plantations, we have a negative carbon footprint equivalent to 1.71 lakh metric tonnes of CO<sub>2</sub> equivalent per annum, thus making us an enormous carbon sink.

### Having an integrated approach to waste management

At Tata Coffee, we are committed to preserving and enriching the environment through optimal use of resources and adopting green processes. We have undertaken several initiatives for managing waste according to its type and quantity through recycling, reduction and reuse. The disposal of waste is administered and designed to minimize possible environmental and human health impacts.

We have an integrated waste management programme and we segregate waste in to three categories - plastic, glass and organic waste. The use of open waste dumps and open-air burning of waste is not allowed within our premises. We provide refuse pits at all residential locations for disposing domestic waste. We regularly implement educational and awareness activities for workers and residents with the objective of promoting cleanliness and preventing the indiscriminate disposal of waste.

### Ensuring safety & fair treatment of our workers

We provide a safe work environment for our employees. Our occupational health and safety programme runs with the objective of minimizing or eliminating workers' occupational risks. All the workers undergo medical check-up in line with their area of operations such as workers in the high noise areas undergo audiometry test whereas those involved in chemical handling undergo cholinesterase testing. On need basis, all drivers undergo periodic eye check-ups as well. An occupational health and safety committee has been established in units with ten or more permanent production and processing workers. We have dedicated training program to educate workers on how to carry out their work correctly and safely with a special focus on handling of machinery and agrochemicals. First aid kits are available to field workers at all critical work spots. Chemical storage areas and areas where agrochemicals are mixed and distributed are equipped with eye-wash facilities to wash eyes in case of any emergency. We are the only coffee plantation Company to be certified for Social Accountability -8000 to invigorate our commitment to the wellbeing of our workforce.

In line with the Tata Group philosophy, there is no room for any form of discrimination at Tata Coffee. We provide our employees a discrimination free work environment and offer equal pay for equal work. We exercise fairness in providing opportunities like training or promotions to our workforce and same benefits are offered to workers at the same level.

At Tata Coffee, child labour is strictly prohibited. We actively work towards putting children back in schools. Once in a two year period, we conduct welfare audits by external agencies to assess the welfare index of the estates.

### Forging a lasting bond with our communities

In line with our established policies and procedures, we identify, consult and consider the needs of the local community groups around our operations. We prioritize the hiring and training of local labour force and for contracting and acquiring local services and products. The Estate Supplies Division with its 5 branches in Coorg and Hassan districts cater to the agri inputs' needs of the local planters in the planting districts. At Tata Coffee, we contribute to the protection and conservation of community's natural resources, collaborate with them

to ensure development of the local economy, and invest in community infrastructure and local shared resources like schools, pathways, water resources etc. We have a team of committed Welfare Officers at each of our locations to drive the various welfare initiatives thereby the quality of life of our workforce is enhanced.

### Case study: Creating wider community benefits with our 'Honey project'

Honeybees play an important role in pollination and uniform setting of coffee, cardamom and other crops. Owing to adverse impacts associated with climate change and deforestation, the honey bee population has been on a decline in the Western Ghats. To address this issue, we initiated a project back in 2011 which involved installation of 48 honeybee boxes with colonies in eight of our south Coorg Robusta estates. We expanded to 75 honeybee boxes in 2012. The project was initiated with an objective to study uniform setting due to increased insect pollination, reduce immature fruit loss and revive beekeeping in our estates. For effective implementation, we conducted several training programmes on periodical maintenance and monitoring of the colonies with the help of expert apiculturists.

At present, we have 250 active colonies of local bees "Apis Cerana" and honey is harvested only during the Coffee flowering season to sustain the bee population. The project produces excellent quality honey with high density and a coffee flavour. The honey is produced across major coffee growing areas where coffee is inter-planted with citrus fruits and spices. This high quality honey is packed at 'Swastha' - Centre for Special Education & Rehabilitation and the income from the sale of this honey is diverted to 'Swastha' for developing a self-sustaining model that promotes sustainable agriculture, social forestry and capacity building of local suppliers.

### Our performance data

Details of our energy, water and material consumption for the last 3 years is provided in the table below. Our performance reflects the results of our investments in managing our environmental footprint.

	2014-15	2015-16	2016-17
Energy consumed (kWh)	2,990,967	3,024,156	2,108,744
Energy consumed per unit of production (kWh/MT)	272	303	229
Water consumed (KL)	2,011,983	2,511,093	2,341,308
Water consumed per unit of production (KL/MT)	183	252	254
Total materials consumed/Inputs (MT)	11,720	11,635	10,719
Materials consumed per unit of production (MT/MT)	1.07	1.17	1.16

## Pursuing sustainability excellence at our manufacturing plants

**We seek to identify opportunities to create value at every step and are spearheading an integrated approach to embed sustainability across our manufacturing locations**

Tata Coffee's Instant Coffee Division is committed to operating in a sustainable manner, by implementing integrated management systems and environmentally responsible practices at our manufacturing plants. Leveraging advanced technologies, processes and a deep understanding of sustainability, we focus on securing quality through manufacturing excellence.

We have a defined "Sustainability and CSR Policy" that explicitly emphasizes our commitment to climate change, water management, waste management and community development. Sustainability is institutionalized in our business strategy and we actively invest in creating a business model that envisions a sustainable future for all our stakeholders.

### Integrated approach to sustainability

Our integrated management systems adhere to international standards, combining quality assurance, environmental management and occupational health and safety into a common framework, enabling alignment across functional areas and operational aspects.

The manufacturing facilities are certified for Integrated Management System (IMS) which incorporates all of an organization's systems and processes in one unified framework, which is capable of driving excellence in sustainability.

Our goal is to establish a culture of care, demonstrating leadership through performance improvements at our award winning manufacturing facilities in Toopran and Theni. We have demonstrated consistent improvement at our facilities by going the distance and walking the extra mile.

### Driving operational excellence

We have implemented best practices across operational aspects and our facilities are certified according to the following International Standards:

Theni	The Unit was certified for Integrated Management System (IMS) comprising of ISO 9001, ISO 14001, BS OHSAS 18001, along with certification on ISO 22000, HALAL, KOSHER, BRC, IFS, FSSAI, SA 8000, UTZ, SAN-RFA.
	The Theni Unit Laboratory was certified with NABL (National Accreditation Board for Testing and Calibration Laboratories).
Toopran	The Unit was certified for Integrated Management System (IMS) comprising of ISO 9001, ISO 14001, OHSAS 18001, along with certification on ISO 22000, HALAL, KOSHER, BIS, FSSAI, SA 8000, UTZ, SAN-RA.

Our certifications and accreditations on functional aspects such as quality, environmental management, food safety, social accountability, health and safety, help further strengthen trust

among our customers. A well-resourced Quality Assurance (QA) department ensure the highest standards of product safety and assurance with reputed National Accreditation Board for Testing and Calibration Laboratories (NABL) certificate.

Having made several strides in adopting sustainable manufacturing practices at Theni and Toopran, we have implemented several process improvements, embraced energy conservation measures, promoted waste recycling and reuse practices and installed onsite renewable energy generation through solar and sourcing wind energy.

### Leveraging technology to improve systems and processes

We have implemented a number of automation projects across our manufacturing like cold room defrost, drier slide gate, and energy optimization through process change in extraction.

This has enabled us to make the processes more efficient and improve capacity utilization at our facilities. In addition, we have enlisted specialist partners on the Operations and Maintenance side, for non-core operations such as Boiler, Effluent Treatment Plant (ETP) and Reverse Osmosis (RO) further drive operational efficiency.

At Tata Coffee, we are harnessing technology to work both in our favour and that of the environment. Through the utilization of Liquefied Petroleum Gas (LPG) in place of High Speed Diesel (HSD) we have been able to reduce our carbon footprint. We have also invested an onsite Microbiology Testing Lab.

Another innovation that has improved yield and resulted in a higher quality product is the GEA-Niro unique FIC technology - Twin Stage Extractor which has been coupled with an E&E vacuum freeze belt drying facility ensuring the most delicate extraction, gentlest drying and minimal loss of aroma.

### Having a robust environmental management system

At Tata Coffee we have various initiatives directed towards environment protection and carbon reduction. These include rainwater harvesting, use of renewable energy like wind and solar and solid waste management. There are small projects running continuously to create an 'environmentally sensitive' culture like reduction in energy and paper consumption, to name a few.

We have institutionalized an Environmental Policy that is governed by an overarching ISO 14001 certified, Environmental Management System, to articulate measurable targets for key environmental performance indicators – energy, emissions water and waste.

Our environment stewardship extends beyond our premises and we actively educate and encourage, our vendors and partners to adopt environmentally sound practices.

### Embracing energy efficiency

Internal energy audits are regularly carried out to identify opportunities for energy efficiency improvements. We have implemented several energy conservation measures at our facilities, in both thermal and electrical sections such as installing of energy efficient motors, Variable Frequency Drives for high capacity motors, capacitor bank modification to improve power factor, installing condensate recovery system, installing VAM chillers and turbo-ventilators etc.

By implementing automation solutions such as cold room defrost automation, drier slide gate valve automation, energy optimization through changes in process extraction etc., we have further reduced energy consumption.

Another innovative measure has been the reducing coal consumption by substituting with between 10 - 20% of spent coffee to operate our boilers. We also use electrostatic precipitators in our boilers to ensure minimal discharge of particulate matter in the air.

### Promoting renewable energy

As a responsible corporate citizen, we are cognizant of our role in combating climate change. We have aggressively promoted renewable energy at our manufacturing facilities – from solar and wind energy generation to biomass.

The share of wind power increased from 27% to 44.2% of the total power consumption of ICD, Theni from 2015-16 to 2016-17. Additional sourcing increased by 17%, from 64 to 89 Lakh units. Over 60% of energy consumed in Freeze Dried Coffee operation is from renewable energy sources.

At Theni, we have installed 500 KW solar power plant that significantly reduces energy requirements from grid power.

Energy source	2014-15	2015-16	2016-17
Wind	11.4%	27%	44.2%
Solar	0%	2.8%	6.2%
DG	3.2%	1.4%	0.8%
Third party	33.7%	5.2%	0%

### Managing water and waste

Effective water management is critical to the overall sustainability of our operations and we seek to progressively reduce the quantity of water consumption, expand water conservation measure at our facilities and replenish ground water levels at our communities.

An onsite Effluent Treatment Plant (ETP), and Reverse Osmosis (RO) system ensures that all of our waste water and effluents are effectively treated.

Our plant at Theni is a Zero-Liquid-Discharge (ZLD) facility and has systems in place to Reduce, Reuse and Recycle (3R principles) waste water generated. Around 15 kilo litres per day (KLD) of effluent water is being treated and is being reused in to the Boiler and other utility equipment at Toopran.

Waste management practices are implemented across our operations, divisions and supply chain based on the 3R principles – reduce, reuse and recycle. We continually seek opportunities to minimise waste and conserve resources

### Ensuring safety of our people

We have an occupational health and safety program with the aim of eliminating workers' incidents and reducing occupational risks. We

have the policies, procedures, personnel and the resources necessary for reaching its objectives.

An occupational health and safety committee has been established on units with ten or more permanent production and processing workers.

We have a permanent and continuous training program to educate workers on how to carry out their work correctly and safely, especially regarding the handling of machinery and agrochemicals.

All workers that apply, handle, transport or come into contact with agrochemicals or other chemical substances are trained.

### Performance Data

Energy: We have been successful in improving the efficiency of our processes and reducing the specific consumption of resources for all of our product lines.

Specific consumption	2014-15	2015-16	2016-17
<b>Spray dried coffee</b>			
Boiler Fuel kg/kg	2.66	2.85	2.79
Electricity Kwh/kg	1.25	1.24	1.16
Diesel lit/kg	0.18	0.11	0.11
LPG kg/kg	0.06	0.04	0.05
Water Lit/kg	52.7	50.7	44.54
<b>Freeze dried coffee</b>			
Boiler Fuel kg/kg	7.22	7.09	6.81
Electricity Kwh/kg	4.09	3.88	3.44
Diesel lit/kg	0.19	0.20	0.20
Water Lit/kg	118	111	108.6
<b>Agglomerated coffee</b>			
Electricity Kwh/Kg	0.46	0.40	0.31
Boiler Fuel Kg/Kg	1.22	1.23	1.13

Emissions: Our specific emission has decreased over the last three years.

CO <sub>2</sub> emissions			
Year	2014-15	2015-16	2016-17
SDC & Agglo	6.86	7.5	4.36
FDC	16.26	15.1	14.31

Water: Through measure to improve water conservation and efficient use, we have reduced our specific water consumption consistently.

Water consumption			
year	2014-15	2015-16	2016-17
FDC (kl/mt)	118	111	108.6
SDC (kl/mt)	52.7	50.7	44.54

Waste: Our focus on waste management and minimization has led to a reduction in specific waste generated

Specific waste per unit of production			
year	2014-15	2015-16	2016-17
ICD (kg/kg)	45.82	48.9	44.13

## Brewing happiness for our communities

**We firmly believe in creating wealth for an enriched nation with a strong corporate social responsibility towards our communities**

In line with the Tata Group philosophy, Tata Coffee has always played an integral role in lives of the communities surrounding our operations. Through our 'Small Growers Development Scheme' which started in 1985, we have been helping small growers by not just improving the small growers holding but also helping them increase their yield of coffee and inter-crops like pepper. The formation of our separate and independent social wing - 'Coorg Foundation' in 1994, gave more shape and scale to our community initiatives. The foundation promotes the welfare of the local community of Coorg through a host of economic, environmental and social initiatives. Some of these are described below.

### Creating an inclusive society through 'Swastha'

'Swastha - Centre for Special Education and Rehabilitation' was started by the Coorg Foundation for the wellbeing of differently-abled children with special needs. The term 'Swastha' is Sanskrit and means 'to be oneself or to repose in oneself' and 'to be healthy in one's natural state'. Aptly named, the school works with the objective of providing a meaningful life for the vulnerable children by teaching and training them in handicrafts like envelope and file making, screen-printing, making greeting cards, tailoring and other products. Swastha's products are of good quality and are used for meeting almost all the stationery needs at Tata Coffee.

Swastha believes in holistic development of its students and its curriculum is a mix of education, extra-curricular activities and vocational training. This covers:

- Special Education
- Pre vocational Training
- Vocational and Skills development
- Speech therapy
- Music therapy
- Counselling (for parents as well)
- Sports
- Yoga
- Cultural activities, road shows & skits

The curriculum is meant to improve the students' adaptability into the society once they leave the school. Swastha works on a long term rehabilitation model with children progressing from academic training to vocational training over the years. The children receive

vocational training for 5-6 years, within their total tenure, with the aim of developing them into economically independent members of the society. Some of Swastha's students have also represented India and won medals at Special Olympics in Australia in 2014.

In order to cater to the 7000+ local population of differently abled in Kodagu and knowing that the residential school could not cater to everyone, Swastha expanded its activities to include community based rehabilitation programme (CBR). This involved the project officers and field workers from Swastha reaching out into the community, identifying differently abled individuals, assessing their needs and linking them with all the necessary facilities they need. This has allowed us to expand our reach to 1600 differently abled individuals and raise awareness and consciousness amongst the community.

Swastha also intends to become self-sustainable and with this aim is exploring revenue generating model through an article-ship training programme and opening a butterfly park for generating revenue through tourism.

Swastha started in August 2003 as a residential school for 21 specially-abled children. Over the years, Swastha has successfully rehabilitated over 150 of its students.

*"Swastha cared. They taught me in a way I could learn, they also taught my parents and my community to love, accept, cherish and enable me.*

*Today, I stand with dignity. I am an important part of society. I have skills and Swastha has helped me stand on my own two feet."*

-Testimonial from a participant

### Rural India Health Project (RIHP) Hospital at Ammathi

As part of our mission to support local communities, Tata Coffee started supporting RIHP at Ammathi at a time when the hospital was under severe financial stress with absence of external aid and local donations falling tragically short of sustaining the hospital. This was on account of its remoteness and competition from other hospitals and private practitioners mushrooming in and around Ammathi.

With Tata Coffee providing administrative and managerial support, the hospital management has improved considerably and the occupancy and utilization levels have shown a healthy upward trend.

The foundation has taken healthcare to Coorg's remote hilly regions using mobile clinics. These mobile clinics house necessary diagnostic equipment and are staffed with a doctor and paramedics. The local community is also educated on hygiene and prevention of illnesses in order to strengthen the state of primary healthcare. Medical camps are organised to deliver treatments related to ophthalmology, pre and post-natal care etc.

### Case study: Conserving water and restoring water balance

The thought of Coorg brings to mind images of nature's abundance painted with hues of greens and blues. However, over the years, the lack of awareness with respect to importance of using water judiciously and the need to conserve water, the water balance in Coorg has deteriorated considerably with water table receding.

To address this issue, last year we launched a project to restore hydrological balance in select areas of Kodagu. We have partnered with the 'Water Literacy Project' to deliver a number of initiatives for restoring water balance and ground water.

As part of the project, we are targeting to increase lake capacity and providing regular water supply to the communities.

### Case study: Empowering women

In order to create more sustainable communities, we launched a project 'with the objective of developing vocational skills of women in Coorg. As per our research, a majority of women in Coorg are employed in the hospitality sector. We have partnered with leading training institutes to upskill the women participants offering them certifications approved by National Skill Development Corporation (NSDC). These trainings are conducted by experts working in leading hotel chains. This enables them to find employment in the hospitality sector in Coorg. The project has found great support from local stakeholders.

### Other work done by Coorg Foundation

The Coorg Foundation encourages sports through scholarships and assistance towards individuals and teams. To ensure that schools incite the spirit of sportsmanship, grants are made available to develop playgrounds and buy sports equipment. The foundation also works with local communities in educating them on the importance of the environment and imparting the ways and means to preserve the flora and fauna of the region.

### Hospital / School in Annamallais

- **Uralikal Central Hospital**, is a 50 bedded hospital run by the Company in Anamallais which provides free medical aid to over 6000 strong work-force of the Company. It has 3 resident doctors and 20 support staff. The hospital also extends free medical aid to the tribal population in the settlements on the periphery of our estates and also holds medical camps at

the settlements. Medical aid is also extended to outsiders, at subsidized rates. This is the main referral hospital for the 6 Estate Hospitals located in our estates, in the Anamallais.

- **Akshara Vidyasharam** a Primary School opened its doors to the children of Anamallais in 2007, with the aim of providing quality education at an affordable cost. The school is run on a 'not-for-profit' basis, by Tata Coffee Wives' Association. The school has 141 children and 14 teachers. It caters to children from Lower Kindergarten to Class 5. The school adopts the CBSE Syllabus and has smart-class facilities. In addition to this, the school has a computer lab as well apart from art, yoga and music classes.
- **DARE Project-Anamallais**, which is basically an acronym for "Developmental Activities for Rehabilitative Education" was started in 1996, to address the needs of children with special needs, from among the workers' population. The school now has 24 children and 4 well qualified teachers apart from 3 support staff. The various activities that take place at the center include meditation, exercises, physiotherapy (for the children who need it), arts & crafts, stitching, embroidery, candle making, making washing powder, office covers and basket weaving apart from games and supervised activity. Proceeds from sale of products are deposited into the post office accounts of the respective children.

### Hospitality – Plantation Trails

As part of responsible tourism, we at Plantation Trails often take the time to reflect the impact we are having on the environment and the region in general. For the ultimate in guest comfort, as well as energy conservation and ecologically sustainable practices, Plantation Trails employs several eco-friendly practices. One of the most pressing issues facing the industry is managing the water consumption. Through choices and actions guests are educated and efforts made to reduce the water footprints. Employees are encouraged to discover avenues to conserve energy and water. A conscious effort is made to purchase products that can be re-used or recycled. Several initiatives have been taken to manage waste. The business strives to provide a safe working environment for the employees. Plantation Trails continues to hire and train locally thereby providing employment to members of the local community.

## Living by our code

### Pursuing the highest standards of ethics and governance and being transparent and accountable to our stakeholders

Tata Coffee is committed to the highest standards of ethical business conduct and disclosure practices. We have successfully implemented a governance framework to ensure that our operations are conducted in line with our core values.

#### Our governance framework

We imbibe a strong legacy of fairness, transparency, corporate governance and ethical business practices. This is reinforced by our comprehensive "Code of Conduct" (CoC) which serves as a guide to the standards, values, ethics and business principles to be followed in all our business engagements. We are committed to ensuring that our affairs are managed in the best interest of all our stakeholders.

We have also supplemented our Code of Conduct with specific codes like Code of Conduct for Prevention of Insider Trading, Code of Corporate Disclosure Practices, Whistle Blower Policy etc.

#### Board of Directors

The Board of Directors along with its Committees provides leadership and guidance to the management providing oversight and supervising overall performance. The Board has a fiduciary responsibility for ensuring that the rights of all stakeholders are protected.

The Independent Directors of the Company are appointed as per the provisions of the Companies Act, 2013 ("Act") and the Governance Guidelines for Board effectiveness adopted by the Company.

As on 31st March, 2017, the Board comprised of 9 Directors, of which 5 were Non-Executive Directors. The Board also has a Non-Executive Chairman and 4 Independent Directors. All Directors are equipped with relevant qualifications and experience in general Corporate Management, Coffee/Commodity expertise, Finance, Banking and other allied fields enabling them to effectively contribute to the Company in their capacity as Directors. Following is the list of Board level committees at Tata Coffee:

- Audit Committee
- Stakeholders Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Ethics and Compliance Committee
- Committee of Directors – Vietnam Project

#### Tata Code of Conduct

The Tata Code of Conduct represents the values and core principles that guide the conduct of every Tata business. It sets out principles and expectation on how we engage with:

- Our employees, or those who work with us
- Our customers
- The communities and the environment in which we operate
- Our value-chain partners, including suppliers and service providers, distributors, sales representatives, contractors, channel partners, consultants, intermediaries and agents
- Our joint-venture partners or other business associates
- Our financial stakeholders
- The governments of the countries in which we operate; and
- Our group companies

Select features of the code are described below. The full code is available on our website.

#### Employees

We provide equal opportunities to all our employees and do not unfairly discriminate on any ground including race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability or any other category protected by applicable law.

When recruiting, developing and promoting our employees, our decisions are based solely on performance, merit, competence and potential. We also have fair, transparent and clear employee policies which promote diversity and equality.

#### Our Value Chain-Partners

We select our suppliers and service providers fairly and transparently and expect them to adopt ethical standards comparable to our own. Our suppliers represent us only with duly authorised written permission from our Company and are expected to abide by the Code in their interactions with, and on behalf of us, including respecting the confidentiality of information shared with them. We also ensure that our interactions with our suppliers or service providers also comply with our Company's Gifts and Hospitality Policy.

#### Customers

We are committed to supplying products and services of world-class quality that meet all applicable standards. Our dealings with our customers are professional, fair and transparent. We respect our customers' right to privacy in relation to their personal data. We comply with all relevant export controls and trade sanctions in the course of our business. We believe in fair competition and do not

enter into any activity constituting anti-competitive behaviour such as abuse of market dominance, collusion, participation in cartels or inappropriate exchange of information with competitors.

### **Environment**

In the production and sale of our products and services, we strive for environmental sustainability and comply with all applicable laws and regulations. We seek to prevent the wasteful use of natural resources and are committed to improving environment, particularly with regard to the emission of greenhouse gases, consumption of water and energy, and the management of waste and hazardous materials. We shall endeavour to offset the effect of climate change in our activities.

### **Prevention of Sexual Harassment (POSH)**

We, at Tata coffee, have zero tolerance for sexual harassment at workplace and have adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace. The policy aims to provide protection to employees at the workplace and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. We have also constituted an Internal Complaints Committee, known as the Prevention of Sexual Harassment (POSH) Committee, to enquire into complaints of sexual harassment and recommend appropriate action.

### **Whistle Blower Policy**

We have a Whistle Blower Policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

### **Training and Development**

Along with providing training to our employees on critical operations related matters, we also provide trainings related to all ethical matters that relate to their line of work. These trainings are conducted throughout the year

- 10 women employees have obtained the certificate in POSH e-learning course.
- All Management Staff have undertaken the e-learning training program.
- Ethics helpline sessions are conducted by an external agency
- Quarterly awareness sessions are also conducted

**BRR Index****SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

Corporate Identification Number (CIN) of the Company	L01131KA1943PLC000833
Name of the Company	Tata Coffee Limited
Registered Office Address	Pollibetta – 571 215, Kodagu, Karnataka
Website	<a href="http://www.tatacoffee.com">www.tatacoffee.com</a>
E-mail Id	<a href="mailto:investors@tatacoffee.com">investors@tatacoffee.com</a>
Financial Year reported	2016-17
Sector(s) that the Company is engaged in (industrial activity code-wise)	Coffee - 01272/10792 Instant Coffee – 10792
List three key products/services that the Company manufactures/ provides (as in Balance Sheet)	<ul style="list-style-type: none"> <li>• Coffee</li> <li>• Instant coffee</li> <li>• Tea</li> <li>• Pepper</li> </ul>
Total number of locations where business activity is undertaken by the Company	
a) Number of International Locations (Provide details of major 5)	Our Coffee business is largely global in nature where we sell instant coffee and green beans to buyers across the world. Our main markets for Instant Coffees are Russia, West Africa, Eastern Europe and South East Asia whereas for green beans our chief destinations are Italy, Germany and Middle East.
b) Number of National Locations	<ul style="list-style-type: none"> <li>• 17 Coffee Estates in Kodagu, Hassan and Chikmagalur District, 1 Tea Estate in Kodagu District and 1 Tea and Coffee (mixed) in Chikmagalur District of Karnataka</li> <li>• 4 Tea Estates in Pachaimalai, Pannimade, Uralikal &amp; Velonie and 1 Coffee Estate in Valparai, in Coimbatore District of Tamil Nadu</li> <li>• 1 Tea Estate in Malakiparai, in Thrissur District of Kerala</li> <li>• Curing Works, Roasting &amp; Grinding Factory and Pepper Processing Unit in Kudige, Kushalnagar in Kodagu District of Karnataka</li> <li>• 1 Instant Coffee Plant at Toopran, in Medak District of Telangana</li> <li>• 1 Instant Coffee Plant at Theni, in Theni District of Tamil Nadu</li> <li>• Marketing and Corporate functions are based out of Bengaluru, Karnataka</li> </ul>
Markets served by the Company - Local/ State/ National/ International	Major markets served by the Company are Russia, West Africa, Eastern Europe, South East Asia, Italy, Germany, Middle East and India.

**SECTION B: FINANCIAL DETAILS OF THE COMPANY - 31st March, 2017**

1. Paid up Capital	₹ 18.68 Crores
2. Total Turnover	₹ 848.31 Crores
3. Total Profit after taxes	₹ 139.23 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of average net profits (%)	2.04% (₹ 2.21 Crores)

**List of activities on which expenditure in (4) above has been incurred:**

Health, Hygiene, Education and sports, Infrastructure, Women skill development and water rejuvenation

- Eight O'Clock Holdings Inc., USA
- Eight O'Clock Coffee Company, USA
- Tata Coffee Vietnam Company Limited, Vietnam

**SECTION C: OTHER DETAILS****1. Does the Company have any Subsidiary Company/ Companies?**

Yes, the Company has four subsidiaries namely:

- Consolidated Coffee Inc., USA

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such Subsidiary Company(s)**

Our policies also extend to our subsidiaries and they participate in our BR initiatives in line with our policies.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Yes, we actively engage with our supplies, customers and other business partners on issues related to Business Responsibility. All our suppliers are expected to abide by our policies.

#### SECTION D: BR INFORMATION

##### 1) Details of Director/ Directors responsible for BR

###### a) Details of the Director/ Directors responsible for implementation of the BR policy/policies

1.	DIN Number	02063332
2.	Name	Mr. Sanjiv Sarin
3.	Designation	Managing Director & CEO

###### b) Details of the BR head

1.	DIN Number	02063332
2.	Name	Mr. Sanjiv Sarin
3.	Designation	Managing Director & CEO
4.	Telephone Number	+91 80 23560695
5.	Email Id	<a href="mailto:investors@tatacoffee.com">investors@tatacoffee.com</a>

The National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs, is composed of nine principles of Business Responsibility.

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3	Businesses should promote the well-being of all employees
Principle 4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
Principle 5	Businesses should respect and promote human rights
Principle 6	Business should respect, protect and make efforts to restore the environment
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8	Businesses should support inclusive growth and equitable development
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

##### 2) Principle-wise (as per NVGs) BR Policy/Policies

No. Questions	P	P	P	P	P	P	P	P	P
	1	2	3	4	5	6	7	8	9
1. Do you have policy/policies for#....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2. Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Does the policy confirm to any national/ international standards?* If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Has the policy being approved by the Board? If yes, has it been signed by the MD/owner/CEO/ appropriate Board Directors?	Policies as required by the applicable statutes are approved by the Board/ Committee, and other internal policies are approved by the Managing Director.								
5. Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6. Indicate the link for the policy to be viewed online?	All our policies are made available to respective stakeholders. Some of our policies are available on the Company's website at <a href="http://www.tatacoffee.com">www.tatacoffee.com</a>								
7. Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8. Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9. Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10. Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	All policies undergo regular monitoring and review by respective policy owners. Our management systems are also externally certified*								

Notes: # Tata Coffee Limited has the following policies: Tata Group Code of Conduct, Whistle Blower Policy, SHE & Quality policy, CSR Policy, HR Policies, Prevention of Sexual Harassment Policy, Code of conduct for Non-Executive Directors, Investor related policies like Dividend Distribution Policy, Prevention of Insider Trading Policy, Policy of Determination of Materiality for Disclosures, Document Retention Policy, Material Subsidiary Policy and Policy on Related Party Transactions.

\* Our policies comply with all applicable local laws. They are also aligned with the principles of the National Voluntary Guidelines. In addition to this, we have externally certified management systems. For details, please refer to section "Pursuing sustainability excellence at our plantations" and "Pursuing sustainability excellence at our manufacturing plants".

If answer to Sl. No. 1 against any principle, is 'No', please explain why:

No. Questions	P	P	P	P	P	P	P	P	P
	1	2	3	4	5	6	7	8	9
1. The Company has not understood the Principles									
2. The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles					NA				
3. The Company does not have financial or manpower resources available for the task									
4. It is planned to be done within next 6 months									
5. It is planned to be done within the next 1 year									
6. Any other reason (please specify)									

### 3) Governance related to Business Responsibility

1. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

The Board of Directors and its Committees meet quarterly and BR issues (if any) are discussed in respective meetings.

2. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first Business Responsibility Report of the Company. This report can also be viewed on the Company's website at [www.tatacoffee.com](http://www.tatacoffee.com).

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs / Others?

This policy extends to Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others as well. Please refer to "Living by our code" section of the report for more details.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

During the year, there were total 17 complaints / concerns registered with the Company under 'Tata Code of Conduct' / whistle blower policy / employee grievances, all of which have been resolved satisfactorily.

We also received 8 complaints from investors in FY 2016-17 and all of these were also resolved satisfactorily.

### Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Coffee (Green coffee), Instant coffee (agglomerated, freeze dried and spray dried) and Tea are our major products. Our operations (plantations and manufacturing plants) incorporate social and environmental concerns across processes. For details, please refer to sections "Pursuing sustainability excellence at our plantations" and "Pursuing sustainability excellence at our manufacturing plants" of this report.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

Please refer to "Performance Data" sub-section of "Pursuing sustainability excellence at our plantations" section and "Pursuing sustainability excellence at our manufacturing plants" section of this report.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, for details regarding the same please refer to "Pursuing sustainability excellence at our plantations", "Pursuing sustainability excellence at our manufacturing plants" and "Living by our code" sections of this report.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, we have taken a number of initiatives to procure goods and services from local suppliers. Sourcing of fuels i.e. briquettes/ husk is done from within the same adjacent postal district. The same is true for suppliers of major agro chemicals. Repairs to machinery, vehicles, fabrications etc. and majority of civil works are done by local vendors and contractors as well. For logistics as well we engage with local transporters. Purchases of materials for civil works are also sourced locally across all locations and manpower/security contractors, canteen Services are all sourced locally as well.

Additionally, please refer to sections "Project Swastha" and "Pursuing sustainability excellence at our plantations" of this report.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)**

Yes, for detailed information on the waste management processes, please refer to "Having an integrated approach to waste management" subsection of "Pursuing sustainability excellence at our plantations" section and "Managing water and waste" subsection of "Pursuing sustainability excellence at our manufacturing plants" section of this report.

**Principle 3**

(As on 31st March, 2017)

1. Total number of employees (permanent)	5975	
2. Total number of employees hired on temporary/contractual/casual basis	9441	
3. Number of permanent women employees	3050	
4. Number of permanent employees with disabilities	2	
5. Do you have an employee association that is recognized by management?	Yes	
6. Percentage of your permanent employees is members of this recognized employee association?	72%	
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year		
No. Category	Complaints filed during the financial year	Complaints pending as on end of the financial year
(i) Child labour/ forced labour/ involuntary labour	-	-
(ii) Sexual Harassment	2	-
(iii) Discriminatory employment	-	-
8. Percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?		
(a) Permanent Employees	} 100% of our employees received safety and skill upgradation training.	
(b) Permanent Women Employees		
(c) Casual/Temporary/Contractual Employees		
(d) Employees with Disabilities		

**Principle 4**

**1. Has the Company mapped its internal and external stakeholders? Yes/No**

Yes, Tata Coffee has mapped its internal and external stakeholders. Our stakeholders include our employees, suppliers, customers, investors, local communities and partner NGOs.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes, we have identified the disadvantaged, vulnerable & marginalized stakeholders.

Please refer to the section "Brewing happiness for our communities" for more details.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

Yes, the Company has taken several initiatives in this regard and the same can be referred to in the section "Brewing happiness for our communities" of this report.

**Principle 5**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

The policy extends to Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others as well. Please refer to the section "Living by our code" of this report.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

In FY 2016-17, 15 complaints were received related to Tata Code of Conduct. All of these were satisfactorily resolved.

**Principle 6**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.**

The policy extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others. Please refer to sections "Pursuing sustainability excellence at our plantations", "Pursuing sustainability excellence at our manufacturing plants" and "Living by our code", of this report.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, for details on the Company's environmental initiatives please refer to sections "Pursuing sustainability excellence at our plantations", "Pursuing sustainability excellence at our manufacturing plants" of this report.

3. **Does the Company identify and assess potential environmental risks? Y/N**

Yes, please refer to sections "Pursuing sustainability excellence at our plantations", "Pursuing sustainability excellence at our manufacturing plants" of this report.

4. **Does the Company have any project related to Clean Development Mechanism? If yes, whether any environmental compliance report is filed?**

No

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes, the details regarding these initiatives can be referred in the sections "Pursuing sustainability excellence at our plantations", and "Pursuing sustainability excellence at our manufacturing plants" of this report.

6. **Is the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, all emissions/waste generated are within the permissible limits given by Tamil Nadu State Pollution Control Board, Karnataka State Pollution Control Board and Telangana State Pollution Control Board.

7. **Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

None

#### Principle 7

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.**

We are associated with the following industry bodies: United Planters' Association of Southern India, Karnataka Planters' Association and Kodagu Planters' Association.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

From time to time, we participate in forums relevant to our industry and line of business in areas that are relevant to us and our stakeholders.

#### Principle 8

1. **Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

Yes, for details please refer to the section "Brewing happiness for our communities" of this report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

We implement our projects through our foundation as well through partner NGOs and other agencies. For further details, please refer to the section "Brewing happiness for our communities" of this report.

3. **Have you done any impact assessment of your initiative?**

Yes, for all our projects we carry out quarterly reviews and monitor the progress achieved vs. targets undertaken along with impacts on the community.

4. **What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

For FY 2016-17, our total spend of CSR activities was ₹ 2.21 Crores. The details of projects undertaken by the Company in pursuance of its CSR Policy is mentioned in Annexure - E forming part of Directors' Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

We carry out macro and micro level surveys for assessing the needs of our communities along with their aspiration levels. Our programmes are designed in line with these assessments to ensure that they address specific needs of the communities and are successfully adopted by them.

For further details, please refer to the section "Brewing happiness for our communities" of this report.

**Principle 9****1. What percentage of customer complaints/ consumer cases is pending as on the end of financial year?**

Tata Coffee is based out of Bengaluru. Our Sales and Marketing also operates from our head office in Bengaluru. Customer centricity is one of the core pillars of our business and we have a robust system for tracking customer grievances and complaints. The complaint management process is composed of a detailed protocol involving registration of complaints, carrying out a root-cause analysis by the concerned department, direct engagement with the customer via multiple stake-holders if necessary and a consequent closure with feedback of the customer.

For our Instant Coffee Division, the number of Customer complaints received in the FY 2016-17 were 57. Out of this, 26 complaints were from overseas customers and 31 were from domestic customers. All the complaints were resolved satisfactorily.

For our green coffee division, we received 5 complaints in FY 2016-17 and all of these were resolved satisfactorily.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

Yes, we follow all applicable local regulations and requirements with respect to product labelling.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?**

None

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Yes, we engage with our customers to arrive at our customer satisfaction index. It helps understand their concerns and be more responsive to their needs.

# Independent Auditors' Report To The Members of Tata Coffee Limited

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of TATA COFFEE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Ind AS and the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards

prescribed under Section 133 of the Act read with relevant rules issued there under.

- e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements in Note no 29 and 30;
  - ii. The Company has made provision, as required

under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

- iii. There has been no delay by the Company in transferring amounts, required to be transferred, to the Investor Education and Protection Fund to the extent legally allowed to be transferred; and
  - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes, as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **SNB Associates**  
Chartered Accountants  
(Firm Registration No.:015682N)

**S. LAKSHMANAN**  
Partner  
Membership No 20045

Place: Bengaluru  
Date: May 18, 2017

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm Registration No.:117366W/W-100018)

**V. BALAJI**  
Partner  
Membership No 203685

Place: Bengaluru  
Date: May 18, 2017

## **ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

**(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Tata Coffee Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of

internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company/amalgamated companies as at the balance sheet date, except for a freehold land whose book value is not material. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for manufacturing of coffee and tea. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained
- (vii) According to the information and explanations given to us,
  - a) the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - b) based on the legal advice received by the Company, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
  - c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

(₹ in lakhs)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved	Amount unpaid
Income Tax Act, 1961	Income Tax	ACIT	AY 2003-04	245.98	8.34
			AY 2004-05	465.99	1.91
		DCIT	AY 2005-06	702.29	66.96
Andhra Pradesh VAT & CST Acts	Sales Tax	Appellate Tribunal	FY 2004-05	8.31	3.12
			FY 2005-06	2.82	1.41
Central Excise Act, 1944	Excise Duty	CESTAT	FY 2006-07 to FY 2010-11	121.92	0.18

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company did not have dues to government and to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **SNB Associates**  
Chartered Accountants  
(Firm Registration No.:015682N)

**S. LAKSHMANAN**  
Partner  
Membership No 20045

Place: Bengaluru  
Date: May 18, 2017

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm Registration No.:117366W/W-100018)

**V. BALAJI**  
Partner  
Membership No 203685

Place: Bengaluru  
Date: May 18, 2017

# Balance Sheet

as at March 31, 2017

₹ in Lakhs

	Note No.	2017	2016	As at April 1, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	1	33353.55	32295.29	31675.22
Capital work-in-Progress	1	2016.46	634.09	105.13
Investment Property	2	6798.15	6938.70	7044.91
Other Intangible Assets	3	239.54	378.45	485.62
Financial Assets				
Investments	4	15066.43	14700.98	14814.43
Loans	5	65.75	10.51	91.40
Other Financial Assets	6	1660.14	1919.09	1475.45
Other non-current assets	7	503.94	105.85	38.32
		59703.96	56982.96	55730.48
<b>Current assets</b>				
Inventories	8	24222.50	22225.62	23541.82
Financial Assets				
Investments	4	9863.83	-	88.93
Trade receivables	9	9447.49	9533.49	9203.31
Cash and Cash Equivalents/Bank Balances	10	351.10	2782.71	844.15
Loans	5	6048.58	8392.73	4932.56
Other Financial Assets	6	3649.97	3106.78	2896.66
Other current assets	7	2627.37	1428.24	1017.09
		56210.84	47469.57	42524.52
Non Current Assets held for sale	11	60.34	75.36	49.51
<b>TOTAL ASSETS</b>		115975.14	104527.89	98304.51
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	12	1867.70	1867.70	1867.70
Other Equity	13	87859.49	76051.18	72340.17
<b>Total Equity</b>		89727.19	77918.88	74207.87
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
Financial Liabilities				
Borrowings	14	-	414.13	1953.28
Other Financial Liabilities	15	349.30	288.97	301.64
Provisions	16 (a)	4249.70	2924.03	2735.54
Deferred tax Liabilities (Net)	17	2874.04	2709.29	2534.05
		7473.04	6336.42	7524.51
<b>Current Liabilities</b>				
Financial Liabilities				
Borrowings	14	7299.88	8960.61	7731.44
Trade Payables	18	3985.69	3569.90	2217.54
Other Financial Liabilities	15	6227.35	6076.04	5365.11
Provisions	16 (a)	315.98	857.97	282.21
Current Tax Liabilities (Net)	16 (b)	321.26	502.30	758.00
Other current liabilities	19	624.75	305.77	217.83
		18774.91	20272.59	16572.13
<b>TOTAL EQUITY AND LIABILITIES</b>		115975.14	104527.89	98304.51

The accompanying significant accounting policies and notes form an integral part of the standalone financial statements.

Per our Report of even date

For DELOITTE HASKINS & SELLS LLP  
Chartered AccountantsFor SNB ASSOCIATES  
Chartered AccountantsR. HARISH BHAT  
ChairmanSANJIV SARIN  
Managing Director & CEOV. BALAJI  
Partner  
Membership No. 203685S. LAKSHMANAN  
Partner  
Membership No. 20045K. VENKATARAMANAN  
Executive Director - Finance & CFOS. SANTHANAKRISHNAN  
DirectorPlace: Bengaluru  
Date: 18<sup>th</sup> May, 2017N. ANANTHA MURTHY  
Company Secretary

# Statement of Profit and Loss

for the year ended March 31, 2017

₹ in Lakhs

	Note No.	2017	2016
<b>INCOME</b>			
Revenue from operations	20	77882.51	70811.49
Other Income	21	6948.49	4466.53
<b>Total Income</b>		<b>84831.00</b>	<b>75278.02</b>
<b>EXPENSES</b>			
Cost of materials consumed	22 (a)	23629.90	23698.09
Purchases of Stock-in-trade	22 (b)	4506.00	3831.89
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	22 (c)	(343.16)	833.67
Employee benefit expense	23	17186.01	16358.35
Finance costs	24	848.79	802.63
Depreciation and amortisation expense		2241.20	2163.26
Other expenses	25	18333.23	16701.89
<b>Total Expenses</b>		<b>66401.97</b>	<b>64389.78</b>
<b>Profit before exceptional items and tax</b>		<b>18429.03</b>	<b>10888.24</b>
Exceptional Items	26	(231.23)	(656.75)
<b>Profit before tax</b>		<b>18197.80</b>	<b>10231.49</b>
<b>Tax Expense</b>			
Current tax		4067.60	3509.22
Deferred tax		207.21	248.82
<b>Total tax expense</b>		<b>4274.81</b>	<b>3758.04</b>
<b>Profit for the period</b>		<b>13922.99</b>	<b>6473.45</b>
<b>Other Comprehensive Income</b>		<b>(27.17)</b>	<b>(253.31)</b>
<b>Items that will not be reclassified to profit/(loss)</b>		<b>(230.69)</b>	<b>(383.36)</b>
Remeasurements of the defined benefit plans		(721.63)	(411.47)
Equity instruments through other comprehensive income		365.86	(114.29)
Income tax relating to items that will not be reclassified to profit or loss		125.08	142.40
<b>Items that will be reclassified to profit/(loss)</b>		<b>203.52</b>	<b>130.05</b>
Effective portion of Gains/(Loss) in cash flow hedges		286.14	198.87
Income tax on items that will be reclassified to profit or loss		(82.62)	(68.82)
<b>Total Comprehensive Income</b>		<b>13895.82</b>	<b>6220.14</b>
<b>Earnings per equity share</b>			
Basic & Diluted (₹)	34	7.45	3.47

The accompanying significant accounting policies and notes form an integral part of the standalone financial statements.

Per our Report of even date

For DELOITTE HASKINS & SELLS LLP For SNB ASSOCIATES  
Chartered Accountants Chartered Accountants

V. BALAJI  
Partner  
Membership No. 203685

S. LAKSHMANAN  
Partner  
Membership No. 20045

R. HARISH BHAT  
Chairman

K. VENKATARAMANAN  
Executive Director - Finance & CFO

SANJIV SARIN  
Managing Director & CEO

S. SANTHANAKRISHNAN  
Director

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

N. ANANTHA MURTHY  
Company Secretary

# Cash Flow Statement

for the year ended March 31, 2017

₹ in Lakhs

	2017	2016
<b>Cash flows from operating activities</b>		
<b>Profit Before Tax for the year</b>	<b>18197.80</b>	10231.49
Adjustments for:		
Depreciation and amortisation of non-current assets	2241.20	2163.26
Provision for doubtful debts/advances/ impairment	60.75	12.26
Interest Income	(834.93)	(860.49)
Dividend Income from Investments in Subsidiary	(4669.78)	(2496.22)
Dividend income from Other Non-Current Investments carried at Fair Value through Other Comprehensive Income	(16.11)	(22.60)
Net gain on Sale of Non-Current Investments	(1.85)	-
Net gain on Sale of Current Investments	(221.72)	-
Gain on investments carried at fair value through profit or loss	(242.12)	-
Rental Income from Investment Property	(102.47)	(12.78)
Finance Costs	848.79	802.63
Unrealised foreign exchange loss	109.27	127.72
(Profit)/loss on sale of Property, Plant and Equipment	24.61	(157.33)
Profit on Sale of Biological Assets - Timber (Net)	(806.35)	(873.41)
Excess provision written back	(137.22)	(125.75)
<b>Sub-Total</b>	<b>(3747.93)</b>	<b>(1442.71)</b>
<b>Operating Profit Before Working Capital Changes:</b>	<b>14449.87</b>	<b>8788.78</b>
<b>Movements in working capital:</b>		
(Increase)/Decrease in Trade Receivables	(1.62)	(445.98)
(Increase)/Decrease in Other Financial Assets	(316.51)	(554.32)
(Increase)/Decrease in Loans	88.91	120.72
(Increase)/Decrease in Other Current and Non-Current Assets	(1356.81)	(516.79)
(Increase)/decrease in Inventories	(1996.88)	1316.20
Increase/(Decrease) in Trade Payables	398.13	1343.41
Increase/(Decrease) in Other Financial Liabilities	1833.12	702.96
Increase/(Decrease) in Other Current Liabilities	318.98	87.94
Increase/(Decrease) in Provisions	62.06	764.24
<b>Changes in Working Capital</b>	<b>(970.62)</b>	<b>2818.38</b>
<b>Cash Generated from Operations</b>	<b>13479.25</b>	<b>11607.16</b>
Income taxes paid	(4248.64)	(3764.92)
<b>Net Cash Flows from/ (used in) Operating Activities (A)</b>	<b>9230.61</b>	<b>7842.24</b>

₹ in Lakhs

	2017	2016
<b>Cash flows from investing activities</b>		
Interest received	867.20	761.05
Dividends received from Subsidiary	4669.78	2496.22
Other dividends received	16.11	22.60
Payments for property, plant and equipment & intangibles	(4497.53)	(3126.21)
Rental Income from Investment Property	98.48	9.82
Proceeds from Sale of property, plant and equipment	86.63	399.46
Profit on Sale of Biological Assets - Timber (Net)	806.35	873.41
Inter Corporate Deposits Placed (Net)	2200.00	(3500.00)
Net cash (outflow)/inflow on Purchase/Sale of Mutual Funds	(9399.99)	88.93
Sale of Non-Current Investments	2.26	
<b>Net Cash Flows from/ (used in) Investing Activities (B)</b>	<b>(5150.71)</b>	<b>(1974.72)</b>
<b>Cash flows from financing activities</b>		
Proceeds from / (repayment of) Current Borrowings (Net)	(1660.73)	1229.17
Proceeds from / (repayment of) Non-Current Borrowings (Net)	(1681.37)	(1653.18)
Dividend/Dividend Tax	(2581.31)	(2922.30)
Finance Cost paid	(610.06)	(603.22)
<b>Net Cash used in Financing Activities (C)</b>	<b>(6533.47)</b>	<b>(3949.53)</b>
<b>Net Increase /( Decrease) In Cash and Cash Equivalents (A+B+C)</b>	<b>(2453.57)</b>	<b>1917.99</b>
Cash and cash equivalents at the beginning of the year	2596.57	678.58
<b>Cash and cash equivalents at the end of the year</b>	<b>143.00</b>	<b>2596.57</b>

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on 'Cash Flow Statements (Ind AS-7)':

The accompanying significant accounting policies and notes form an integral part of the standalone financial statements.

Per our Report of even date  
**For DELOITTE HASKINS & SELLS LLP** **For SNB ASSOCIATES**  
Chartered Accountants Chartered Accountants

**V. BALAJI**  
Partner  
Membership No. 203685

**S. LAKSHMANAN**  
Partner  
Membership No. 20045

**R. HARISH BHAT**  
Chairman

**K. VENKATARAMANAN**  
Executive Director - Finance & CFO

**SANJIV SARIN**  
Managing Director & CEO

**S. SANTHANAKRISHNAN**  
Director

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

**N. ANANTHA MURTHY**  
Company Secretary

# Statement of Changes in Equity as at March 31, 2017

## Equity Share Capital

₹ in Lakhs

	For the year ended March 31, 2017		
	As at April 1, 2016	Changes in Equity Share Capital during the year	As at March 31, 2017
Equity Share Capital	1867.70		1867.70
	For the year ended March 31, 2016		
	As at April 1, 2015	Changes in Equity Share Capital during the year	As at March 31, 2016
Equity Share Capital	1867.70		1867.70

# Statement of Changes in Equity

as at March 31, 2017 (contd.)

Other Equity											₹ in Lakhs
	Reserves and Surplus					Items of Other Comprehensive Income					TOTAL
	Capital Redemption Reserve	Securities Premium Reserve	Foreign Currency Monetary Item Translation Difference Account	General Reserves I	General Reserves II	Amalgamation Reserves	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Actuarial Gain/(Loss)	
Balance as at April 1, 2015*	10.41	14424.27	(0.53)	14295.30	8051.29	832.53	34387.19	296.50	43.21	-	72340.17
Profit for the year	-	-	-	-	-	-	6473.45	-	-	-	6473.45
Other Comprehensive Income for the year, net of Income Tax	-	-	-	-	-	-	-	(114.29)	130.05	(269.07)	(253.31)
Total Comprehensive Income for the year	-	-	-	-	-	-	6473.45	(114.29)	130.05	(269.07)	6220.14
Dividends/Tax on Dividend	-	-	-	-	-	-	(2922.30)	-	-	-	(2922.30)
Reversal of Dividend Distribution Tax	-	-	-	-	-	-	412.64	-	-	-	412.64
Transfer to Retained Earnings	-	-	-	1100.00	810.00	-	(1910.00)	-	-	-	-
Utilisation of Foreign Currency Monetary Item Translation Difference Account	-	-	0.53	-	-	-	-	-	-	-	0.53
Balance as at March 31, 2016	10.41	14424.27	-	15395.30	8861.29	832.53	36440.98	182.21	173.26	(269.07)	76051.18
Profit for the year	-	-	-	-	-	-	13922.99	-	-	-	13922.99
Other Comprehensive Income for the year, net of Income Tax	-	-	-	-	-	-	-	365.86	203.52	(596.55)	(27.17)
Total Comprehensive Income for the year	-	-	-	-	-	-	13922.99	365.86	203.52	(596.55)	13895.82
Dividends/Tax on Dividend	-	-	-	-	-	-	(2922.30)	-	-	-	(2922.30)
Reversal of Dividend Distribution Tax	-	-	-	-	-	-	834.79	-	-	-	834.79
Transfer to Retained Earnings	-	-	-	1400.00	810.00	-	(2210.00)	-	-	-	-
Balance as at March 31, 2017	10.41	14424.27	-	16795.30	9671.29	832.53	46066.46	548.07	376.78	(865.62)	87859.49

\* Refer Note No. 42- First Time Adoption - Reconciliation of Equity and Total Comprehensive Income.

## Nature and purpose of Reserves

### Capital Redemption Reserve

Capital Redemption Reserve has been created in compliance with erstwhile Companies Act, 1956.

### Securities Premium Reserve

Securities Premium Reserve relates to securities premium over face value for Equity Shares issued in FY 2006-07.

### General Reserves II

Capital profits on sale value of own timber are transferred to General Reserve II through the Retained Earnings.

### Amalgamation Reserves

Amalgamation Reserves pertains to the scheme of amalgamation of the Company with erstwhile Asian Coffee Limited, Coffee Lands Limited and SIFCO Limited.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Per our Report of even date  
For DELOITTE HASKINS & SELLS LLP For SNB ASSOCIATES  
Chartered Accountants Chartered Accountants

V. BALAJI S. LAKSHMANAN  
Partner Partner  
Membership No. 203685 Membership No. 20045

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

SANJIV SARIN  
Managing Director & CEO

S. SANTHANAKRISHNAN  
Director

N. ANANTHA MURTHY  
Company Secretary

R. HARISH BHAT  
Chairman

K. VENKATARAMANAN  
Executive Director - Finance & CFO

# Notes

## on Accounts

### A. General Information

Tata Coffee Limited ("the Holding Company") and its subsidiaries (together "the Group") are engaged in the production, trading and distribution of Coffee, Tea and Allied products. The Company has business operations mainly in India, USA and CIS countries, Europe and Africa.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Pollibetta, Kodagu, Karnataka, India. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### B. Basis of preparation and presentation of financial statements

#### (i) Accounting convention

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods upto and including the year ended March 31, 2016, the company prepared its financial statements in accordance with the accounting standards notified under the Section 133 of the Companies Act, 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP).

These are the company's first annual financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has adopted all applicable standards and the adoption was carried out in accordance with Ind AS 101 – 'First Time Adoption of Indian Accounting Standards'. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company are provided in Note numbers 39-42 First Time Adoption.

All amounts included in the financial statements are reported in Indian Rupees Lakhs and have been rounded off to nearest decimal of ₹ Lakhs.

#### (ii) Basis of measurement

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realisation/settlement within twelve months period from the balance sheet date.

### C. Key accounting judgement, estimates and assumptions

The preparation of the financial statements required the management to exercise judgment and to make estimates and assumptions. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

The areas involving critical estimates or judgements are:

#### i. Depreciation and amortisation

Depreciation and amortisation is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

#### ii. Employee Benefits

The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

# Notes

## on Accounts

### iii. Provision and contingencies

Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.

### iv. Fair valuation

Fair value is the market based measurement of observable market transaction or available market information. Fair valuation of Agricultural produces are based on the market rates published by the industrial body for various grades from which the fair value of the agricultural produce are derived.

## D. Functional and presentation currency

The functional and presentation currency of the Company is the Indian Rupee (₹).

## E. Foreign currency transaction

Foreign currency transactions are translated at the exchange rate that approximates the prevalent exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are translated at the year-end rate. Any resultant exchange differences are taken to the Statement of Profit and Loss, except

- when deferred, in Other Comprehensive Income as qualifying cash flow hedges and
- exchange difference arising from translation of external commercial borrowing is capitalized in terms of para D13AA of Ind AS 101.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

## F. Significant Accounting Policies:

### (a) Property, Plant and Equipment

#### Transition to Ind AS:

The Company has elected to continue with the net carrying value of all its property, plant and equipment recognized as of April 1, 2015 (transition date) as per the previous GAAP and use that carrying value as its deemed cost.

### Subsequent to transition:

- Recognition and measurement: Property, plant and equipment including Bearer biological assets are carried at cost of acquisition less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure related to an item of fixed asset are added to its book value only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the Statement of Profit and Loss during the financial year in which they are incurred.
- Depreciation: Land is not depreciated. Depreciation of other items of Property, Plant and Equipment are provided on a straight line basis over the estimated useful life of the asset or as prescribed in Schedule II to the Companies Act, 2013 or based on technical evaluation of the asset. Estimated useful life of items of property, plant and equipment are as follows:

Type of Asset	Estimated Useful Life
Leasehold Land	Perpetual Lease
Buildings including Water supply System	28-58 Years
Roads/Carpeted/Non-Carpeted	10 Years
Irrigation Systems	10-20 Years
Electrical Installations-	20
Plant & Machinery-Continuous Process	18
Other Plant & Machinery	20
Furniture & Fittings	15
Computers	6
Motor Vehicles	10
Office Equipments	5

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company assesses at each balance sheet date whether there is objective evidence that a asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

# Notes

## on Accounts

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount and are recognised within operating profit in the Income statement.

### (b) Biological Assets

#### Transition to Ind AS:

Under the previous GAAP, biological assets were not separately recognised. Accordingly, on the transition date, the Company has considered Nil value as the deemed cost for biological assets.

#### Subsequent to transition:

Biological assets are classified as Bearer biological assets and Consumable biological assets. Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Bearer Biological Assets which are held to bear agricultural produce are classified as Bearer plants.

Tea bushes, Coffee bushes, Pepper vines, Cardamom tiller and Shade trees are recognised as Bearer biological assets. These are classified as mature Bearer Plants and Immature Bearer Plants. Mature Bearer Plants are those that have attained harvestable stage. Cost incurred for new plantations and immature areas are capitalised. Cost includes cost of land preparation, new planting and maintenance till maturity. The cost of areas coming into bearing is transferred to mature plantations and depreciated over their estimated useful lives.

Bearer plants relating to Coffee and Tea bushes, Pepper vines and minor produces attain a harvestable stage in about 3-5 years.

Bearer biological assets are carried at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure on bearer assets are added to its book value only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Mature bearer plants are depreciated over their estimated useful life. Immature bearer plants are tested for impairment / obsolescence. The estimated useful life of mature bearer plants are as follows:

Type of Bearer Biological Assets	Estimated Useful Life
Arabica Coffee Plants	30 Years
Robusta Coffee Plants	58 Years
Tea Bushes	58 Years
Pepper Vines & Cardamom Tillers	35 Years
Silver oak and Shade Management Trees	35 Years

### (c) Investment Property

For Transition to Ind AS, the Company has elected to continue with the carrying value of its investment property recognised as of April 1, 2015 (transition date) as per the previous GAAP and use that carrying value at its deemed cost.

Property that is held for long-term rental yields or for capital appreciation or both, and that is not used in the production of goods and services or for the administrative purposes, is classified as Investment Property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Investment property held as Building is depreciated using the straight line method over the estimated useful life. The Company's investment property has a useful life of 50 years.

### (d) Intangible Assets

#### Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software development costs recognised as assets are amortised over their estimated useful life of 5 years.

### (e) Non-current assets held for sale

Non-current assets held for sale are presented separately in the balance sheet when the following criteria are met:

- the company is committed to selling the asset;
- the assets are available for sale immediately;
- an active plan of sale has commenced; and

# Notes

## on Accounts

- sale is expected to be completed within 12 months.

Assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Assets held for sale are no longer amortised or depreciated.

### (f) Financial Instruments

#### Financial assets

The Company classifies its financial assets in the following categories:

- i) **Financial assets at amortised cost** - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value which usually represents cost plus transaction costs and subsequently carried at amortised cost using the effective interest method, less any impairment loss if any.

Financial assets at amortised cost are represented by trade receivables, security and other deposits, cash and cash equivalent, employee and other advances.

- ii) **Equity investments** - Investment in subsidiaries are stated at cost. All other equity investments are measured at fair value, except for certain unquoted equity investments which are carried at cost where the fair value of these investments cannot be reliably measured.
- iii) **Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)** - For investments which are not held for trading purposes and where the company has exercised the option to classify the investment as at FVTOCI, all fair value changes on the investment are recognised in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

- iv) **Financial assets at Fair Value through Profit and loss (FVTPL)** - Financial assets other than the equity investments and investment classified as FVTOCI are measured at FVTPL. These include surplus funds invested in mutual funds etc.

- v) **Impairment of financial assets** - The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

##### Derivative financial instruments and hedging activities

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company enters into derivative contracts to hedge the risks asserted with currency fluctuations relating to firm commitments and highly probable transactions. The Company does not use derivative instruments for speculative purposes.

The Company documents, at the inception of the transaction, the relationship between hedging

# Notes

## on Accounts

instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The ineffective portion of changes in the fair value of the derivative is recognised in the Statement of Profit and Loss.

Amounts accumulated in equity are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss.

Movements on the hedging reserve are accounted in Other Comprehensive Income and shown within the statement of changes in equity. The full fair value of a hedging derivative is classified as a current/ non-current, asset or liability based on the remaining maturity of the hedged item.

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in statement of changes in equity is recognised in the Statement of Profit and Loss.

### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### Fair value measurement

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

- i) The fair value of financial instruments quoted in

active markets is based on their quoted closing price at the balance sheet date.

- ii) The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.
- iii) The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Company carries such instruments at cost less impairment, if applicable.

### (g) Inventories

Produce growing on Bearer plant is Biological asset and are fair valued based on the biological transformation, except where on initial recognition quoted market prices are not available and alternate fair value measures are clearly unreliable in which case biological asset is measured at cost less any accumulated depreciation and impairment loss.

Tea, Coffee, Pepper and minor crops are designated as agricultural produce as per Ind AS 41 and are measured at their fair value less cost to sell as at each reporting date. Any changes in fair value are recognised in the Statement of Profit and Loss in the year in which they arise. The fair valuation so arrived at becomes the cost of Inventory under Ind AS-2.

Inventories are valued at cost or net realizable value whichever is lower, cost being determined on weighted average method. Raw Materials and Stores are valued at weighted average cost.

### (h) Employee Benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution plans.

# Notes

## on Accounts

Contribution to defined contribution schemes like Provident Fund (PF) and Superannuation Schemes are accounted for on accrual basis by the Company. With regard to PF contribution made by the Company to a Self-Administered Trust, Company is liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contribution and shortfall, if any, as an expense in the year incurred.

Post retirement defined benefits including gratuity, pension and medical benefits (for qualifying executives/ whole time directors) as provided by the Company are determined through independent actuarial valuation, using projected unit credit method, at year end and charge recognised in the Statement of Profit and Loss. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Other Comprehensive Income. Such accumulated re-measurement balances are never reclassified into the Statement of Profit and Loss subsequently.

Other employee benefits are accounted for on accrual basis. Liabilities for compensated absences are determined based on independent actuarial valuation at year end and charge is recognised in the Statement of Profit and Loss. Short Term Employee Benefits are recognised on an undiscounted basis whereas Long Term Employee Benefits are recognised on a discounted basis.

Net Interest on defined benefit obligations are accounted as Finance cost.

### (i) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the

effect of the time value of money is material, provisions are discounted. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### (j) Income Tax

#### i) Current Income Tax:

Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with local laws of various jurisdiction where the Company operates.

#### ii) Deferred Tax:

Deferred tax is provided using the balance sheet approach on differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The tax rates and tax laws used to compute the tax are those that are enacted or substantively enacted at the reporting date.

Current and Deferred Tax are recognised in the Statement of Profit and Loss except to items recognised directly in Other Comprehensive income or equity, in which case the deferred tax is recognised in Other Comprehensive Income and equity respectively.

### (k) Leases

#### As a lessee

Lease of assets, where the Company, as a lessee, has substantially assumed all the risks and rewards of ownership are classified as finance leases. Assets acquired on finance lease are capitalised and depreciated as per Company's policy on Property, Plant and Equipment. Finance lease are measured at the lease's inception at the lower of fair value of the leased property and the present value of the minimum lease payments. The corresponding lease rental obligations, net of finance

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charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### As a lessor

Lease income from operating leases where the Company is a lessor is recognised as income in the Statement of profit or loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

### (l) Cash flow Statement:

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Company are segregated.

### (m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts inclusive of excise duty receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

### Sale of goods and services

Sales are recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer as per terms of contract. Income and fees from services are accounted as per terms of relevant contractual agreements/arrangements.

### Interest income

Interest income is recognised on accrual basis as per the terms of relevant contracts or by using the effective interest method, where applicable.

### Dividend and investment income

Dividend income is recognised when the right to receive payment is established. Incomes from investments are accounted on an accrual basis.

### (n) Government Grant

Government grants including any non-monetary grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants are recognised in Statement of profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, are recognised as expenses.

Government grants related to assets are presented at fair value by setting up the grant as a deferred income.

### (o) Borrowing Costs

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

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### (p) Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

### (q) Earnings per share

The Company presents Basic and Diluted earnings per share data for its equity shares. Basic and Diluted earnings per share is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

### (r) Contingent Liabilities

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

### (s) Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognise a contingent asset.

### (t) Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting

period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

### (u) Transition to Ind AS

The Standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended, read with relevant rules issued thereunder in terms of the SEBI LODR, as modified by Circular No CIR/CFD/FAC/62/2016 dated July 5, 2016.

For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). The adoption of Ind AS was carried out in accordance with Ind AS 101, considering April 01, 2015 as the transition date. Pursuant to adoption of Ind AS, the differences in the carrying amounts of assets and liabilities on the transition date under the previous GAAP and the balances on adoption of Ind AS have been recognised directly in equity. The financial statements for the year ended March 31, 2016 and the Balance Sheet as at the transition date and as at March 31, 2016 have been presented under Ind AS for comparative purposes. Accounting policies have been applied consistently to all periods presented in these Stand Alone Financial Results.

In preparing the opening Ind AS statement of financial position, adjustments are carried out to the amounts reported in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in Note Nos. 39-42.

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## Note No. 1- Property, Plant and Equipment

₹ in Lakhs

Cost or Deemed Cost	Freehold Land and Development	Leasehold Land	Buildings	Water and Sanitary Installations	Electrical Installations	Plant & Equipment	Furniture & Fixtures	Computers	Office Equipment	Motor Vehicles	Bearer Plants	Total Property, Plant and Equipment	Capital Work-in-Progress	Bearer Plants in Progress	Total Capital Work-in-Progress
<b>Deemed Cost as at April 1, 2015</b>	<b>6945.30</b>	<b>829.99</b>	<b>5963.04</b>	<b>576.78</b>	<b>1153.56</b>	<b>15048.90</b>	<b>157.64</b>	<b>132.18</b>	<b>51.48</b>	<b>816.35</b>	-	<b>31675.22</b>	<b>105.13</b>	-	<b>105.13</b>
Additions	15.00	-	444.90	141.88	151.03	1595.20	36.86	44.11	38.57	241.54	-	2709.09	-	553.00	553.00
Disposals	(52.48)	-	(23.07)	(0.96)	(9.77)	(76.00)	2.47	0.82	0.41	(81.78)	-	(240.36)	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(24.04)	-	(24.04)
<b>Gross Carrying Value as at March 31, 2016</b>	<b>6907.82</b>	<b>829.99</b>	<b>6384.87</b>	<b>717.70</b>	<b>1294.82</b>	<b>16568.10</b>	<b>196.97</b>	<b>177.11</b>	<b>90.46</b>	<b>976.11</b>	-	<b>34143.95</b>	<b>81.09</b>	<b>553.00</b>	<b>634.09</b>
Additions	-	-	755.83	228.01	133.25	1599.52	55.92	37.83	29.03	219.66	35.56	3094.61	223.50	1194.43	1417.93
Disposals	(1.05)	-	(9.10)	(0.94)	(22.65)	(628.44)	(15.53)	(11.72)	(7.42)	(170.54)	-	(867.39)	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	(35.56)	(35.56)
<b>Gross Carrying Value as at March 31, 2017</b>	<b>6906.77</b>	<b>829.99</b>	<b>7131.60</b>	<b>944.77</b>	<b>1405.42</b>	<b>17539.18</b>	<b>237.36</b>	<b>203.22</b>	<b>112.07</b>	<b>1025.23</b>	<b>35.56</b>	<b>36371.17</b>	<b>304.59</b>	<b>1711.87</b>	<b>2016.46</b>
<b>Accumulated Depreciation as at April 1, 2015</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation expenses	-	-	255.19	27.10	78.28	1304.60	30.63	33.67	7.02	112.17	-	1848.66	-	-	-
<b>Accumulated Depreciation as at March 31, 2016</b>	-	-	<b>255.19</b>	<b>27.10</b>	<b>78.28</b>	<b>1304.60</b>	<b>30.63</b>	<b>33.67</b>	<b>7.02</b>	<b>112.17</b>	-	<b>1848.66</b>	-	-	-
Depreciation expenses	-	-	248.35	35.01	83.92	1348.55	21.20	40.05	25.35	121.50	1.18	1925.11	-	-	-
Deductions/Adjustments	-	-	(4.27)	(0.27)	(17.11)	(627.47)	(13.91)	(11.68)	(7.25)	(74.19)	-	(756.15)	-	-	-
<b>Accumulated Depreciation as at March 31, 2017</b>	-	-	<b>499.27</b>	<b>61.84</b>	<b>145.09</b>	<b>2025.68</b>	<b>37.92</b>	<b>62.04</b>	<b>25.12</b>	<b>159.48</b>	<b>1.18</b>	<b>3017.62</b>	-	-	-

# Notes

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## Note No. 1 - Property, Plant and Equipment (contd.)

₹ in Lakhs

Net Carrying Value	Freehold Land and Development	Leasehold Land	Buildings	Water and Sanitary Installations	Electrical Installations	Plant & Equipment	Furniture & Fixtures	Computers	Office Equipment	Motor Vehicles	Bearer Plants	Total Property, Plant and Equipment	Capital Work-in-Progress	Bearer Plants in Progress	Total Capital Work-in-Progress
Net Carrying Value as at April 1, 2015	6945.30	829.99	5963.04	576.78	1153.56	15048.90	157.64	132.18	51.48	816.35	-	31675.22	105.13	-	105.13
Net Carrying Value as at March 31, 2016	6907.82	829.99	6129.68	690.60	1216.54	15263.50	166.34	143.44	83.44	863.94	-	32295.29	81.09	553.00	634.09
Net Carrying Value as at March 31, 2017	6906.77	829.99	6632.33	882.93	1260.33	15513.50	199.44	141.18	86.95	865.75	34.38	33353.55	304.59	1711.87	2016.46

- a) Additions include ₹ 2.73 Lakhs (₹ 35.43 Lakhs) towards Buildings and ₹ 13.34 Lakhs (₹ 172.47 Lakhs) towards Plant & Equipment on account of exchange differences on Long Term Foreign Currency Loans (as permitted by Para D13AA of Ind AS 101)
- b) The following assets are jointly owned/held with the Parent Company :
- |                                  |   |
|----------------------------------|---|
| Freehold Land and Development    | ₹ 103.78 Lakhs (Previous Year - ₹ 103.78 Lakhs) |
| Buildings                        | ₹ 56.78 Lakhs (Previous Year - ₹ 56.78 Lakhs)   |
| Water and Sanitary Installations | ₹ 8.15 Lakhs (Previous Year - ₹ 8.15 Lakhs)     |
| Electrical installations         | ₹ 22.07 Lakhs (Previous Year - ₹ 22.07 Lakhs)   |
- c) (i) Land and building of a coffee estate and a pari-passu charge over immovable property situated at the Theni have been given as security for availing External Commercial Borrowing.
- (ii) Title Deeds of Freehold land of a Coffee Estate has been hypothecated for financing part of the Working Capital facilities.
- d) The Additions in Bearer Plants for the year represents capitalisation of Coffee plants which have attained maturity during the year.

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## Note No. 2 - Investment Property

₹ in Lakhs

	Land	Buildings	Total
Gross carrying value as at April 1, 2015	-	7044.91	7044.91
Additions	-	35.39	35.39
Gross carrying value as at March 31, 2016	-	7080.30	7080.30
Additions/ Transfers	1.05	-	1.05
Gross carrying value as at March 31, 2017	1.05	7080.30	7081.35
Accumulated depreciation as at April 1, 2015	-	-	-
Additions	-	141.60	141.60
Accumulated depreciation as at March 31, 2016	-	141.60	141.60
Additions/ Transfers	-	141.60	141.60
Accumulated depreciation as at March 31, 2017	-	283.20	283.20
Net Carrying Value as at April 1, 2015	-	7044.91	7044.91
Net Carrying Value as at March 31, 2016	-	6938.70	6938.70
Net Carrying Value as at March 31, 2017	1.05	6797.10	6798.15

The amount recognised in the Profit and Loss for investment property:

₹ in Lakhs

	2017	2016
Rental Income	102.47	12.78
Direct Operating Expenses	(89.21)	(10.00)
Profit from investment property before depreciation	13.26	2.78
Depreciation/Amortisation for the year	(141.60)	(141.60)
Loss from investment property	(128.34)	(138.82)

- (a) A portion of the Company's unutilised land has been transferred from Property, Plant and Equipment to Investment Property during the current financial year.
- (b) As at March 31, 2016, the fair value of the Building was at ₹ 8116 Lakhs.
- (c) As at March 31, 2017, the fair value of Land and Buildings are at ₹ 27651 Lakhs.
- (d) These fair values are based on independent valuations.

### Operating Lease:

The Company has leased out its investment property for minimum periods upto three years.

Minimum lease receipts under Non-cancellable Operating Lease:

₹ in Lakhs

	2017	2016
Within one year	226.39	96.72
Later than one year and not later than three years	269.32	173.00

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## Note No. 3 - Other Intangible Assets

₹ in Lakhs

Cost or Deemed Cost	Capitalized Software
Gross Carrying Value as at April 1, 2015	485.62
Additions	65.97
Gross Carrying Value as at March 31, 2016	551.59
Additions	35.58
Gross Carrying Value as at March 31, 2017	587.17
Accumulated Depreciation as at April 1, 2015	-
Depreciation expenses	173.14
Accumulated Depreciation as at March 31, 2016	173.14
Depreciation expenses	174.49
Accumulated Depreciation as at March 31, 2017	347.63
Net Carrying Value as at April 1, 2015	485.62
Net Carrying Value as at March 31, 2016	378.45
Net Carrying Value as at March 31, 2017	239.54

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## Note No. 4 - Investments

₹ in Lakhs

	Face Value of Each (₹)	Number of Shares	2017		2016	As at April 1, 2015	
			Current	Non-Current	Current	Non-Current	Current
A. Investments Carried at Cost							
I. Unquoted Investments (all fully paid)							
Investments in Equity Instruments-Subsidiaries							
Consolidated Coffee Inc.	USD 0.01	300		14065.36		14065.36	14065.36
AGGREGATE AMOUNT OF UNQUOTED INVESTMENTS				14065.36		14065.36	14065.36
B. Investments Carried at Fair Value through OCI							
Investment in Quoted Equity Instruments							
Tata Chemicals Limited	10.00	160000		958.00		597.20	709.68
Joonktolle Tea & Industries Limited	10.00	12602		21.89		17.74	19.31
IDBI Bank Limited	10.00	16160		12.14		11.23	11.47
Wartyhully Estates Limited	10.00	24748		0.92		0.92	0.92
AGGREGATE AMOUNT OF QUOTED INVESTMENTS				992.95		627.09	741.38
Total cost of Quoted Investments ₹ 444.88 lakhs							
Investments in Unquoted Equity Instruments							
Chembra Peak Estates Limited #	10.00	3481		-		0.41	0.41
Southern Scribe Instruments Private Limited *	100.00	7280		7.28		7.28	7.28
Armstrong Power Private Limited *	100.00	375		0.38		0.38	-
Armstrong Power Systems Private Limited *	100.00	460		0.46		0.46	-
Coorg Orange Growers Co-operative Society Ltd. **	100.00	4					
Tata Coffee Co-operative Stores Limited **	5.00	20					
Coorg Cardamom Co-operative Marketing Society Limited **	100.00	1					
AGGREGATE AMOUNT OF UNQUOTED INVESTMENTS				8.12		8.53	7.69
C. Investments designated as Fair Value Through Profit and Loss							
Investments in Mutual Funds			9863.83		-		88.93
Cost of Investments in Mutual Funds ₹ 9621.71 Lakhs							
Total Aggregate Quoted Investments			9863.83		-		88.93
			9863.83	15066.43	-	14700.98	88.93 14814.43

# 3481 Equity Shares of Chembra Peak Estates Limited sold during the year

\* Relating to Power Purchase Agreement entered by the Company

\*\*Represent Amount less than ₹ 1000

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## Note No. 5 - Loans

₹ in Lakhs

	2017			2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
<b>Unsecured Considered Good</b>									
Employee Loans and Advances	248.58	65.75	314.33	392.73	10.51	403.24	432.56	91.40	523.96
Inter Corporate Deposits to related parties	5500.00	-	5500.00	6500.00	-	6500.00	3500.00	-	3500.00
Inter Corporate Deposits to Others	300.00	-	300.00	1500.00	-	1500.00	1000.00	-	1000.00
	<b>6048.58</b>	<b>65.75</b>	<b>6114.33</b>	<b>8392.73</b>	<b>10.51</b>	<b>8403.24</b>	<b>4932.56</b>	<b>91.40</b>	<b>5023.96</b>

## Note No. 6 - Other Financial Assets

₹ in Lakhs

	2017			2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
<b>Security Deposits</b>									
- Secured, considered good	-	10.00	10.00	-	7.82	7.82	-	15.01	15.01
	-	10.00	10.00	-	7.82	7.82	-	15.01	15.01
<b>Other Deposits</b>									
- Unsecured, considered good	480.86	1650.14	2131.00	427.73	1911.27	2339.00	404.32	1460.44	1864.76
- Doubtful	38.00	3.84	41.84	38.00	3.84	41.84	38.00	3.84	41.84
Less: Provision for Doubtful Deposits	(38.00)	(3.84)	(41.84)	(38.00)	(3.84)	(41.84)	(38.00)	(3.84)	(41.84)
	<b>480.86</b>	<b>1650.14</b>	<b>2131.00</b>	<b>427.73</b>	<b>1911.27</b>	<b>2339.00</b>	<b>404.32</b>	<b>1460.44</b>	<b>1864.76</b>
Interest Accrued	160.05	-	160.05	192.32	-	192.32	92.88	-	92.88
Export Incentive Receivables	1644.93	-	1644.93	1666.52	-	1666.52	1383.98	-	1383.98
Advances to Related Parties	1002.78	-	1002.78	432.21	-	432.21	461.94	-	461.94
Other Financial Assets	361.35	-	361.35	388.00	-	388.00	553.54	-	553.54
	<b>3649.97</b>	<b>1660.14</b>	<b>5310.11</b>	<b>3106.78</b>	<b>1919.09</b>	<b>5025.87</b>	<b>2896.66</b>	<b>1475.45</b>	<b>4372.11</b>

## Movements in Provision for Financial Assets

₹ in Lakhs

<b>As at April 1, 2015</b>	<b>41.84</b>
Provision during the year	-
<b>As at March 31, 2016</b>	<b>41.84</b>
Provision during the year	-
<b>As at March 31, 2017</b>	<b>41.84</b>

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## Note No. 7 - Other Non-Current and Current Assets

₹ in Lakhs

	2017			2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
Capital Advances	-	490.24	490.24	-	85.11	85.11	-	18.72	18.72
<b>Advances to suppliers</b>									
Secured, considered good	-	-	-	-	-	-	-	-	-
Unsecured, considered good	997.93	-	997.93	269.13	-	269.13	137.35	-	137.35
Doubtful	60.75	2.99	63.74	-	2.99	2.99	91.71	12.34	104.05
Less: Provision for Doubtful Deposits	(60.75)	(2.99)	(63.74)	-	(2.99)	(2.99)	(91.71)	(12.34)	(104.05)
Other Receivables	1380.49	-	1380.49	931.86	-	931.86	769.17	-	769.17
Prepayments	248.95	13.70	262.65	227.25	20.74	247.99	110.57	19.60	130.17
	<b>2627.37</b>	<b>503.94</b>	<b>3131.31</b>	<b>1428.24</b>	<b>105.85</b>	<b>1534.09</b>	<b>1017.09</b>	<b>38.32</b>	<b>1055.41</b>

## Movements in Provision for Non-Current and Current Assets

₹ in Lakhs

<b>As at April 1, 2015</b>	<b>104.05</b>
Less: Written Back during the year	101.06
<b>As at March 31, 2016</b>	<b>2.99</b>
Provision for Doubtful Advances	60.75
<b>As at March 31, 2017</b>	<b>63.74</b>

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## Note No. - 8 Inventories

₹ in Lakhs

	2017 Current	2016 Current	As at April 1, 2015 Current
Stores and spares	1550.40	1541.79	1595.01
Raw materials	3835.87	1847.23	2303.22
Raw materials in Transit	723.19	1066.72	1040.03
Finished goods	16420.94	16755.85	16988.71
Work-in-progress	180.21	277.70	1251.64
Stock-in-trade	1511.89	736.33	363.21
	<b>24222.50</b>	<b>22225.62</b>	<b>23541.82</b>

The mode of valuation of Inventories has been stated in Note No. F (g) of Significant Accounting Policies.

Inventories hypothecated as Security for part of the Working Capital facilities.

## Note No. 9 - Trade Receivables

₹ in Lakhs

	2017 Current	2016 Current	As at April 1, 2015 Current
<b>Trade Receivables</b>			
Secured, considered good	1308.50	2094.58	2004.17
Unsecured, considered good	6416.40	6220.34	5853.27
Doubtful	-	-	290.87
Less: Provision for Doubtful Receivables	-	-	(290.87)
Trade Receivables from Related Parties	1722.59	1218.57	1345.87
	<b>9447.49</b>	<b>9533.49</b>	<b>9203.31</b>

Trade Receivables hypothecated as Security for part of the Working Capital facilities.

The creditworthiness of trade debtors and the credit terms set are determined on a case to case basis. Adequate insurance cover has been taken on export debts. Based on the above, there is a low credit risk on trade receivables.

The fair values of trade receivables are not considered to be significantly different from their carrying values, given their generally short period to maturity, with impairment reviews considered on an individual basis rather than when they become overdue.

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## Note No. 10 - Cash and Cash Equivalents/Bank Balances

₹ in Lakhs

	2017	2016	As at April 1, 2015
Unrestricted Balances with banks			
- in current accounts	138.94	94.54	675.28
- in deposit accounts with original maturity less than 3 months	-	2499.00	-
Cash in hand	4.04	2.99	3.29
Remittances in Transit	0.02	0.04	0.01
Unpaid Dividend/Debenture/Debenture Interest	208.10	186.14	165.57
	351.10	2782.71	844.15

Cash and Cash Equivalents include the following for the purpose of Cash Flows:

₹ in Lakhs

	2017	2016
Cash and Cash Equivalents/Bank Balances	351.10	2782.71
Less: Unpaid Dividend/Debenture/Debenture Interest	208.10	186.14
<b>Cash and Cash Equivalents/Bank Balances</b>	<b>143.00</b>	<b>2596.57</b>

### Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

In ₹

	SBNs	Other denominated Notes	Total
<b>Closing cash in hand as on 08.11.2016</b>	1829500	679263	2508763
(+) Permitted receipts	9203000	37875344	47078344
(-) Permitted payments	-	22467085	22467085
(-) Amount deposited in Banks	11032500	12914835	23947335
<b>Closing cash in hand as on 30.12.2016</b>	-	<b>3172687</b>	<b>3172687</b>

## Note No. 11 - Non-Current Assets Held for Sale

₹ in Lakhs

<b>Deemed Cost</b>	
<b>As at April 1, 2015</b>	<b>49.51</b>
Additions	153.38
Disposals	(127.53)
<b>As at March 31, 2016</b>	<b>75.36</b>
Additions	169.72
Disposals	(184.74)
<b>As at March 31, 2017</b>	<b>60.34</b>

Deemed Cost represents expenditure incurred on extracting Biological Assets - Timber held for Sale

# Notes

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## Note No. 12.1 - Equity Share Capital

₹ in Lakhs

	For the year ended March 31, 2017		
	As at April 1, 2016	Changes in Equity Share Capital during the year	As at March 31, 2017
Equity Share Capital	1867.70	-	1867.70
	For the year ended March 31, 2016		
	As at April 1, 2015	Changes in Equity Share Capital during the year	As at March 31, 2016
Equity Share Capital	1867.70	-	1867.70

# Notes

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## Note No. 12.2 - Equity Share Capital

₹ in Lakhs

	2017	2016	As at April 1, 2015
<b>Authorised:</b>			
250000000 (PY 250000000) Equity shares of ₹ 1 each with voting rights	2500.00	2500.00	2500.00
<b>Issued, Subscribed and Fully Paid:</b>			
186770370 (PY 186770370) Equity shares of ₹ 1 each with voting rights	1867.70	1867.70	1867.70
	1867.70	1867.70	1867.70

### A. Details of Shares held by Parent Company/Subsidiaries/Associates:

Name of Shareholder	2017 No. of Shares % of Holding	2016 No. of Shares % of Holding	As at April 1, 2015 No. of Shares % of Holding
Tata Global Beverages Limited - Parent Company	10,73,59,820	10,73,59,820	10,73,59,820
	57.48%	57.48%	57.48%

### B. Details of Shareholders holding more than 5% shares:

Name of Share holder	2017 No. of Shares % of Holding	2016 No. of Shares % of Holding	As at April 1, 2015 No. of Shares % of Holding
Tata Global Beverages Limited - Parent Company	10,73,59,820	10,73,59,820	10,73,59,820
	57.48%	57.48%	57.48%

### C. Reconciliation of number of shares:

	2017	2016	As at April 1, 2015
Number of shares as at April 1	18,67,70,370	18,67,70,370	18,67,70,370
Add: Shares issued during the year	-	-	-
Number of shares as at March 31	18,67,70,370	18,67,70,370	18,67,70,370

### D. Dividends Paid:

	2017	2016	2015
Dividends Paid	*	2428.01	2428.01
Dividend Per Share (₹)		1.30	1.30

### E. Rights, Preferences and restrictions of Equity Shares:

The Company has one class of equity shares having a par value of ₹ 1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

\* The Board of Directors, in its meeting on May 18, 2017, have proposed a final dividend of ₹ 1.75 per share (face value of ₹ 1/- each) for the year ended March 31, 2017, which includes a special dividend of ₹ 0.25 per share to commemorate the completion of 25 years of a Tata Group Company acquiring controlling interest in Tata Coffee Limited (erstwhile Consolidated Coffee Limited). The proposal is subject to the approval of shareholders at the Annual General Meeting.

# Notes

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## Note No. 13 - Other Equity

₹ in Lakhs

	Reserves and Surplus				Items of Other Comprehensive Income			
	Capital Redemption Reserve	Securities Premium Reserve	Foreign Currency Monetary Item Translation Difference Account	General Reserves I Reserves II	General Reserves	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges
<b>Balance as at April 1, 2015 *</b>	10.41	14424.27	(0.53)	14295.30	8051.29	832.53	34387.19	43.21
Profit for the year	-	-	-	-	-	6473.45	296.50	-
Other Comprehensive Income for the year, net of Income Tax	-	-	-	-	-	-	(114.29)	130.05
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	6473.45	(114.29)	130.05
Dividends/Tax on Dividend	-	-	-	-	-	(2922.30)	-	-
Reversal of Dividend Distribution Tax	-	-	-	-	-	412.64	-	-
Transfer to Retained Earnings	-	-	-	1100.00	810.00	(1910.00)	-	-
Utilisation of Foreign Currency Monetary Item Translation Difference Account	-	-	0.53	-	-	-	-	-
<b>Balance as at March 31, 2016</b>	10.41	14424.27	-	15395.30	8861.29	832.53	36440.98	182.21
Profit for the year	-	-	-	-	-	13922.99	-	-
Other Comprehensive Income for the year, net of Income Tax	-	-	-	-	-	-	365.86	203.52
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	13922.99	365.86	203.52
Dividends/Tax on Dividend	-	-	-	-	-	(2922.30)	-	-
Reversal of Dividend Distribution Tax	-	-	-	-	-	834.79	-	-
Transfer to Retained Earnings	-	-	-	1400.00	810.00	(2210.00)	-	-
<b>Balance as at March 31, 2017</b>	10.41	14424.27	-	16795.30	9671.29	832.53	46066.46	376.78
							548.07	(865.62)
								87859.49

\* Refer Note No. 42- First Time Adoption - Reconciliation of Equity and Total Comprehensive Income

### Nature and purpose of Reserves

#### Capital Redemption Reserve

Capital Redemption Reserve has been created in compliance with erstwhile Companies Act, 1956.

#### Securities Premium Reserve

Securities Premium Reserve relates to securities premium over face value for Equity Shares issued in FY 2006-07.

#### General Reserves II

Capital profits on sale value of own timber are transferred to General Reserve II through the Retained Earnings.

#### Amalgamation Reserves

Amalgamation Reserves pertains to the scheme of amalgamation of the Company with erstwhile Asian Coffee Limited, Coffee Lands Limited and SIFCO Limited.

# Notes

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## Note No. 14 - Borrowings

₹ in Lakhs

	2017			2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
<b>Secured Borrowings:</b>									
Term Loans									
From Banks:									
External Commercial Borrowing	-	-	-	-	414.13	414.13	-	1953.28	1953.28
Working Capital Facilities	4299.88	-	4299.88	4460.61	-	4460.61	5731.44	-	5731.44
<b>Unsecured Borrowings:</b>									
Loan from Banks	3000.00	-	3000.00	4500.00	-	4500.00	2000.00	-	2000.00
	7299.88	-	7299.88	8960.61	414.13	9374.74	7731.44	1953.28	9684.72

1. External Commercial Borrowing is secured by first ranking exclusive charge over the land, building and plant & Machinery of a coffee estate and a pari-passu charge over immovable property situated at the Theni Plant. The Loan is repayable in sixteen equal quarterly instalments commencing from September 3, 2013. The coupon rate is linked to Libor plus applicable spread.
2. Working Capital Facilities are secured by hypothecation of Coffee crop, inventories, finished/semi-finished goods/ receivables of the company. Part of the working capital facilities is also secured by deposit of title deeds of a coffee estate. The Working Capital is repayable on demand. The coupon rate is linked to Marginal Cost Fund based lending rates. (MCLR)
3. Unsecured Loans from Banks are towards Working Capital facilities and are repayable on demand. The coupon rate is based on MCLR linked rates.

# Notes

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## Note No. 15 - Other Financial Liabilities

₹ in Lakhs

	2017			2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
Deposits received	-	166.27	166.27	-	111.50	111.50	-	119.60	119.60
Current maturities of long-term debt	405.34	-	405.34	1656.50	-	1656.50	1562.63	-	1562.63
Unpaid Dividends/Debenture/ Debenture Interest	208.10	-	208.10	186.14	-	186.14	165.57	-	165.57
Interest Accrued but not due	5.55	-	5.55	5.29	-	5.29	8.98	-	8.98
Employee Benefits	2476.06	-	2476.06	2260.71	-	2260.71	1336.19	-	1336.19
Other Payables	3132.30	183.03	3315.33	1967.40	177.47	2144.87	2291.74	182.04	2473.78
	6227.35	349.30	6576.65	6076.04	288.97	6365.01	5365.11	301.64	5666.75

## Note No. 16 (a) - Provisions

₹ in Lakhs

	2017			2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
Provision for employee benefits	315.98	4249.70	4565.68	857.97	2924.03	3782.00	282.21	2735.54	3017.75
	315.98	4249.70	4565.68	857.97	2924.03	3782.00	282.21	2735.54	3017.75

## Note No. 16 (b) - Current Tax Liabilities (Net)

Provision for taxation	28134.64	-	28134.64	21544.56	-	21544.56	18950.03	-	18950.03
Less: Advance Tax	(27813.38)	-	(27813.38)	(21042.26)	-	(21042.26)	(18192.03)	-	(18192.03)
<b>Current Tax Liabilities (Net)</b>	<b>321.26</b>	<b>-</b>	<b>321.26</b>	<b>502.30</b>	<b>-</b>	<b>502.30</b>	<b>758.00</b>	<b>-</b>	<b>758.00</b>

₹ in Lakhs

## Details of Movement in provisions (Note No. 16(a))

	Current	Non-Current	Total
	Employee Benefits	Employee Benefits	Employee Benefits
Balance at April 1, 2015	282.21	2735.54	3017.75
Additions/utilised (net)	575.76	188.49	764.25
<b>Balance at March 31, 2016</b>	<b>857.97</b>	<b>2924.03</b>	<b>3782.00</b>
Additions/utilised (net)	(541.99)	1325.67	783.68
<b>Balance at March 31, 2017</b>	<b>315.98</b>	<b>4249.70</b>	<b>4565.68</b>

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## Note No. 17 - Income Tax and Deferred Tax

₹ in Lakhs

	2017	2016
<b>(a) Total Income Tax Expenses</b>		
<b>Current Tax</b>		
In respect of the Current Year	4067.60	3509.22
	<b>4067.60</b>	<b>3509.22</b>
<b>Deferred Tax</b>		
In respect of the Current Year	207.21	248.82
	<b>207.21</b>	<b>248.82</b>
<b>Total Income Tax Expenses</b>	<b>4274.81</b>	<b>3758.04</b>

## (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

₹ in Lakhs

	2017	2016
Profit before income tax expenses	18197.80	10231.49
Tax at Indian tax rate of %	34.60%	34.60%
Computed Expected tax expenses	6296.44	3539.99
Tax effect due to non-taxable income for Indian Tax purpose	(1499.27)	510.50
Tax effect due to Dividend Income from Overseas subsidiary	(808.25)	(431.80)
Tax effect due to non-deductible expenses	285.89	139.35
	<b>4274.81</b>	<b>3758.04</b>

## (c) Amount recognised directly in Other Comprehensive Income

₹ in Lakhs

	2017	2016
<b>Deferred tax</b>		
On remeasurements of the defined benefit plans	(125.08)	(142.40)
On effective portion of Gains/(Loss) in cash flow hedges	82.62	68.82
	<b>(42.46)</b>	<b>(73.58)</b>

## (d) Deferred Tax Liabilities

₹ in Lakhs

	2017	2016	As at April 1, 2015
<b>Deferred Tax Liability</b>			
Depreciation and Amortization	3184.18	3117.97	2757.00
Deferred Tax on Fair Valuation	235.57	19.86	215.75
Deferred Tax on effective portion of Gains/(Loss) in cash flow hedges	151.44	68.82	-
<b>Total Deferred Tax Liability</b>	<b>3571.19</b>	<b>3206.65</b>	<b>2972.75</b>
<b>Deferred Tax Asset</b>			
Provision for Doubtful Debts and Advances	21.03	-	-
Employee Benefits	352.12	298.16	282.30
Deferred Tax Assets on Timber	10.56	56.80	57.74
Deferred Tax Assets on re-measurements of the defined benefit plans	267.49	142.40	-
Other timing differences	45.95	-	98.66
<b>Total Deferred Tax Asset</b>	<b>697.15</b>	<b>497.36</b>	<b>438.70</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>2874.04</b>	<b>2709.29</b>	<b>2534.05</b>

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## Note No. 18 - Trade Payables

₹ in Lakhs

	2017	2016	As at April 1, 2015
	Current	Current	Current
Trade payable for goods & services			
Due to Micro & Small Enterprises (\$)	79.91	10.36	10.66
Others	3648.56	2969.92	2159.38
Trade Payable to Related Parties	257.22	589.62	47.50
	<b>3985.69</b>	<b>3569.90</b>	<b>2217.54</b>

\$ includes amounts due beyond the applicable period of ₹ Nil (₹ Nil) and no interest is paid or payable.

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

## Note No. 19 - Other Current Liabilities

₹ in Lakhs

	2017	2016	As at April 1, 2015
	Current	Current	Current
Advances from Customers	624.75	305.77	217.83
	<b>624.75</b>	<b>305.77</b>	<b>217.83</b>

## Note No. 20 - Revenue from Operations

₹ in Lakhs

	2017	2016
Sale of goods (including excise duty)	69419.17	64072.02
Sale of Traded Goods	4207.53	3672.76
Rendering of services	505.47	443.83
Sale of Scrap/waste	202.88	202.62
Liabilities no longer required written back	137.22	125.35
Provision for debts and advances written back	-	0.40
Export Incentives	2222.30	1990.10
Exchange Fluctuation (Net)	754.73	-
Miscellaneous Income	433.21	304.41
	<b>77882.51</b>	<b>70811.49</b>

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## Note No. 21 - Other Income

₹ in Lakhs

	2017	2016
<b>Interest Income</b>		
On Advances and Deposits	834.93	860.49
<b>Dividend Income</b>		
Dividend income from Investments in Subsidiary	4669.78	2496.22
Dividend income from Other Non-Current Investments carried at Fair Value through Other Comprehensive Income	16.11	22.60
Net Gain on sale of investments		
On sale of Non-Current investments	1.85	-
On sale of Current investments	221.72	-
Gain on investments carried at fair value through profit or loss	242.12	-
Profit on Sale of Biological Assets - Timber (Net)	806.35	873.41
Rental income from Investment property	102.47	12.78
Operating lease rental income	53.16	43.70
Profit on sale of Property, Plant and Equipment (net)	-	157.33
	<b>6948.49</b>	<b>4466.53</b>

## Note 22 (a) - Cost of materials consumed

₹ in Lakhs

	2017	2016
Coffee	17983.12	17884.18
Tea	568.80	237.28
Others	955.13	954.00
Packing Materials	4122.85	4622.63
	<b>23629.90</b>	<b>23698.09</b>

## Note 22 (b) - Purchase of Traded Goods

₹ in Lakhs

	2017	2016
Coffee	1546.80	599.16
Others	2959.20	3232.73
	<b>4506.00</b>	<b>3831.89</b>

## Note 22 (c) - Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

₹ in Lakhs

	2017	2016
<b>Opening Stocks as at April 1</b>		
Finished Goods	16755.85	16988.70
Work-in-Progress	277.70	1251.64
Stock-in-Trade	736.33	363.21
	<b>17769.88</b>	<b>18603.55</b>
<b>Closing Stocks as at March 31</b>		
Finished Goods	16420.94	16755.85
Work-in-Progress	180.21	277.70
Stock-in-Trade	1511.89	736.33
	<b>18113.04</b>	<b>17769.88</b>
	<b>(343.16)</b>	<b>833.67</b>

# Notes

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## Note No. 23 - Employee Benefits Expense

₹ in Lakhs

	2017	2016
Salaries and wages, including bonus	14586.03	14129.05
Contribution to provident and other funds	1787.18	1248.95
Workmen and Staff Welfare	812.80	980.35
	17186.01	16358.35

## Note No. 24 - Finance Costs

₹ in Lakhs

	2017	2016
<b>Interest expense</b>		
On Fixed Loans	48.36	101.65
On Other Loans	477.72	410.37
Interest on Retirement Benefits	238.47	203.10
Bank Charges	84.24	87.51
	848.79	802.63

## Note No. 25 - Other Expenses

₹ in Lakhs

	2017	2016
Contract/Processing Charges	1894.31	1858.15
Consumption of Stores and Spare Parts	2905.73	3200.17
Power and Fuel	4661.53	4492.47
Repairs and Maintenance	1536.73	1415.57
Rent including Lease Rentals	73.33	69.28
Rates and Taxes	405.97	322.60
Advertisement and Sale Charges	693.54	593.71
Selling Expenses	1188.38	1148.62
Excise Duty and Cess	60.75	68.45
Freight	1108.90	1103.92
Insurance	215.63	166.50
Exchange Fluctuation (Net)	-	74.31
Provision for Doubtful Debts and Advances	60.75	12.26
Expenditure on Corporate Social Responsibility	221.29	247.67
Payments to Statutory Auditors	109.74	72.25
Professional Charges	988.20	535.42
Miscellaneous Expenses	2183.84	1320.54
Loss on sale of Property, Plant and Equipment	24.61	-
	18333.23	16701.89

## Note No. 26 - Exceptional Items

₹ in Lakhs

	2017	2016
<b>Expenses</b>		
Expenditure on Long Term Initiatives	(231.23)	(241.06)
Provision for retrospective amendment of legislation relating to Employee Benefits	-	(415.69)
	(231.23)	(656.75)

# Notes

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## Note No. 27 - Estimated amounts of Contracts remaining to be executed

₹ in Lakhs

	2017	2016	As at April 1, 2015
Estimated amounts of contracts remaining to be executed on capital account and not provided for	1319.26	538.10	57.00

## Note No. 28 - Capital Commitment for Equity Investment in Tata Coffee Vietnam Company Limited

The Board of Directors of the Company, at its meeting held on 28th March, 2017, approved making investment in the Equity Capital of its Wholly Owned Subsidiary, Tata Coffee Vietnam Company Limited, Vietnam, for an amount not exceeding USD 6 Million. (INR equivalent at reporting date)

	3891.00		
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## Note No. 29 - Contingent Liabilities

Claims under adjudication not acknowledged as debts:

i) Demands raised by Income Tax, Excise & Sales Tax Authorities	1042.13	2753.57	2324.19
ii) Labour disputes under adjudication	94.00	90.37	78.37
iii) Claims by Customers/ Suppliers	69.29	691.02	666.48
iv) For Bank & other Guarantees	895.57	973.02	899.13

## Note No. 30 - Litigations

There is a dispute on account of stamp duty claim on a transfer of property where the stamp duty amounts are indeterminate.

## Note No. 31 - R & D Expenditure

₹ in Lakhs

	2017	2016
Capital Expenditure	27.75	26.19
Revenue Expenditure	69.13	60.44
<b>Total</b>	<b>96.88</b>	<b>86.63</b>
<b>Total R &amp; D Expenditure as a % of Revenue</b>	<b>0.12%</b>	<b>0.12%</b>

## Note No. 32 - Payments to Statutory Auditors

₹ in Lakhs

	2017	2016
Audit Fees	37.51	30.00
Tax audit fees	10.00	10.00
Other Services <sup>ss</sup>	58.13	25.11
Reimbursement of Expenses	4.10	7.14
<b>Total</b>	<b>109.74</b>	<b>72.25</b>

<sup>ss</sup> Financial year 2016-17 Other services includes services on Taxation & Other matters.

## Note No. 33 - Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are Healthcare including Preventive healthcare, providing Safe drinking water, sanitation facility, promoting education, Old Age Home maintenance, Environmental sustainability and promotion and development of traditional art and handicrafts. A CSR committee has been formed by the company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

- Gross amount required to be spent by the company during the year is ₹ 217.83 Lakhs. (PY ₹ 235 Lakhs)
- Amount spent during the year on: ₹ 221.29 Lakhs (PY ₹ 247.67 lakhs)

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₹ in Lakhs

	2017	2016
The amounts expended are as follows:		
(i) Construction/acquisition of any asset	32.11	44.88
(ii) For purposes other than (i) above	189.18	202.79

## Note No. 34 - Basic and Diluted Earnings per share

	2017	2016
Profit for the year attributable to owners of the Company (₹ in Lakhs)	13922.99	6473.45
Weighted average number of equity shares	186770370	186770370
Earnings per share from continuing operations - Basic and Diluted (₹)	7.45	3.47

## Note No. 35 - Financial Instruments - Accounting Classification and fair values

### A. Accounting Classification and Fair Values

₹ in Lakhs

		Carrying Amount				Fair Value			
		FVTPL	FVTOCI	Cost/ Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>March 31, 2017</b>									
<b>Financial Assets:</b>									
Quoted Equity Investments	Non-Current	-	992.95	-	992.95	992.95	-	-	992.95
Unquoted Equity Investments-Subsidiaries	Non-Current	-	-	14065.36	14065.36	-	-	-	-
Unquoted Equity Investments - Others	Non-Current	-	8.12	-	8.12	-	8.12	-	8.12
Loans	Non-Current	-	-	65.75	65.75	-	-	-	-
Other Financial Assets	Non-Current	-	-	1660.14	1660.14	-	-	-	-
Investment in Mutual Funds	Current	9863.83	-	-	9863.83	9863.83	-	-	9863.83
Trade Receivables	Current	-	-	9447.49	9447.49	-	-	-	-
Cash and Cash Equivalents	Current	-	-	351.10	351.10	-	-	-	-
Loans	Current	-	-	6048.58	6048.58	-	-	-	-
Other Financial Assets	Current	-	-	3649.97	3649.97	-	-	-	-
<b>Total Financial Assets</b>		<b>9863.83</b>	<b>1001.07</b>	<b>35288.39</b>	<b>46153.29</b>	<b>10856.78</b>	<b>8.12</b>	<b>-</b>	<b>10864.90</b>

		Carrying Amount				Fair Value			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>March 31, 2017</b>									
<b>Financial Liabilities:</b>									
Borrowings	Non-Current	-	-	-	-	-	-	-	-
Other Financial Liabilities	Non-Current	-	-	349.30	349.30	-	-	-	-
Borrowings	Current	-	-	7299.88	7299.88	-	-	-	-
Trade Payables	Current	-	-	3985.69	3985.69	-	-	-	-
Other Financial Liabilities	Current	-	-	6227.35	6227.35	-	-	-	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>17862.22</b>	<b>17862.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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₹ in Lakhs

		Carrying Amount				Fair Value			
		FVTPL	FVTOCI	Cost/ Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>March 31, 2016</b>									
<b>Financial Assets:</b>									
Quoted Equity Investments	Non-Current	-	627.09	-	627.09	627.09	-	-	627.09
Unquoted Equity Investments - Subsidiaries	Non-Current	-	-	14065.36	14065.36	-	-	-	-
Unquoted Equity Investments - Others	Non-Current	-	8.53	-	8.53	-	8.53	-	8.53
Loans	Non-Current	-	-	10.51	10.51	-	-	-	-
Other Financial Assets	Non-Current	-	-	1919.09	1919.09	-	-	-	-
Investment in Mutual Funds	Current	-	-	-	-	-	-	-	-
Trade Receivables	Current	-	-	9533.49	9533.49	-	-	-	-
Cash and Cash Equivalents	Current	-	-	2782.71	2782.71	-	-	-	-
Loans	Current	-	-	8392.73	8392.73	-	-	-	-
Other Financial Assets	Current	-	-	3106.78	3106.78	-	-	-	-
<b>Total Financial Assets</b>		-	<b>635.62</b>	<b>39810.67</b>	<b>40446.29</b>	<b>627.09</b>	<b>8.53</b>	-	<b>635.62</b>

		Carrying Amount				Fair Value			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>March 31, 2016</b>									
<b>Financial Liabilities:</b>									
Borrowings	Non-Current	-	-	414.13	414.13	-	-	-	-
Other Financial Liabilities	Non-Current	-	-	288.97	288.97	-	-	-	-
Borrowings	Current	-	-	8960.61	8960.61	-	-	-	-
Trade Payables	Current	-	-	3569.90	3569.90	-	-	-	-
Other Financial Liabilities	Current	-	-	6076.04	6076.04	-	-	-	-
<b>Total Financial Liabilities</b>		-	-	<b>19309.65</b>	<b>19309.65</b>	-	-	-	-

		Carrying Amount				Fair Value			
		FVTPL	FVTOCI	Cost/ Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>April 1, 2015</b>									
<b>Financial Assets:</b>									
Quoted Equity Investments	Non-Current	-	741.38	-	741.38	741.38	-	-	741.38
Unquoted Equity Investments - Subsidiaries	Non-Current	-	-	14065.36	14065.36	-	-	-	-
Unquoted Equity Investments - Others	Non-Current	-	7.69	-	7.69	-	7.69	-	7.69
Loans	Non-Current	-	-	91.40	91.40	-	-	-	-
Other Financial Assets	Non-Current	-	-	1475.45	1475.45	-	-	-	-
Investment in Mutual Funds	Current	88.93	-	-	88.93	88.93	-	-	88.93
Trade Receivables	Current	-	-	9203.31	9203.31	-	-	-	-
Cash and Cash Equivalents	Current	-	-	844.15	844.15	-	-	-	-
Loans	Current	-	-	4932.56	4932.56	-	-	-	-
Other Financial Assets	Current	-	-	2896.66	2896.66	-	-	-	-
<b>Total Financial Assets</b>		<b>88.93</b>	<b>749.07</b>	<b>33508.89</b>	<b>34346.89</b>	<b>830.31</b>	<b>7.69</b>	-	<b>838.00</b>

		Carrying Amount				Fair Value			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>April 1, 2015</b>									
<b>Financial Liabilities:</b>									
Borrowings	Non-Current	-	-	1953.28	1953.28	-	-	-	-
Other Financial Liabilities	Non-Current	-	-	301.64	301.64	-	-	-	-
Borrowings	Current	-	-	7731.44	7731.44	-	-	-	-
Trade Payables	Current	-	-	2217.54	2217.54	-	-	-	-
Other Financial Liabilities	Current	-	-	5365.11	5365.11	-	-	-	-
<b>Total Financial Liabilities</b>		-	-	<b>17569.01</b>	<b>17569.01</b>	-	-	-	-

## B. Measurement of fair values

The basis of measurement in respect to each class of financial asset, financial liability is disclosed in Note F (f) of Significant Accounting Policies.

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## Note No. 36 - Financial Risk Management

### Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit which regularly reviews risk management controls and procedures, the results of which are reported to the audit committee.

The Company has exposure to Credit, Liquidity and Market risks arising from financial instruments:

#### A. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

#### Trade and other receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer and reviewed periodically.

As at March 31, 2017, the ageing of Trade Receivables and the maximum exposure to credit risk by geographic region was as follows:

₹ in Lakhs

Ageing of Trade Receivables	2017	2016
Not Overdue	8706.66	9066.59
Past due upto 3 months	713.16	362.55
Past due more than 3 months but less than 6 Months	0.30	10.09
Past due more than 6 months	27.37	94.26
<b>Total</b>	<b>9447.49</b>	<b>9533.49</b>

₹ in Lakhs

Segregation by Geography	2017	2016
CIS Countries	2954.51	2997.76
Rest of the World	5134.70	3871.82
India	2358.28	2663.91
<b>Total</b>	<b>9447.49</b>	<b>9533.49</b>

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets designated at FVTPL. The carrying amount reflected above represents the maximum exposure to credit risk for such financial assets.

#### Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 143.00 Lakhs at March 31, 2017 (March 31, 2016: ₹ 2596.57 Lakhs).

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### B. LIQUIDITY RISKS

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

#### Maturities of Financial Liabilities

₹ in Lakhs

	2017					2016				
	Within 1 year	Due from 1 to 2 years	Due from 2 to 5 years	After 5 years	Total	Within 1 year	Due from 1 to 2 years	Due from 2 to 5 years	After 5 years	Total
Borrowings	7705.22	-	-	-	7705.22	10617.11	414.13	-	-	11031.24
Trade Payables	3985.69	-	-	-	3985.69	3569.90	-	-	-	3569.90
Deposits	-	166.27	-	-	166.27	-	111.50	-	-	111.50
Unpaid Dividend/ Debenture/Debtenture Interest	208.10	-	-	-	208.10	186.14	-	-	-	186.14
Interest Accrued	5.55	-	-	-	5.55	5.29	-	-	-	5.29
Employee Benefits	2476.06	-	-	-	2476.06	2260.71	-	-	-	2260.71
Other Payables	3132.30	183.03	-	-	3315.33	1967.01	177.86	-	-	2144.87
<b>Total</b>	<b>17512.92</b>	<b>349.30</b>	<b>-</b>	<b>-</b>	<b>17862.22</b>	<b>18606.16</b>	<b>703.49</b>	<b>-</b>	<b>-</b>	<b>19309.65</b>

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

### C. MARKET RISKS:

Market risk is the risk that changes in market prices such as commodity prices risk, foreign exchange rates and interest rates which will affect the Company's financial position. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables.

The Plantation Industry is dependent on nature, making it susceptible to climate vagaries. The major weather factors that influence coffee yield are rainfall, temperature, light intensity and relative humidity. To mitigate the risk of drought conditions, the Company has invested significantly on augmentation of irrigation capacities rain water harvesting to improve the water table and enhance the water storage capacity. With regard to Plantation Operations, borer infestation is a continuous threat being faced. The Company, in addition to regular tracing and chemical control, has taken rigorous initiatives to curb pest incidence. It is also working closely with various R&D cells for developing effective measures in this regard.

#### Commodity Price Risk

Tata Coffee exposure to Market risk for commodity prices can result in changes to realisation for its Plantation products and Cost of Production for its value added products. The risk associated is actively monitored for mitigation options. The other mitigants includes strict implementation of Board mandated Commodity policy and also the natural hedge arising on export of Plantation produce vis a vis import of Coffee for value added segment.

#### Currency Risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. The Company does not use derivative financial instruments for trading or speculative purposes. Following is the derivative financial instruments to hedge the foreign exchange rate risk as of March 31, 2017:

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Type of Derivative	Currency Pair	2017			2016		
		No. of Contracts	Amount Hedged USD Mm	Fair Value ₹ Lakhs	No. of Contracts	Amount Hedged USD Mm	Fair Value ₹ Lakhs
Forward exchange contracts	USD INR	81	20.65	830.72	147	23.05	378.42
Forward exchange contracts	EUR INR	2	0.21	12.33	1	0.097	(1.51)

The carrying amount of the Company's foreign currency denominated monetary assets and liabilities at the end of reporting period is as below:

Currency	Monetary assets		Monetary Liabilities	
	2017	2016	2017	2016
USD	11.92	10.79	1.29	3.96
EUR	0.11	0.20	0.03	-

Amount in Mm

Following Table summarises approximate gain/(loss) on the Company's profit before tax and pre-tax equity on account of appreciation/depreciation of underlying foreign currencies:

₹ Lakhs

	Effect on Profit Before Tax	
	2017	2016
Average USD rate	67.10	65.53
Average EUR rate	73.81	72.08
5% appreciation	151	54
5% depreciation	(151)	(54)

## Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Type of Derivative	Currency	No. of Contracts	2017		2016	
			Amount Hedged USD Mm	Fair Value ₹ Lakhs	Amount Hedged USD Mm	Fair Value ₹ Lakhs
Interest Rate Swap	USD INR	1	0.625	(0.02)	3.125	5.74

## Exposure to Interest Rate Risk

Company's interest rate risk arises from borrowings. The interest rate profile of the Company is based on Libor linked rates for its External Commercial Borrowings and MCLR linked rates for its working capital.

The following table demonstrates the sensitivity on the Company's profit before tax, to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant:

₹ in Lakhs

	2017 Effect on Profit Before Tax	2016 Effect on Profit Before Tax
50 basis Points increase	(40.65)	(41.73)
50 basis Points decrease	40.65	41.73

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### Capital Management

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirement are met through equity, borrowings and operating cash flows required.

The Company's Debt Equity ratio is as follows:

	₹ in Lakhs	
	2017	2016
Total Debt	7705.22	11031.24
Total Equity	89727.19	77918.88
Debt Equity Ratio	0.09:1	0.14:1

### Note No. 37 - Employee Benefits Obligations

#### Post Retirement Employee Benefits:

##### a) Defined Contribution Plans:

The Company operates defined contribution schemes like provident fund and superannuation schemes. For these schemes contributions are made by the company, based on current salaries, to the recognized funds maintained by the company and for certain categories contributions are made to State Plans. In case of provident fund schemes, contributions are also made by employees. An amount of ₹ 1444.08 Lakhs (previous year: ₹ 1204.17 Lakhs) has been charged to the Statement of Profit and Loss towards defined contribution schemes.

##### b) Defined Benefit Plans:

###### i) Gratuity:

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. The benefits are determined using the projected unit credit method with actuarial valuation being carried out at each Balance Sheet date.

###### ii) Post retirement Benefits:

The Company's Retired/Continuing Whole time Directors are eligible for certain post retirement defined benefits on meeting the eligibility criteria and subject to the approval of the Board and is non-funded.

###### iii) Medical:

The Company's retired staff/sub-staff, Junior Officers and Management staffs are eligible for Post-Retiral medical benefit subject to certain conditions and limits. This is recognised based on actuarial valuation and the plan is non-funded.

The table below outlines where the Company's post employment amounts and activity are included in the financial instruments.

	₹ Lakhs	
Balance Sheet obligation for :	2017	2016
- Gratuity	5950.13	5060.27
- Medical Benefits	1108.26	1288.01
- Defined pension benefits	1873.67	1469.84
- Compensated Absences	575.74	399.59
Liability in the Balance Sheet	9507.80	8217.71

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The movement in the defined benefit liability over the year is as follows:

₹ in Lakhs

	Gratuity		Medical		Pension		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>April 1</b>	<b>5060.27</b>	4748.05	<b>1288.01</b>	1038.71	<b>1469.89</b>	1428.12	<b>7818.17</b>	7214.88
Current Service Cost	317.71	307.36	79.57	49.43		0.00	397.28	356.79
Past Service Cost								
Interest expense (Income)	27.78	11.71	99.87	81.44	110.82	109.95	238.47	203.10
<b>Total amount recognised in the statement of Profit and Loss</b>	<b>345.49</b>	<b>319.07</b>	<b>179.44</b>	<b>130.87</b>	<b>110.82</b>	<b>109.95</b>	<b>635.75</b>	<b>559.89</b>
<b>Remeasurement</b>								
Return on plan assets								
(Gain) / loss from change in								
- financial assumptions	671.72	39.71	59.34	18.70	391.45	11.12	1122.51	69.53
- demographic assumption								
Experience (gains) / loss	(45.96)	151.53	(384.47)	138.58	29.55	51.81	(400.88)	341.92
Change in asset ceiling								
<b>Total amount recognised in Other Comprehensive Income</b>	<b>625.76</b>	<b>191.24</b>	<b>(325.13)</b>	<b>157.28</b>	<b>421.00</b>	<b>62.93</b>	<b>721.63</b>	<b>411.45</b>
<b>Contributions :</b>								
- Employers								
- Plan Participants		53.36				-	-	53.36
- Benefits paid	(437.04)	(497.82)	(34.05)	(38.85)	(128.04)	(131.11)	(599.13)	(667.78)
Interest on Plan Assets (net)	355.65	246.36					355.65	246.36
<b>March 31</b>	<b>5950.13</b>	<b>5060.26</b>	<b>1108.27</b>	<b>1288.01</b>	<b>1873.67</b>	<b>1469.89</b>	<b>8932.07</b>	<b>7818.16</b>

Movement of Plan Assets

₹ in Lakhs

	Gratuity	
	2017	2016
<b>April 1</b>	<b>4558.54</b>	4601.66
Interest (expense) Income	350.69	343.09
<b>Remeasurement</b>		
Gain / (loss) from change in		
- financial assumptions	4.95	(96.74)
<b>Contributions :</b>		
- Employers	512.80	155.00
- Plan Participants		53.35
- Benefits payments	(437.04)	(497.82)
<b>March 31</b>	<b>4989.94</b>	<b>4558.54</b>
<b>Category of Plan Assets</b>		
Insurer Managed Funds	4989.94	4558.54

Principal actuarial assumptions

₹ in Lakhs

	Gratuity		PRMB		Pension	
	2017	2016	2017	2016	2017	2016
Discount rate	7.50%	7.90%	7.50%	7.90%	7.50%	7.90%
Rate of Return on Plan Assets						
Salary Escalation	8.00%	7.00%				
Pension escalation (SRB)					18% after every 3rd year	3.20%
Annual increase in Health Costs			8.00%	8.00%		

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The key actuarial assumptions to which the defined benefit obligation results are particularly sensitive to, mainly Gratuity Fund, are discount rate and future salary escalation rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases (decreases) by 0.50%, the defined benefit obligation would decrease by ₹ 254 Lakhs (increase by ₹ 272 lakhs) as of March, 2017.

If the expected salary growth increases (decreases) by 0.50%, the defined benefit obligation would increase by ₹ 269 lakhs (decrease by ₹ 253 lakhs) as on March 31, 2017.

### Note No. 38 - Fair Value Measurement

#### A. Fair Value Measurement-Agricultural Produce

Agricultural produce is the harvested produce of the entity's Biological Assets (Bearer Plants) at the point of Harvest. Green Bean in Fruit form, Green Pepper and Green Tea at the point of plucking falls within the definition of Agricultural Produce at the point of Harvest.

The Company uses a Valuation technique that is appropriate in the circumstances and for which sufficient data are available to measure the fair value, maximising the use of relevant observable inputs. Accordingly, the Company follows a Market Approach as permitted under Indian Accounting Standard Ind AS-113- 'Fair Value Measurement'.

Particulars	Fair value hierarchy	Valuation technique(s) and key input(s)
1) Arabica	Level 2 input	Market Approach
2) Robusta	Level 2 input	Market Approach
3) Pepper	Level 2 input	Market Approach
4) Tea	Level 1 input	Market Approach

#### (i) Fair Valuation of Coffee:

The Coffee on reporting dates are available in (a) Fruit Form (b) Dried Uncured form and (c) at Cured Coffee level.

There is no active quoted market for Green Bean in Fruit Form. Hence, Level 1 inputs (unadjusted quoted prices in active markets for identical assets or liabilities) are not available for valuation.

The Coffee Board publishes Daily Market Prices of Arabica Parchment, Arabica Cherry, Robusta Parchment and Robusta Cherry at Dried Uncured Coffee level.

Based on the well established conversion norms and the Coffee Board prices, the cured equivalent of fair valuation of Fruit Coffee are arrived at based on Level 2 observable inputs.

The Valuation is carried out at the Fruit Coffee Level, while the the quoted prices are available at the Dried Coffee level. Hence, the fair value measurement is satisfying the conditions for applying Level 2 of the Fair Value hierarchy.

Suitable adjustments based on conversion norms applicable for the dried uncured Coffee and cured Coffee are carried out to arrive at the corresponding Fair Value at these stages.

#### (ii) Fair Valuation of Pepper:

The Spices Board of India publishes the average market rates for Pepper MG1 Grade. Since the Company produces and markets Pepper in various grades, apart from MG1, the quoted Prices for MG1 are considered as Level 2 inputs being quoted prices of Various Grades. The MG1 rate is applied to the Company's estimated grade % for black pepper production and the composite weighted average fair value is arrived at and after making adjustments for subsequent processes.

The fair value so arrived at becomes the Ind AS 2 Inventory rate /value and thereafter regular inventory accounting process is followed.

#### (iii) Fair Valuation of Tea:

The tea leaves at the point of plucking are designated as Agricultural Produce at the point of harvest. The fair valuations are based on the market rate applicable for the Green Leaf Component which forms a Level 1 Valuation input with corresponding conversion charges.

#### B. Fair Value of Equity

The Fair value of equity investments except investments in subsidiaries are based on Quoted prices available on last reporting rate which is a Level 1 input.

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### Note No. 39 - First Time Adoption

The Stand Alone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended, read with relevant rules issued thereunder in terms of the SEBI LODR, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). The adoption of Ind AS was carried out in accordance with Ind AS 101, considering April 1, 2015 as the transition date. Pursuant to adoption of Ind AS, the differences in the carrying amounts of assets and liabilities on the transition date under the previous GAAP and the balances on adoption of Ind AS have been recognised directly in equity. The financial statements for the year ended March 31, 2016 and the Balance Sheet as at the transition date and as at March 31, 2016 have been presented under Ind AS for comparative purposes. Accounting policies have been applied consistently to all periods presented in these Stand alone Financial Results.

#### Exemptions and exceptions availed

##### (I) Optional Exemptions

Ind AS 101 – First-time adoption of Ind AS permits certain optional exemptions from full retrospective application of Ind AS accounting policies and the following options have been adopted as at the date of transition:

- (a) The Company has elected to measure all of its Property, Plant and Equipment, Investment Property and Intangible Assets at their previous GAAP carrying value as at the transition date of April 1, 2015 in terms of Para D7AA of Ind AS-101 and considered the same to be deemed cost.
- (b) The Company has designated equity investments in its subsidiary Consolidated Coffee Inc. to be held at cost, being the previous GAAP carrying value as at the transition date.
- (c) The Company has designated long term equity instruments held at 1 April 2015 as fair value through Other Comprehensive Income in terms of Para D19B of Ind AS-101.
- (d) The Company has elected to apply the exemption provided by Para D13AA of Ind AS-101 to its External Commercial Borrowings as at the transition date and any exchange differences arising from translation of External Commercial Borrowings will continue to be capitalised in terms of Para 13AA of Ind AS-101.
- (e) Business combinations prior to the date of transition have not been restated based on Ind AS principles.

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## Note No. 40 - First Time Adoption-Reconciliation of Equity as previously reported under Previous GAAP to Ind AS

The following reconciliations provides the effect of transition to Ind AS from Previous GAAP in accordance with Ind AS-101.

### Balance Sheet

₹ in Lakhs

Particulars	Previous GAAP 2016	Ind AS Adjustments 2016	Ind AS 2016	Previous GAAP 2015	Ind AS Adjustments 2015	Ind AS 2015
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, Plant and Equipment	33837.38	(1542.09)	32295.29	31675.22	-	31675.22
Capital work-in-progress	81.32	552.77	634.09	105.13	-	105.13
Investment Property	7080.30	(141.60)	6938.70	7044.91	-	7044.91
Other Intangible assets	383.34	(4.89)	378.45	485.62	-	485.62
Financial Assets						
Investments	14518.77	182.21	14700.98	14517.93	296.50	14814.43
Loans	2027.64	(2017.13)	10.51	1590.82	(1499.42)	91.40
Other Financial Assets	-	1919.09	1919.09	-	1475.45	1475.45
Other non-current assets	7.82	98.03	105.85	15.01	23.31	38.32
	<b>57936.57</b>	<b>(953.61)</b>	<b>56982.96</b>	<b>55434.64</b>	<b>295.84</b>	<b>55730.48</b>
<b>Current assets</b>						
Inventories	22159.35	66.27	22225.62	20233.98	3307.84	23541.82
Financial Assets						
Investments	-	-	-	88.93	-	88.93
Trade receivables	9533.49	-	9533.49	9203.31	-	9203.31
Cash and Cash Equivalents/Bank Balances	2782.71	-	2782.71	844.15	-	844.15
Loans	11057.57	(2664.84)	8392.73	7092.61	(2160.05)	4932.56
Other Financial Assets	-	3106.78	3106.78	-	2896.66	2896.66
Other current assets	1945.89	(517.65)	1428.24	1802.88	(785.79)	1017.09
	<b>47479.01</b>	<b>(9.44)</b>	<b>47469.57</b>	<b>39265.86</b>	<b>3258.66</b>	<b>42524.52</b>
Non-Current Assets held for sale	-	75.36	75.36	-	49.51	49.51
<b>TOTAL ASSETS</b>	<b>105415.58</b>	<b>(887.69)</b>	<b>104527.89</b>	<b>94700.50</b>	<b>3604.01</b>	<b>98304.51</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Equity Share capital	1867.70	-	1867.70	1867.70	-	1867.70
Other Equity	73911.25	2139.93	76051.18	65971.53	6368.64	72340.17
<b>Total Equity</b>	<b>75778.95</b>	<b>2139.93</b>	<b>77918.88</b>	<b>67839.23</b>	<b>6368.64</b>	<b>74207.87</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Financial Liabilities						
Borrowings	414.13	-	414.13	1953.28	-	1953.28
Other Financial Liabilities	288.97	-	288.97	301.64	-	301.64
Provisions	2924.03	-	2924.03	2735.54	-	2735.54
Deferred tax liabilities (Net)	2814.28	(104.99)	2709.29	2376.04	158.01	2534.05
	<b>6441.41</b>	<b>(104.99)</b>	<b>6336.42</b>	<b>7366.50</b>	<b>158.01</b>	<b>7524.51</b>
<b>Current liabilities</b>						
Financial Liabilities						
Borrowings	8960.61	-	8960.61	7731.44	-	7731.44
Trade payables	3569.90	-	3569.90	2217.54	-	2217.54
Other financial liabilities	-	6076.04	6076.04	-	5365.11	5365.11
Provisions	3780.27	(2922.30)	857.97	3204.51	(2922.30)	282.21
Current Tax Liabilities (Net)	502.30	-	502.30	758.00	-	758.00
Other current liabilities	6382.14	(6076.37)	305.77	5583.28	(5365.45)	217.83
	<b>23195.22</b>	<b>(2922.63)</b>	<b>20272.59</b>	<b>19494.77</b>	<b>(2922.64)</b>	<b>16572.13</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>105415.58</b>	<b>(887.69)</b>	<b>104527.89</b>	<b>94700.50</b>	<b>3604.01</b>	<b>98304.51</b>

## Notes on Accounts

1. **Property, Plant and Equipment:-** During the financial year 2015-16, the Company had aligned its policy of providing depreciation on fixed assets with effect from April 1, 2015. by providing on a straight line basis for all assets as against the policy of providing on written down value basis for certain assets and straight line basis for others. As prescribed by Para 21 of erstwhile Accounting Standard 6-'Depreciation Accounting', depreciation had been recomputed from the date of the asset coming into use. The adoption of new policy resulted in write back of depreciation, relating to periods prior to March 31, 2015. The retrospective recomputation of Depreciation is not permitted under Ind AS-16, 'Property, Plant and Equipment' and the Exceptional item, pertaining to the period prior to financial Year 2015-16, has therefore been reversed in the Ind AS Balance Sheet.
2. **Capital Work in Progress:-** Ind AS Adjustments represents Bearer Plants in Progress, which is eligible for capitalisation under the provisions of Ind AS-16.
3. **Investment Property:-** Ind AS Adjustments represents depreciation on investment property under Straight Line Method over the residual estimated useful life of Investment Property of 50 years.
4. **Investment :-** Ind AS Adjustments represents fair value movement for Equity Investments designated as Fair Valued through Other Comprehensive Income.
5. **Inventories :-** Ind AS Adjustments represents fair valuation of Agricultural Produce.
6. **Deferred Tax Liabilities :-** Ind AS Adjustments represents deferred Tax impact of Ind AS Adjustments during the year.
7. **Provisions :-** Ind AS Adjustment represents Dividend and Dividend Tax payable which cannot be provided before being approved by the General Body Meeting and hence Previous GAAP provision is being reversed.
8. As required by Ind AS-109, the Loans and Advances and Other Liabilities has been grouped under Financial Assets/Financial Liabilities.

# Notes

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## Note No. 41- First Time Adoption Reconciliation of Profit and Loss as previously reported under Previous GAAP to Ind AS Statement of Profit and Loss

₹ in Lakhs

	Previous GAAP 2016	Ind AS Adjustments 2016	Ind AS 2016
<b>INCOME</b>			
Revenue from operations	71817.62	(1006.13)	70811.49
Other Income	3592.77	873.76	4466.53
<b>Total Income</b>	<b>75410.39</b>	<b>(132.37)</b>	<b>75278.02</b>
<b>EXPENSES</b>			
Cost of materials consumed	23698.09	-	23698.09
Purchases of Stock-in-trade	3831.89	-	3831.89
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2407.88)	3241.55	833.67
Employee benefit expense	17525.70	(1167.35)	16358.35
Finance costs	599.53	203.10	802.63
Depreciation and amortisation expense	2171.85	(8.59)	2163.26
Other expenses	16834.56	(132.67)	16701.89
<b>Total Expenses</b>	<b>62253.74</b>	<b>2136.04</b>	<b>64389.78</b>
<b>Profit before exceptional items and tax</b>	<b>13156.65</b>	<b>(2268.41)</b>	<b>10888.24</b>
<b>Exceptional Items</b>	1040.40	(1697.15)	(656.75)
<b>Profit before tax</b>	<b>14197.05</b>	<b>(3965.56)</b>	<b>10231.49</b>
<b>Tax Expense</b>			
Current tax	3509.22	-	3509.22
Deferred tax	437.85	(189.03)	248.82
<b>Total tax expense</b>	<b>3947.07</b>	<b>(189.03)</b>	<b>3758.04</b>
<b>Profit for the period</b>	<b>10249.98</b>	<b>(3776.53)</b>	<b>6473.45</b>
<b>Other comprehensive income</b>		<b>(253.31)</b>	<b>(253.31)</b>
<b>Items that will not be reclassified to profit or loss</b>		<b>(383.36)</b>	<b>(383.36)</b>
Remeasurements of the defined benefit plans	-	(411.47)	(411.47)
Equity instruments through other comprehensive income	-	(114.29)	(114.29)
Income tax relating to items that will not be reclassified to profit or loss	-	142.40	142.40
<b>Items that will be reclassified to profit or loss</b>		<b>130.05</b>	<b>130.05</b>
Effective portion of Gains/(Loss) in cash flow hedges	-	198.87	198.87
Income tax on items that may be reclassified to profit or loss	-	(68.82)	(68.82)
<b>Total comprehensive income for the period</b>	<b>10249.98</b>	<b>(4029.84)</b>	<b>6220.14</b>
<b>Earnings per equity share</b>			
Basic & Diluted (₹)	<b>5.49</b>	<b>(2.02)</b>	<b>3.47</b>

- Revenue from Operations :-** Under Ind AS, Revenue from Operations is recognised on the basis of the net economic benefit flowing to the Company. Accordingly, Revenue from Operations is net off Stockist incentive. Excise Duty Component should be included in revenue and shown separately as an expense. The Profit on sale of Timber Biological Asset earlier recognised under Revenue from Operations has been presented under Other Income.
- Changes in inventories of finished goods, work-in-progress and stock-in-trade :-** Ind AS Adjustments represents fair value movement on account of fair valuation of agricultural produce.
- Employee benefit expense :-** Ind AS Adjustments represents expenses on account of replanting eligible for capitalisation under Ind AS-16 and remeasurement of the Defined Benefit Plans being designated at fair valued through Other Comprehensive Income.
- Depreciation and Amortisation expense :-** Ind AS Adjustments of represents depreciation of on Investment Property and write back of depreciation on account of change in method of providing depreciation from WDV to SLM.
- Exceptional Items:-** During the financial year 2015-16 , the Company had aligned its policy of providing depreciation on fixed assets with effect from April 1, 2015, by providing on a straight line basis for all assets as against the policy of providing on written down value basis for certain assets and straight line basis for others. As prescribed by Para 21 of erstwhile Accounting Standard 6- 'Depreciation Accounting', depreciation had been recomputed from the date of the asset coming into use. The adoption of new policy resulted in write back of depreciation relating to periods prior to 31st March, 2015. The retrospective recomputation of Depreciation is not permitted under Ind AS-16, 'Property, Plant and Equipment'.
- Deferred Tax:-** Ind AS Adjustments represents deferred Tax impact of Ind AS Adjustments during the year.

### Cash Flows:

There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS except an amount of ₹ 338.61 Lakhs which has been reclassified from Operating Activities to Investing Activities.

# Notes

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## Note No. 42 - First Time Adoption - Reconciliation of Equity and Total Comprehensive Income

Reconciliations between Previous GAAP and Ind AS

### (i) Equity Reconciliation

	As at March 31, 2016	As at April 1, 2015
<b>Equity under Previous GAAP</b>	75778.95	67839.23
<b>Ind AS Adjustments:</b>		
Change in Inventories - Fair Valuation of Agricultural Produce	(91.72)	3149.84
Replanting expenses capitalised as 'Bearer Plant in Progress'	552.77	
Remeasurements of the defined benefit plans	411.48	
Depreciation/Amortisation adjustments	8.59	
Exceptional Item - Prospective application of change in policy relating to depreciation	(1697.15)	
Tax expense - Deferred taxes on the above	189.03	-
Other Comprehensive Income (Net of tax)	(155.37)	296.50
Dividend (including Dividend Tax)	2922.30	2922.30
<b>Ind AS Adjustments</b>	<b>2139.93</b>	<b>6368.64</b>
<b>Equity under Ind AS</b>	<b>77918.88</b>	<b>74207.87</b>

	As at March 31, 2016
<b>(ii) Total Comprehensive Income Reconciliation</b>	
<b>Net Profit under Previous GAAP</b>	<b>10249.98</b>
<b>Ind AS Adjustments</b>	
Change in Inventories - Fair Valuation of Agricultural Produce	(3241.55)
Replanting expenses capitalised as 'Bearer Plant in Progress'	552.77
Remeasurements of the defined benefit plans	411.48
Depreciation/Amortisation adjustments	8.59
Exceptional Item - Prospective application of change in policy relating to depreciation	(1697.15)
Tax expense - Deferred Tax Impact on above/others	189.33
<b>Net Profit under Ind AS</b>	<b>6473.45</b>
<b>Other Comprehensive Income (Net of tax)</b>	
Equity instruments through Other Comprehensive Income	(114.29)
Effective portion of Cash Flow Hedges	130.05
Remeasurements of the defined benefit plans	(269.07)
<b>Other Comprehensive Income (Net of tax)</b>	<b>(253.31)</b>
<b>Total Comprehensive Income under Ind AS</b>	<b>6220.14</b>

## Note No. 43-Disclosure under Section 186 of the Companies Act, 2013

Particulars of Loans and Deposits as at the year end

₹ in Lakhs

Sl. No.	Name of the Entity	2017	2016	Nature of Loans/Deposits	Purpose for which Loan, Guarantee is proposed to be utilised by recipient
1	Tata Housing Development Corporation	5500.00	6500.00	Inter Corporate Loan	Short Term Working Capital
2	Nelco Limited	300.00	1500.00	Inter Corporate Loan	Short Term Working Capital
		<b>5800.00</b>	<b>8000.00</b>		

# Notes

## on Accounts

### Note No. 44 - Related Party Transactions

In accordance with Ind AS 24, the disclosures required are given below:

₹ in Lakhs

Sl. No.	Nature of transaction	Promoter		Parent Company		Subsidiaries		Key Management Personnel/ Independent Director		Fellow Subsidiaries/ JVs		Subsidiaries/JVs of Promoter		Post Employment Benefit Plans		Total	
		For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 31st March, 2017	For the year ended 31st March, 2016
1	Sale of Goods	-	2651.57	1578.10	-	-	-	-	-	4947.72	3393.25	0.59	-	-	-	7599.88	4971.35
2	Renting of Services	-	-	-	-	-	-	0.09	-	-	-	28.99	26.91	-	-	28.99	27.00
3	Purchase of Goods	-	66.02	147.80	-	-	-	-	-	-	-	-	-	-	-	66.02	147.80
4	Director Remuneration*	-	-	-	-	-	-	818.30	560.66	-	-	-	-	-	-	818.30	560.66
5	Receiving of Services	158.38	148.79	760.31	588.83	-	-	8.94	-	-	-	65.80	67.63	-	-	984.49	814.19
6	Reimbursement of expenses / (Income) - Net	-	(140.69)	(131.62)	-	-	-	-	-	11.01	6.86	-	-	-	-	(129.68)	(124.76)
7	Interest Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Dividend Paid	-	1395.62	1395.62	-	-	-	-	-	-	-	-	-	-	-	1395.62	1395.62
9	Dividend received (Inclusive of TDS)	-	-	-	4669.78	2496.22	-	-	-	-	-	-	-	-	-	4669.78	2496.22
10	Advances Paid	-	-	-	570.32	-	-	-	-	-	-	-	-	-	-	570.32	-
11	Contribution to Post Retirement Benefit Plans	-	-	-	-	-	-	-	-	-	-	-	-	1375.06	850.45	1375.06	850.45
12	Inter Corporate Loans/ Deposits	-	-	-	-	-	-	-	-	-	-	5932.46	6932.21	-	-	5932.46	6932.21
13	Interest Received/ Accrued on Inter Corporate Loans	-	-	-	-	-	-	-	-	-	-	668.28	627.42	-	-	668.28	627.42
14	Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Credit	158.38	148.79	482.86	-	-	-	-	-	11.01	6.86	3.71	11.53	-	-	173.10	650.04
	Debit	-	10.22	570.32	-	-	-	-	-	1455.15	1111.80	5559.92	6575.73	-	-	7595.61	7687.53

The above information is excluding taxes and duties except Outstanding Balances at the year end.

\* Includes contribution towards Provident Fund and Superannuation Fund.

In addition, there is a capital commitment for Equity Investment in Tata Coffee Vietnam Company Limited - refer Note No. 28.

# Notes

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## Names of related parties and description of relationship

1.	Promoter Company	Tata Sons Limited
2.	Parent Company	Tata Global Beverages Limited
3.	Subsidiaries	Consolidated Coffee Inc. Eight O'Clock Holdings Inc. Eight O'Clock Coffee Company Tata Coffee Vietnam Company Limited
4.	Key Management Personnel	Mr Sanjiv Sarin, Managing Director & CEO Mr Chacko Purackal Thomas, Executive Director and Deputy CEO Mr K Venkataramanan, Executive Director - Finance & CFO Mr T Radhakrishnan, Executive Director
5.	Fellow Subsidiaries/JVs	OOO Sunty LLC Tata Global Beverages GB Ltd. Tata Starbucks Private Limited Tata Global Beverages Australia Pty. Ltd. Earth Rules Pty. Ltd. Amalgamated Plantations Private Limited
6.	Subsidiaries/JVs of Promoter Company	Tata Consultancy Services Limited Tata Housing Development Corporation Tata Teleservices Limited Taj Air Limited Tata Housing Development Company Limited Tata Sia Airlines Limited
7.	Post Employment Benefit Plans	Tata Coffee Staff Provident Fund Trust Tata Coffee Superannuation Scheme Tata Coffee Employees Gratuity Fund

R. HARISH BHAT  
Chairman

K. VENKATARAMANAN  
Executive Director - Finance & CFO

SANJIV SARIN  
Managing Director & CEO

S. SANTHANAKRISHNAN  
Director

N. ANANTHA MURTHY  
Company Secretary

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

# Independent Auditors' Report To The Members of Tata Coffee Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Tata coffee Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Ind AS and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017 and their consolidated profits, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

## Other Matters

We did not audit the financial information of three subsidiaries included in the consolidated financial results whose financial information reflect total assets of ₹ 161168 lakhs as at March 31, 2017, total revenues of ₹ 82718 lakhs, total net profit after tax of ₹ 11702 lakhs and total comprehensive income of ₹ 10780 lakhs for the year ended on that date, as considered in the consolidated financial results. These financial information have been audited by other auditors whose report has been furnished to us and our opinion on the consolidated financial results, in so far as it relates to the amounts

and disclosures included in respect of these subsidiaries, is based solely on the report of other auditor.

Our opinion on the Statement is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the relevant rules issued there under.
- (e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent, none of the directors of the parent is disqualified as on March 31, 2017 from being

appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' report of the parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in Note no 29 and 30.
  - ii. The Group, has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay by the Company in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company to the extent legally allowed to be transferred; and
  - iv. The Parent has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the Management, we report that the disclosures are in accordance with the books of account maintained by the Parent.

### For **SNB Associates**

Chartered Accountants  
(Firm Registration No.:015682N)

**S. LAKSHMANAN**

Partner

Membership No 20045

Place: Bengaluru

Date: May 18, 2017

### For **Deloitte Haskins & Sells LLP**

Chartered Accountants  
(Firm Registration No.:117366W/W-100018)

**V. BALAJI**

Partner

Membership No 203685

Place: Bengaluru

Date: May 18, 2017

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph f under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Tata Coffee Limited (hereinafter referred to as “Parent”), which is incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Parent, which is incorporated in India, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the parent considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“the ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Parent’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of

internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Parent’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Parent, which is incorporated in India, has, in all material respects, an adequate internal financial controls

system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria

established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **SNB Associates**

Chartered Accountants

(Firm Registration No.:015682N)

**S. LAKSHMANAN**

Partner

Membership No 20045

Place: Bengaluru

Date: May 18, 2017

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm Registration No.:117366W/W-100018)

**V. BALAJI**

Partner

Membership No 203685

Place: Bengaluru

Date: May 18, 2017

# Consolidated Balance Sheet

as at March 31, 2017

₹ in Lakhs

	Note No.	2017	2016	As at April 1, 2015
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, Plant and Equipment	1	44468.55	44350.73	39593.22
Capital work-in-progress	1	3726.17	873.25	1924.99
Investment Property	2	6798.15	6938.70	7044.91
Goodwill	3	112273.09	114699.38	108198.00
Other Intangible assets	3	16351.45	18190.15	18626.62
<b>Financial Assets</b>				
Investments	4	1001.07	635.62	749.07
Loans	5	65.75	10.51	91.40
Other Financial Assets	6	1660.33	1919.61	1475.67
Other non-current assets	7	503.94	105.85	38.32
		186848.50	187723.80	177742.20
<b>Current Assets</b>				
Inventories	8	30852.62	28967.20	32641.10
<b>Financial Assets</b>				
Investments	4	9863.83	-	88.93
Trade receivables	9	15995.58	16641.51	14996.61
Cash and Cash Equivalents/Bank Balances	10	4424.89	5422.76	4248.25
Loans	5	6048.58	8392.73	4932.56
Other Financial Assets	6	6056.49	5990.64	6211.48
Current Tax Assets (Net)	16(b)	-	-	211.92
Other current assets	7	2926.97	1762.87	1253.95
		76168.96	67177.71	64584.80
Non-Current Assets held for sale	11	60.34	75.36	49.51
<b>TOTAL ASSETS</b>		263077.80	254976.87	242376.51
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	12	1867.70	1867.70	1867.70
Other Equity	13	103843.43	91271.67	83309.25
<b>Equity of Owners of the Holding Company</b>		105711.13	93139.37	85176.95
<b>Non-controlling interests</b>		29948.73	29188.74	24951.22
<b>Total Equity</b>		135659.86	122328.11	110128.17
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	14	63493.91	69233.10	72095.90
Other Financial Liabilities	15	671.60	585.01	693.01
Provisions	16 (a)	4249.70	2924.03	2735.54
Deferred tax Liabilities (Net)	17	19441.60	18077.65	14698.38
		87856.81	90819.79	90222.83
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	14	12975.43	15421.29	13201.01
Trade Payables	18	10399.22	9281.96	10733.74
Other Financial Liabilities	15	14822.58	15443.67	17590.72
Provisions	16 (a)	315.98	857.97	282.21
Current Tax Liabilities (Net)	16 (b)	422.42	516.87	-
Other current liabilities	19	625.50	307.21	217.83
		39561.13	41828.97	42025.51
<b>TOTAL EQUITY AND LIABILITIES</b>		263077.80	254976.87	242376.51

The accompanying significant accounting policies and notes form an integral part of the consolidated financial statements.

Per our Report of even date

For DELOITTE HASKINS & SELLS LLP  
Chartered AccountantsFor SNB ASSOCIATES  
Chartered AccountantsR. HARISH BHAT  
ChairmanSANJIV SARIN  
Managing Director & CEOV. BALAJI  
Partner  
Membership No. 203685S. LAKSHMANAN  
Partner  
Membership No. 20045K. VENKATARAMANAN  
Executive Director - Finance & CFOS. SANTHANAKRISHNAN  
DirectorPlace: Bengaluru  
Date: 18<sup>th</sup> May, 2017N. ANANTHA MURTHY  
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2017

₹ in Lakhs

	Note No.	2017	2016
<b>INCOME</b>			
Revenue from operations	20	160600.18	155105.81
Other Income	21	2278.71	1970.32
<b>Total Income</b>		<b>162878.89</b>	<b>157076.13</b>
<b>EXPENSES</b>			
Cost of materials consumed	22 (a)	57329.34	60467.76
Purchases of Stock-in-trade	22 (b)	4713.16	6445.34
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	22 (c)	(74.53)	3283.92
Employee benefit expense	23	30573.79	28899.45
Finance costs	24	3698.52	3734.44
Depreciation and amortisation expense		5653.50	5296.93
Other expenses	25	28964.15	27696.26
<b>Total Expenses</b>		<b>130857.93</b>	<b>135824.10</b>
<b>Profit before exceptional items and tax</b>		<b>32020.96</b>	<b>21252.03</b>
Exceptional Items	26	(231.23)	(656.75)
<b>Profit before tax</b>		<b>31789.73</b>	<b>20595.28</b>
<b>Tax Expense</b>			
Current tax		9223.00	6337.28
Deferred tax		1611.08	1747.58
<b>Total tax expense</b>		<b>10834.08</b>	<b>8084.86</b>
<b>Profit for the period</b>		<b>20955.65</b>	<b>12510.42</b>
<b>Attributable to:</b>			
<b>Owners of the Holding Company</b>		<b>15115.09</b>	8250.46
Non-controlling interest		5840.56	4259.96
<b>Net Profit for the period</b>		<b>20955.65</b>	12510.42
<b>Other Comprehensive Income</b>		<b>(859.85)</b>	<b>4610.76</b>
<b>Items that will not be reclassified to profit/loss</b>		<b>(230.69)</b>	<b>(383.36)</b>
Re-measurements of the defined benefit plans		(721.63)	(411.47)
Equity instruments through Other Comprehensive Income		365.86	(114.29)
Income tax relating to items that will not be reclassified to profit or loss		125.08	142.40
<b>Items that will be reclassified to profit/loss</b>		<b>(629.16)</b>	<b>4994.12</b>
Exchange differences in translating the financial statements of foreign operations		(1309.54)	3165.65
Effective portion of Gains/(Loss) in cash flow hedges		763.00	1897.29
Income tax on items that will be reclassified to profit or loss		(82.62)	(68.82)
<b>Total Comprehensive Income</b>		<b>20095.80</b>	<b>17121.18</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Holding Company		14670.28	10433.71
Non-controlling interest		5425.52	6687.47
<b>Earnings per equity share</b>			
Basic & Diluted (₹)	34	8.09	4.42

The accompanying significant accounting policies and notes form an integral part of the consolidated financial statements.

Per our Report of even date

For DELOITTE HASKINS & SELLS LLP For SNB ASSOCIATES  
Chartered Accountants Chartered Accountants

V. BALAJI  
Partner  
Membership No. 203685

S. LAKSHMANAN  
Partner  
Membership No. 20045

R. HARISH BHAT  
Chairman  
K. VENKATARAMANAN  
Executive Director - Finance & CFO

SANJIV SARIN  
Managing Director & CEO  
S. SANTHANAKRISHNAN  
Director

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

N. ANANTHA MURTHY  
Company Secretary

# Consolidated Cash Flow Statement

for the year ended March 31, 2017

₹ in Lakhs

	2017	2016
<b>Cash flows from operating activities</b>		
<b>Profit Before Tax for the year</b>	<b>31789.73</b>	20595.28
Adjustments for:		
Depreciation and amortisation of non-current assets	5653.50	5296.93
Provision for doubtful debts/advances/ impairment	60.75	12.26
Interest Income	(834.93)	(860.49)
Dividend income from Other Non Current Investments carried at Fair Value through Other Comprehensive Income	(16.11)	(22.60)
Net gain on Sale of Non-Current Investments	(1.85)	-
Net gain on Sale of Current Investments	(221.72)	-
Gain on investments carried at fair value through profit or loss	(242.12)	-
Rental Income from Investment Property	(102.47)	(12.78)
Finance Costs	3698.52	3734.44
Unrealised foreign exchange loss	109.27	127.72
(Profit)/loss on sale of Property, Plant and Equipment	24.61	(157.33)
Profit on Sale of Biological Assets - Timber (Net)	(806.35)	(873.41)
Excess provision written back	(137.22)	(125.75)
<b>Sub-Total</b>	<b>7183.88</b>	<b>7118.99</b>
<b>Operating Profit Before Working Capital Changes:</b>	<b>38973.61</b>	<b>27714.27</b>
<b>Movements in working capital:</b>		
(Increase)/Decrease in Trade Receivables	417.48	(1370.68)
(Increase)/Decrease in Other Financial Assets	(1027.06)	103.77
(Increase)/Decrease in Loans	88.91	120.72
(Increase)/Decrease in Other Current and Non-Current Assets	(1328.56)	(588.53)
(Increase)/Decrease in Inventories	(2050.99)	4221.25
Increase/(Decrease) in Trade Payables	1316.21	(1803.79)
Increase/(Decrease) in Other Financial Liabilities	5122.91	(33.91)
Increase/(Decrease) in Other Current Liabilities	318.98	87.94
Increase/(Decrease) in Provisions	62.06	764.24
<b>Changes in Working Capital</b>	<b>2919.94</b>	<b>1501.01</b>
<b>Cash Generated from Operations</b>	<b>41893.55</b>	<b>29215.28</b>
Income taxes paid	(9167.74)	(5644.63)
<b>Net Cash Flows from/ (used in) Operating Activities (A)</b>	<b>32725.81</b>	<b>23570.65</b>

₹ in Lakhs

	2017	2016
<b>Cash flows from investing activities</b>		
Interest received	867.20	761.05
Other dividends received	16.11	22.60
Payments for property, plant and equipment and Intangibles	(7342.43)	(6860.21)
Rental Income from Investment Property	98.48	9.82
Proceeds from Sale of property, plant and equipment	86.63	399.46
Profit on Sale of Biological Assets - Timber (Net)	806.35	873.41
Inter Corporate Deposits Placed (Net)	2200.00	(3500.00)
Net cash (outflow)/inflow on Purchase/Sale of Mutual Funds	(9399.99)	88.93
Sale of Non-Current Investments	2.26	-
<b>Net Cash Flows from/ (used in) Investing Activities (B)</b>	<b>(12665.39)</b>	<b>(8204.94)</b>
<b>Cash flows from financing activities</b>		
Proceeds from / (repayment of) Current Borrowings (Net)	(2323.23)	1905.38
Proceeds from / (repayment of) Non-Current Borrowings (Net)	(7877.38)	(7227.92)
Dividend/Dividend Tax	(7348.60)	(5557.96)
Finance Cost paid	(3464.56)	(3554.41)
<b>Net Cash used in Financing Activities (C)</b>	<b>(21013.77)</b>	<b>(14434.91)</b>
<b>Net Increase /( Decrease) In Cash and Cash Equivalents (A+B+C)</b>	<b>(953.35)</b>	<b>930.80</b>
Cash and cash equivalents at the beginning of the year	5236.62	4082.68
Exchange difference on translation of foreign currency cash and cash equivalents	(66.48)	223.14
<b>Cash and cash equivalents at the end of the year</b>	<b>4216.79</b>	<b>5236.62</b>

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on 'Cash Flow Statements (Ind AS-7)':

The accompanying significant accounting policies and notes form an integral part of the consolidated financial statements.

Per our Report of even date  
 For DELOITTE HASKINS & SELLS LLP For SNB ASSOCIATES  
 Chartered Accountants Chartered Accountants

V. BALAJI  
 Partner  
 Membership No. 203685

S. LAKSHMANAN  
 Partner  
 Membership No. 20045

R. HARISH BHAT  
 Chairman  
 K. VENKATARAMANAN  
 Executive Director - Finance & CFO

SANJIV SARIN  
 Managing Director & CEO  
 S. SANTHANAKRISHNAN  
 Director

Place: Bengaluru  
 Date: 18<sup>th</sup> May, 2017

N. ANANTHA MURTHY  
 Company Secretary

# Consolidated Statement of Changes in Equity as at March 31, 2017

## Equity Share Capital

₹ in Lakhs

	For the year ended March 31, 2017		
	As at 1st April, 2016	Changes in Equity Share Capital during the year	As at March 31, 2017
Equity Share Capital	1867.70		1867.70
	For the year ended March 31, 2016		
	As at April 1, 2015	Changes in Equity Share Capital during the year	As at March 31, 2016
Equity Share Capital	1867.70		1867.70

# Consolidated Statement of Changes in Equity

as at March 31, 2017 (contd.)

Other Equity

₹ in Lakhs

	Reserves and Surplus				Items of Other Comprehensive Income							TOTAL
	Capital Redemption Reserve	Securities Premium Reserve	Foreign Currency Monetary Translation Difference Account	General Reserves I	General Reserves II	Amalgamation Reserves	Retained Earnings**	Equity Instruments through Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	Actual Gain/ (Loss)	
Balance as at April 1, 2015 *	10.41	14424.27	(0.53)	21327.79	8051.29	832.53	39225.84	296.50	(858.85)	-	-	83309.25
Profit for the year	-	-	-	-	-	-	8250.46	-	-	-	-	8250.46
Other Comprehensive Income for the year, net of Income Tax	-	-	-	-	-	-	-	(114.29)	980.62	1623.83	(269.07)	2221.09
Total Comprehensive Income for the year	-	-	-	-	-	-	8250.46	(114.29)	980.62	1623.83	(269.07)	10471.55
Dividends/Tax on Dividend	-	-	-	-	-	-	(2922.30)	-	-	-	-	(2922.30)
Reversal of Dividend Distribution Tax	-	-	-	-	-	-	412.64	-	-	-	-	412.64
Transfer to Retained Earnings	-	-	-	1100.00	810.00	-	(1910.00)	-	-	-	-	-
Utilisation of Foreign Currency Monetary Item Translation Difference Account	-	-	0.53	-	-	-	-	-	-	-	-	0.53
Balance as at March 31, 2016	10.41	14424.27	-	22427.79	8861.29	832.53	43056.64	182.21	121.77	1623.83	(269.07)	91271.67
Profit for the year	-	-	-	-	-	-	15115.09	-	-	-	-	15115.09
Other Comprehensive Income for the year, net of Income Tax	-	-	-	-	-	-	-	365.86	442.33	(667.94)	(596.55)	(456.30)
Total Comprehensive Income for the year	-	-	-	-	-	-	15115.09	365.86	442.33	(667.94)	(596.55)	14658.79
Dividends/Tax on Dividend	-	-	-	-	-	-	(2922.30)	-	-	-	-	(2922.30)
Reversal of Dividend Distribution Tax	-	-	-	-	-	-	835.27	-	-	-	-	835.27
Transfer to Retained Earnings	-	-	-	1400.00	810.00	-	(2210.00)	-	-	-	-	-
Balance as at March 31, 2017	10.41	14424.27	-	23827.79	9671.29	832.53	53874.70	548.07	564.10	955.89	(865.62)	103843.43

\*Refer Note No. 43- First Time Adoption Reconciliation of Equity and Total Comprehensive Income.

\*\* Retained Earnings includes revaluation surplus in Overseas Subsidiary of ₹ 293.81 Lakhs.

## Nature and purpose of Reserves

### Capital Redemption Reserve

Capital Redemption Reserve has been created in compliance with erstwhile Companies Act, 1956.

### Securities Premium Reserve

Securities Premium Reserve relates to securities premium over face value for Equity Shares issued in FY 2006-07.

### General Reserves II

Capital profits on sale value of own timber are transferred to General Reserve II through the Retained Earnings.

### Amalgamation Reserves

Amalgamation Reserves pertains to the scheme of amalgamation of the Company with erstwhile Asian Coffee Limited, Coffee Lands Limited and SIFCO Limited. The above statement of changes in equity should be read in conjunction with the accompanying notes.

Per our Report of even date  
For DELOITTE HASKINS & SELLS LLP For SNB ASSOCIATES  
Chartered Accountants

V. BALAJI  
Partner  
Membership No. 203685  
Membership No. 20045

R. HARISH BHAT  
Chairman

K. VENKATARAMANAN  
Executive Director - Finance & CFO

SANJIV SARIN  
Managing Director & CEO

S. SANTHANAKRISHNAN  
Director

N. ANANTHA MURTHY  
Company Secretary

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

# Consolidated Notes on Accounts

## A. General Information

Tata Coffee Limited ("the Holding Company") and its subsidiaries (together "the Group") are engaged in the production, trading and distribution of Coffee, Tea and Allied products. The Group has business operations mainly in India, USA and CIS countries, Europe and Africa.

The Holding Company is a public limited company incorporated and domiciled in India and has its registered office at Pollibetta, Kodagu, Karnataka, India. The Holding Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

## B. Basis of preparation and presentation of financial statements

### (i) Accounting convention

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods upto and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with the accounting standards notified

under the Section 133 of the Companies Act, 2013, read together with Companies (Accounts) Rules, 2014 (Indian GAAP).

These are the Group's first annual financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Group has adopted all applicable standards and the adoption was carried out in accordance with Ind AS 101 – 'First Time Adoption of Indian Accounting Standards'. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Group are provided in Note numbers 40-43 First Time Adoption.

All amounts included in the financial statements are reported in Indian Rupees Lakhs and have been rounded off to nearest decimal of ₹ Lakhs.

### (ii) Basis of measurement

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realisation/settlement within twelve months period from the balance sheet date.

## Subsidiaries included in Consolidation

Name of the Enterprise	Country of Incorporation	Nature of Business	Shareholding/Controlling interest
Consolidated Coffee Inc.	USA	Investment	50.08%
Eight O'Clock Holding Inc	USA	Investment	-
Eight O'Clock Coffee Company	USA	Roasted Coffee Beans and R&G Powder	-
Tata Coffee Vietnam Company Limited	Vietnam	Instant Coffee	100%

## C. Key accounting judgement, estimates and assumptions

The preparation of the financial statements required the management to exercise judgment and to make estimates and assumptions. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affect only that period, or in the period of the revision and future periods if the revision affects both current and future period.

# Consolidated Notes on Accounts

The areas involving critical estimates or judgements are:

## i. Depreciation and amortisation

Depreciation and amortisation is based on management estimates of the future useful lives of certain class of Property, Plant and Equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

## ii. Employee Benefits

The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

## iii. Provision and contingencies

Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the Balance Sheet date.

## iv. Fair valuation

Fair value is the market based measurement of observable market transaction or available market information. Fair valuation of Agricultural produce are based on the market rates published by the industrial body for various grades, from which the fair value of the agricultural produce are derived.

## v. Goodwill and Intangibles

The Group records all intangible assets acquired as part of a business combination at fair value. Goodwill is assigned an infinite useful life whilst intangible assets are assigned an infinite or finite useful life. Goodwill and intangible assets that are assigned to infinite useful lives are subjected to annual tests of impairment.

## D. Scope of consolidation

The consolidated financial statements have been prepared on the following basis:

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to,

or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Fully consolidated means recognition of all assets and liabilities and items in the income statement in full. Thereafter the portion of net profit and equity is allocated between the owners of the Holding Company and non-controlling interest.

Changes in ownership that do not result in a change of control are accounted for as equity transactions and therefore do not have any impact on goodwill. The difference between consideration and the non-controlling share of net assets acquired is recognised within equity.

The financial statements of group companies are consolidated on line by line basis and Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated if there is a profit on ultimate sale of goods. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

## E. Functional and presentation currency

The functional currency of the Holding Company is the Indian Rupee (₹) and its subsidiaries are in US Dollar.

## F. Foreign currency transaction

Foreign currency transactions are translated at the exchange rate that approximates the prevalent exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are translated at the year-end rate. Any resultant exchange differences are taken to the Statement of Profit and Loss, except

- when deferred, in Other Comprehensive Income as qualifying cash flow hedges; and
- exchange difference arising from translation of external commercial borrowing is capitalized in terms of para D13AA of Ind AS 101.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

## Group entities

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy)

# Consolidated Notes

on Accounts

that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each Statement of Profit and Loss are translated at monthly exchange rates and
- all resulting exchange differences are recognized in Foreign Currency Translation Reserve

On disposal of a foreign operation, the associated exchange differences are reclassified to the Statement of Profit and Loss, as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in Other Comprehensive Income.

## G. Significant Accounting Policies:

### (a) Property, Plant and Equipment

#### Transition to Ind AS:

The Group has elected to continue with the net carrying value of all its Property, Plant and Equipment recognized as of April 1, 2015 (transition date) as per the previous GAAP and use that net carrying value as its deemed cost.

#### Subsequent to transition:

- i) Recognition and measurement: Property, Plant and Equipment including Bearer biological assets are carried at cost of acquisition less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure related to an item of fixed asset are added to its book value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the Statement of Profit and Loss during the financial year in which they are incurred.
- ii) Depreciation: Land is not depreciated. Depreciation of other items of Property, Plant and Equipment are provided on a straight line basis over the estimated

useful life of the asset or as prescribed in Schedule II to the Companies Act, 2013 or based on technical evaluation of the asset. Estimated useful life of items of Property, Plant and Equipment are as follows:

Type of Asset	Estimated Useful Life
Leasehold Land	Perpetual Lease
Buildings including Water supply System	28-58 Years
Roads/Carpeted/Non-Carpeted	10 Years
Irrigation Systems	10-20 Years
Electrical Installations-	20
Plant & Machinery-Continuous Process	18
Other Plant & Machinery	20
Furniture & Fittings	15
Computers	6
Motor Vehicles	10
Office Equipments	5

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Group assesses at each balance sheet date, whether there is objective evidence that an asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount and are recognised within operating profit in the Income statement.

### (b) Biological Assets

#### Transition to Ind AS:

Under the previous GAAP, biological assets were not separately recognised. Accordingly, on the transition date, the Group as considered Nil value as the deemed cost for biological assets.

#### Subsequent to transition:

Biological assets are classified as Bearer biological assets and Consumable biological assets. Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Bearer Biological Assets which are held to bear agricultural produce are classified as Bearer plants.

# Consolidated Notes on Accounts

Tea bushes, Coffee bushes, Pepper vines, Cardamom tiller and Shade trees are recognised as Bearer biological assets. These are classified as mature Bearer Plants and Immature Bearer Plants. Mature Bearer Plants are those that have attained harvestable stage. Cost incurred for new plantations and immature areas are capitalised. Cost includes cost of land preparation, new planting and maintenance till maturity. The cost of areas coming into bearing is transferred to mature plantations and depreciated over their estimated useful lives.

Bearer plants relating to Coffee and Tea bushes, Pepper vines and minor produces attain a harvestable stage in about 3-5 years.

Bearer biological assets are carried at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure on bearer assets are added to its book value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Mature bearer plants are depreciated over their estimated useful life. Immature bearer plants are tested for impairment / obsolescence. The estimated useful life of mature bearer plants are as follows:

Type of Bearer Biological Assets	Estimated Useful Life
Arabica Coffee Plants	30 Years
Robusta Coffee Plants	58 Years
Tea Bushes	58 Years
Pepper Vines & Cardamom Tillers	35 Years
Silver oak and Shade Management Trees	35 Years

## (c) Investment Property

For Transition to Ind AS, the Group has elected to continue with the carrying value of its investment property recognised as of April 1, 2015 (transition date) as per the previous GAAP and use that carrying value at its deemed cost.

Property that is held for long-term rental yields or for capital appreciation or both, and that is not used in the production of goods and services or for the administrative purposes is classified as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated

depreciation and accumulated impairment loss, if any. Investment property held as Building is depreciated using the straight line method over the estimated useful life. The Holding Company's Investment Property has a useful life of 50 years.

## (d) Intangible Assets

### (i) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of consideration over the identifiable net asset acquired. Fair value of consideration represents the aggregate of the consideration transferred, a reliable estimate of contingent consideration payable, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree on the acquisition date. Net assets acquired represents the fair value of the identifiable assets acquired and liability assumed.

Goodwill is not amortised but is tested for impairment. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the Cash Generating Unit containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Goodwill is subsequently measured at cost less amounts provided for impairment.

### (ii) Brands and Trademarks

Brands / trademarks acquired as part of a business combination is recognised outside goodwill, at deemed cost on transition date.

Amortisation is charged on a straight-line basis over a period of 20-35 years. The carrying values of brands/trademarks are reviewed annually or more frequently for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

### (iii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software development costs recognised as assets

# Consolidated Notes

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are amortised over their estimated useful life of 5 years.

## (e) Non-current assets held for sale

Non-current assets held for sale are presented separately in the balance sheet when the following criteria are met:

- the Group is committed to selling the asset;
- the assets are available for sale immediately;
- an active plan of sale has commenced; and
- sale is expected to be completed within 12 months.

Assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Assets held for sale are no longer amortised or depreciated.

## (f) Financial Instruments

### Financial assets

The Group classifies its financial assets in the following categories:

- i) **Financial assets at amortised cost**- Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value which usually represents cost plus transaction costs and subsequently carried at amortised cost using the effective interest method, less any impairment loss if any.

Financial assets at amortised cost are represented by trade receivables, security and other deposits, cash and cash equivalent, employee and other advances.

- ii) **Equity investments** - Investment in subsidiaries are stated at cost. All other equity investments are measured at fair value, except for certain unquoted equity investments which are carried at cost where the fair value of these investments cannot be reliably measured.

- iii) **Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)** - For investments which are not held for trading purposes and where the Group has exercised the option to classify the investment as at FVTOCI, all fair value changes on the investment are recognised in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

- iv) **Financial assets at Fair Value through Profit and loss (FVTPL)** - Financial assets other than the equity investments and investment classified as FVTOCI are measured at FVTPL. These include surplus funds invested in mutual funds etc.

- v) **Impairment of financial assets** - The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the balance sheet date, the carrying value approximates fair value due to short maturity.

#### Derivative financial instruments and hedging activities

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

# Consolidated Notes on Accounts

The group enters into derivative contracts to hedge the risks associated with currency, and commodity fluctuations relating to firm commitments and highly probable transactions. The group also enters into Interest rate swap to manage exposures to changes in interest rates. The Group does not use derivative instruments for speculative purposes.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion of changes in the fair value of the derivative is recognised in the Statement of Profit and Loss.

Amounts accumulated in equity are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss.

Movements on the hedging reserve are accounted in other comprehensive income and shown within the statement of changes in equity. The full fair value of a hedging derivative is classified as a current/ non-current, asset or liability based on the remaining maturity of the hedged item.

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in statement of changes in equity is recognised in the Statement of Profit and Loss.

## Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability

simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## Fair value measurement

The Group classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

- i) The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.
- ii) The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.
- iii) The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Group carries such instruments at cost less impairment, if applicable.

## (g) Inventories

Produce growing on Bearer plant is Biological asset and are fair valued based on the biological transformation, except where on initial recognition quoted market prices are not available and alternate fair value measures are clearly unreliable in which case biological asset is measured at cost less any accumulated depreciation and impairment loss.

Tea, Coffee, Pepper and minor crops are designated as agricultural produce as per Ind AS 41 and are measured at their fair value less cost to sell as at each reporting date. Any changes in fair value are recognised in the Statement of Profit and Loss in the year in which they arise. The fair valuation so arrived at becomes the cost of Inventory

# Consolidated Notes on Accounts

under Ind AS-2.

Inventories are valued at cost or net realizable value whichever is lower, cost being determined on weighted average method. Raw Materials and Stores are valued at weighted average cost.

## (h) Employee Benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution plans.

Contribution to defined contribution schemes like Provident Fund (PF) and Superannuation Schemes are accounted for on accrual basis by the Group. With regard to PF contribution made by the Holding Company to a Self-Administered Trust, Company is liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contribution and shortfall, if any, as an expense in the year incurred.

Post retirement defined benefits including gratuity, pension and medical benefits (for qualifying executives/ whole time directors) as provided by the Group are determined through independent actuarial valuation, using projected unit credit method, at year end and charge recognised in the Statement of Profit and Loss. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. Such accumulated re-measurement balances are never reclassified into the Statement of Profit and Loss subsequently.

Other employee benefits are accounted for on accrual basis. Liabilities for compensated absences are determined based on independent actuarial valuation at year end and charge is recognised in the Statement of Profit and Loss. Short-Term Employee Benefits are recognised on an undiscounted basis whereas Long-Term Employee Benefits are recognised on a discounted basis.

Net Interest on defined benefit obligations are accounted as Finance cost.

## (i) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of

economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## (j) Income Tax

### i) Current Income Tax:

Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with local laws of various jurisdiction where the Group operates.

### ii) Deferred Tax:

Deferred tax is provided using the balance sheet approach on differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The tax rates and tax laws used to compute the tax are those that are enacted or substantively enacted at the reporting date.

Current and Deferred Tax are recognised in the Statement of Profit and Loss except to items recognised directly in Other Comprehensive income or equity in which case the deferred tax is recognised in Other Comprehensive Income and equity respectively.

# Consolidated Notes on Accounts

## (k) Leases

### As a lessee

Lease of assets, where the Group, as a lessee, has substantially assumed all the risks and rewards of ownership are classified as finance leases. Assets acquired on finance lease are capitalised and depreciated as per Group's policy on Property, Plant and Equipment. Finance lease are measured at the lease's inception at the lower of fair value of the leased property and the present value of the minimum lease payments. The corresponding lease rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### As a lessor

Lease income from operating leases where the Group is a lessor is recognised as income in the Statement of profit or loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

## (l) Cash flow Statement:

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Group are segregated.

## (m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts inclusive of excise duty receivable for goods supplied, stated net

of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

### Sale of goods and services

Sales are recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer as per terms of contract. Income and fees from services are accounted as per terms of relevant contractual agreements /arrangements.

### Interest income

Interest income is recognised on accrual basis as per the terms of relevant contracts or by using the effective interest method, where applicable.

### Dividend and investment income

Dividend income is recognised when the right to receive payment is established. Incomes from investments are accounted on an accrual basis.

## (n) Government Grant

Government grants including any non-monetary grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants are recognised in the Statement of profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, are recognised as expenses.

Government grants related to assets are presented at fair value by setting up the grant as a deferred income.

## (o) Borrowing Costs

Borrowing costs consist of interest, ancillary and other costs that the Group incurs in connection with the borrowing of funds and interest relating to other financial liabilities.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

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The costs incurred for obtaining financing are deferred and amortized to interest expense using the effective interest method over the life of the related financing agreements.

### (p) Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

### (q) Earnings per share

The Group presents Basic and Diluted earnings per share data for its equity shares. Basic and Diluted earnings per share is calculated by dividing the profit or loss attributable to owners of the equity shares of the Holding Company by the weighted average number of equity shares outstanding during the year.

### (r) Segment Reporting

Operating results are regularly reviewed by the Group Chief Operating Decision Maker ('CODM') who makes decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

### (s) Contingent Liabilities

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

### (t) Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the

occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognise a contingent asset.

### (u) Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

### (v) Transition to Ind AS

The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended, read with relevant rules issued thereunder in terms of the SEBI LODR, as modified by Circular No CIR/CFD/FAC/62/2016 dated July 5, 2016.

For periods up to and including the year ended March 31, 2016, the Group prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). The adoption of Ind AS was carried out in accordance with Ind AS 101, considering April 01, 2015 as the transition date. Pursuant to adoption of Ind AS, the differences in the carrying amounts of assets and liabilities on the transition date under the previous GAAP and the balances on adoption of Ind AS have been recognised directly in equity. The financial statements for the year ended March 31, 2016 and the Balance Sheet as at the transition date and as at 31st March, 2016 have been presented under Ind AS for comparative purposes. Accounting policies have been applied consistently to all periods presented in these Consolidated Financial Results.

In preparing the opening Ind AS statement of financial position, adjustments are carried out to the amounts reported in financial statements prepared in accordance with the previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in Note Nos. 40-43.

# Consolidated Notes on Accounts

## Note No. 1- Property, Plant and Equipment

Cost or Deemed Cost	Freehold Land and Development	Leasehold Land	Buildings	Water and Sanitary Installations	Electrical Installations	Plant & Equipment	Furniture & Fixtures	Computers	Office Equipment	Motor Vehicles	Bearer Plants	Total Property, Plant and Equipment	Capital Work in Progress	Bearer Plants in Progress	Total Capital Work in Progress
Deemed Cost as at April 1, 2015	6945.30	829.99	7665.41	576.78	1153.56	20934.05	357.51	163.42	146.46	820.74	-	39593.22	1924.99	-	1924.99
Additions	15.00	-	775.90	141.88	151.03	6562.19	118.86	66.11	38.57	241.54	-	8111.08	-	553.00	553.00
Disposals	(52.48)	-	77.93	(0.96)	(9.77)	167.64	10.47	2.60	5.41	(81.78)	-	119.06	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(1604.74)	-	(1604.74)
Gross Carrying Value as at March 31, 2016	6907.82	829.99	8519.24	717.70	1294.82	27663.88	486.84	232.13	190.44	980.50	-	47823.36	320.25	553.00	873.25
Additions	-	-	839.00	228.01	133.25	2531.57	75.92	113.00	29.03	219.66	35.56	4205.00	1694.05	1194.43	2888.48
Disposals	(1.05)	-	(86.00)	(0.94)	(22.65)	(1108.82)	(31.00)	(27.00)	(13.00)	(170.54)	-	(1461.00)	-	(35.56)	(35.56)
Gross Carrying Value as at March 31, 2017	6906.77	829.99	9272.24	944.77	1405.42	29086.63	531.76	318.13	206.47	1029.62	35.56	50567.36	2014.30	1711.87	3726.17
Accumulated Depreciation	Freehold Land and Development	Leasehold Land	Buildings	Water and Sanitary Installations	Electrical Installations	Plant & Equipment	Furniture & Fixtures	Computers	Office Equipment	Motor Vehicles	Bearer Plants	Total Property, Plant and Equipment	Capital Work in Progress	Bearer Plants in Progress	Total Capital Work in Progress
Accumulated Depreciation as at April 1, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation expenses	-	-	607.19	27.10	78.28	2470.08	86.63	55.16	36.02	112.17	-	3472.63	-	-	-
Accumulated Depreciation as at March 31, 2016	-	-	607.19	27.10	78.28	2470.08	86.63	55.16	36.02	112.17	-	3472.63	-	-	-
Depreciation expenses	-	-	645.35	35.01	83.92	2649.60	82.20	62.05	55.00	122.59	1.18	3736.90	-	-	-
Deduction/Adjustments	-	-	(52.95)	(0.27)	(17.11)	(905.36)	(24.91)	(23.68)	(12.25)	(74.19)	-	(1110.72)	-	-	-
Accumulated Depreciation as at March 31, 2017	-	-	1199.59	61.84	145.09	4214.32	143.92	93.53	78.77	160.57	1.18	6098.81	-	-	-

# Consolidated Notes on Accounts

**Note No. 1-Property, Plant and Equipment**

Note No. 1 - Property, Plant and Equipment															₹ in Lakhs	
	Net Carrying Value	Freehold Land and Development	Leasehold Land	Buildings	Water and Sanitary Installations	Electrical Installations	Plant & Equipment	Furniture & Fixtures	Computers	Office Equipment	Motor Vehicles	Bearer Plants	Total Property, Plant and Equipment	Capital Work in Progress	Bearer Plants in Progress	Total Capital
Net Carrying Value as at April 1, 2015		6945.30	829.99	7665.41	576.78	1153.56	20934.05	357.51	163.42	146.46	820.74	-	39593.22	1924.99	-	1924.99
Net Carrying Value as at March 31, 2016		6907.82	829.99	7912.05	690.60	1216.54	25193.80	400.21	176.97	154.42	868.33	-	44350.73	320.25	553.00	873.25
Net Carrying Value as at March 31, 2017		6906.77	829.99	8072.65	882.93	1260.33	24872.31	387.84	224.60	127.70	869.05	34.38	44468.55	2014.30	1711.87	3726.17

- |   |  |   |   |                                  |   |                          |   |  |   |
|---|--|---|---|----------------------------------|---|--------------------------|---|--|---|
| a)                                      | Additions include ₹ 2.73 Lakhs (₹ 35.43 Lakhs) towards Buildings and ₹ 13.34 Lakhs (₹ 172.47 Lakhs) towards Plant & Equipment on account of exchange differences on Long Term Foreign Currency Loans (as permitted by Para D13AA of Ind AS 101).   |   |   |                                  |   |                          |   |  |   |
| b)                                      | <p>The following assets are jointly owned/held with the Parent Company :-</p> <table border="0"> <tr> <td>Freehold Land and Development Buildings</td> <td>₹ 103.78 Lakhs (Previous Year - ₹ 103.78 Lakhs)</td> </tr> <tr> <td>Water and Sanitary Installations</td> <td>₹ 56.78 Lakhs (Previous Year - ₹ 56.78 Lakhs)</td> </tr> <tr> <td>Electrical installations</td> <td>₹ 8.15 Lakhs (Previous Year - ₹ 8.15 Lakhs)</td> </tr> <tr> <td></td> <td>₹ 22.07 Lakhs (Previous Year - ₹ 22.07 Lakhs)</td> </tr> </table> | Freehold Land and Development Buildings | ₹ 103.78 Lakhs (Previous Year - ₹ 103.78 Lakhs) | Water and Sanitary Installations | ₹ 56.78 Lakhs (Previous Year - ₹ 56.78 Lakhs) | Electrical installations | ₹ 8.15 Lakhs (Previous Year - ₹ 8.15 Lakhs) |  | ₹ 22.07 Lakhs (Previous Year - ₹ 22.07 Lakhs) |
| Freehold Land and Development Buildings | ₹ 103.78 Lakhs (Previous Year - ₹ 103.78 Lakhs)  |   |   |                                  |   |                          |   |  |   |
| Water and Sanitary Installations        | ₹ 56.78 Lakhs (Previous Year - ₹ 56.78 Lakhs)  |   |   |                                  |   |                          |   |  |   |
| Electrical installations                | ₹ 8.15 Lakhs (Previous Year - ₹ 8.15 Lakhs)  |   |   |                                  |   |                          |   |  |   |
|   | ₹ 22.07 Lakhs (Previous Year - ₹ 22.07 Lakhs)  |   |   |                                  |   |                          |   |  |   |
| c)                                      | (i) land and building of a coffee estate and a pari-passu charge over immovable property situated at the Theni have been given as security for availing External Commercial Borrowing.   |   |   |                                  |   |                          |   |  |   |
| d)                                      | (ii) Title Deeds of Freehold land of a Coffee Estate has been hypothecated for financing part of the Working Capital facilities.   |   |   |                                  |   |                          |   |  |   |
- The Additions in Bearer Plants for the year represents capitalisation of Coffee plants which have attained maturity during the year.

# Consolidated Notes on Accounts

## Note No. 2 - Investment Property

₹ in Lakhs

	Land	Buildings	Total
Gross Carrying Value as at April 1, 2015	-	7044.91	7044.91
Additions	-	35.39	35.39
Gross Carrying Value as at March 31, 2016	-	7080.30	7080.30
Additions/ Transfers	1.05	-	1.05
Gross Carrying Value as at March 31, 2017	1.05	7080.30	7081.35
Accumulated Depreciation as at April 1, 2015	-	-	-
Additions	-	141.60	141.60
Accumulated Depreciation as at March 31, 2016	-	141.60	141.60
Additions/ Transfers	-	141.60	141.60
Accumulated Depreciation as at March 31, 2017	-	283.20	283.20
Net Carrying Value as at April 1, 2015	-	7044.91	7044.91
Net Carrying Value as at March 31, 2016	-	6938.70	6938.70
Net Carrying Value as at March 31, 2017	1.05	6797.10	6798.15

The amount recognised in the Profit and Loss for investment property:

₹ in Lakhs

	2017	2016
Rental Income	102.47	12.78
Direct Operating Expenses	(89.21)	(10.00)
Profit from investment property before depreciation	13.26	2.78
Depreciation/Amortisation for the year	(141.60)	(141.60)
Loss from investment property	(128.34)	(138.82)

- (a) A portion of the Company's unutilised land has been transferred from Property, Plant and Equipment to Investment Property during the current financial year.
- (b) As at March 31, 2016, the fair value of the Building was at ₹ 8116 Lakhs.
- (c) As at March 31, 2017 the fair value of Land and Buildings are at ₹ 27651 Lakhs.
- (d) These fair values are based on independent valuations.

### Operating Lease

The Company has leased out its investment property for minimum periods upto three years.

Minimum lease receipts under Non-cancellable Operating Lease:

₹ in Lakhs

	2017	2016
Within one year	226.39	96.72
Later than one year and not later than three years	269.32	173.00

# Consolidated Notes

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## Note No. 3 - Goodwill and Other Intangible Assets

₹ in Lakhs

Cost or Deemed Cost	Goodwill	Brands / Trademarks	Capitalized Software	Total
<b>Gross Carrying Value as at April 1, 2015</b>	<b>108198.00</b>	<b>16331.99</b>	<b>2294.63</b>	<b>18626.62</b>
Additions	-	-	173.97	173.97
Deductions/Adjustments	6501.38	966.72	105.54	1072.26
<b>Gross Carrying Value as at March 31, 2016</b>	<b>114699.38</b>	<b>17298.71</b>	<b>2574.14</b>	<b>19872.85</b>
Additions	-	-	274.00	274.00
Deductions/Adjustments	(2426.29)	(307.88)	(29.82)	(337.70)
<b>Gross Carrying Value as at March 31, 2017</b>	<b>112273.09</b>	<b>16990.83</b>	<b>2818.32</b>	<b>19809.15</b>
<b>Accumulated Depreciation as at April 1, 2015</b>	-	-	-	-
Depreciation expenses	-	1045.00	637.70	1682.70
<b>Accumulated Depreciation as at March 31, 2016</b>	-	<b>1045.00</b>	<b>637.70</b>	<b>1682.70</b>
Depreciation expenses	-	1074.00	701.00	1775.00
<b>Accumulated Depreciation as at March 31, 2017</b>	-	<b>2119.00</b>	<b>1338.70</b>	<b>3457.70</b>
Net Carrying Value as at April 1, 2015	108198.00	16331.99	2294.63	18626.62
Net Carrying Value as at March 31, 2016	114699.38	16253.71	1936.44	18190.15
<b>Net Carrying Value as at March 31, 2017</b>	<b>112273.09</b>	<b>14871.83</b>	<b>1479.62</b>	<b>16351.45</b>

Management reviews the carrying value of goodwill annually to determine whether there has been any impairment. This involves making an assessment of the value of goodwill and comparing it to the carrying value. If the assessed value is lower than the carrying value, then an impairment charge is recognised to reduce the carrying value to this amount.

Value in use i.e. the enterprise value is calculated using cash flow projections over a period of 5 years, with amounts based on medium term strategic plans approved by the board. Any major variations to strategic plan is based on experience are incorporated in the calculations. Cashflows beyond the 5 year period are extrapolated using a long term growth rate.

Key assumptions in the budgets and plans include future revenue volume/price growth rates, associated future levels of marketing support, cost-base of manufacture and supply and directly associated overheads. These assumptions are based on historical trends and future market expectations and the markets and geographies in which they operate.

Other key assumptions applied in determining value in use are:

- long term growth rate – Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rate applicable for the geographies, with reference to historical economic growth rates.
- discount rate – The discount rate is based on a Weighted Average Cost of Capital (WACC) for comparable companies operating in similar markets and geographies as the Group as the base discount rate.

The Group has performed sensitivity analysis around the base assumptions and has concluded that no reasonable possible changes in key assumptions would cause the recoverable amount to be less than the carrying value.

# Consolidated Notes on Accounts

## Note No. 4 - Investments

₹ in Lakhs

			2017		2016		As at April 1, 2015	
	Face Value of Each (₹)	Number of Shares	Current	Non-Current	Current	Non-Current	Current	Non-Current
A. Investments Carried at Fair Value through OCI								
Quoted investments								
Investments in Quoted Equity Instruments								
Tata Chemicals Limited	10.00	160000	-	958.00	-	597.20	-	709.68
Joonktolle Tea & Industries Limited	10.00	12602	-	21.89	-	17.74	-	19.31
IDBI Bank Limited	10.00	16160	-	12.14	-	11.23	-	11.47
Wartyhully Estates Limited	10.00	24748	-	0.92	-	0.92	-	0.92
AGGREGATE AMOUNT OF QUOTED INVESTMENTS			-	992.95	-	627.09	-	741.38
Total cost of Quoted Investments ₹ 444.89 lakhs								
Investments in Unquoted Equity Instruments								
Chembra Peak Estates Limited #	10.00	3481	-	-	-	0.41	-	0.41
Southern Scribe Instruments Private Limited *	100.00	7280	-	7.28	-	7.28	-	7.28
Armstrong Power Private Limited *	100.00	375	-	0.38	-	0.38	-	-
Armstrong Power Systems Private Limited *	100.00	460	-	0.46	-	0.46	-	-
Coorg Orange Growers Co-Operative Society Ltd. **	100.00	4	-	-	-	-	-	-
Tata Coffee Co-operative Stores Limited **	5.00	20	-	-	-	-	-	-
Coorg Cardamom Co-operative Marketing Society Limited **	100.00	1	-	-	-	-	-	-
AGGREGATE AMOUNT OF UNQUOTED INVESTMENTS			-	8.12	-	8.53	-	7.69
B. Investments designated as Fair Value Through Profit and Loss								
Investments in Mutual Funds			9863.83	-	-	-	88.93	-
Cost of Investments in Mutual Funds ₹ 9621.71 Lakhs								
Total Aggregate Quoted Investments	-	-	9863.83	992.95	-	-	88.93	-
			9863.83	1001.07	-	635.62	88.93	749.07

# 3481 Equity Shares of Chembra Peak Estates Limited sold during the year.

\* Relating to Power Purchase Agreement entered by the Company.

\*\*Represent Amount less than ₹ 1000.

# Consolidated Notes

on Accounts

## Note No. 5 - Loans

₹ in Lakhs

	2017			2016			As at April 1 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
<b>Unsecured Considered Good</b>									
Employee Loans and Advances	248.58	65.75	314.33	392.73	10.51	403.24	432.56	91.40	523.96
Inter Corporate Deposits to related parties	5500.00	-	5500.00	6500.00	-	6500.00	3500.00	-	3500.00
Inter Corporate Deposits to Others	300.00	-	300.00	1500.00	-	1500.00	1000.00	-	1000.00
	<b>6048.58</b>	<b>65.75</b>	<b>6114.33</b>	<b>8392.73</b>	<b>10.51</b>	<b>8403.24</b>	<b>4932.56</b>	<b>91.40</b>	<b>5023.96</b>

## Note No. 6 - Other Financial Assets

₹ in Lakhs

	2017			2016			As at April 1 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
<b>Security Deposits</b>									
- Secured considered good	-	10.00	10.00	-	7.82	7.82	-	15.01	15.01
	-	10.00	10.00	-	7.82	7.82	-	15.01	15.01
<b>Other Deposits</b>									
- Unsecured considered good	919.24	1650.14	2569.38	552.28	1911.27	2463.55	456.19	1460.44	1916.63
- Doubtful	38.00	3.84	41.84	38.00	3.84	41.84	38.00	3.84	41.84
Less: Provision for Doubtful Deposits	(38.00)	(3.84)	(41.84)	(38.00)	(3.84)	(41.84)	(38.00)	(3.84)	(41.84)
	<b>919.24</b>	<b>1650.14</b>	<b>2569.38</b>	<b>552.28</b>	<b>1911.27</b>	<b>2463.55</b>	<b>456.19</b>	<b>1460.44</b>	<b>1916.63</b>
Interest Accrued	160.05	-	160.05	192.32	-	192.32	92.88	-	92.88
Export incentives Receivables	1644.93	-	1644.93	1666.52	-	1666.52	1383.98	-	1383.98
Advance to Related Parties	432.46	-	432.46	432.21	-	432.21	461.94	-	461.94
Other Financial Assets	2899.81	0.19	2900.00	3147.31	0.52	3147.83	3816.49	0.22	3816.71
	<b>6056.49</b>	<b>1660.33</b>	<b>7716.82</b>	<b>5990.64</b>	<b>1919.61</b>	<b>7910.25</b>	<b>6211.48</b>	<b>1475.67</b>	<b>7687.15</b>

## Movements in Provision for Financial Assets

₹ in Lakhs

<b>As at April 1 2015</b>	<b>41.84</b>
Provision during the year	-
<b>As at March 31 2016</b>	<b>41.84</b>
Provision during the year	-
<b>As at March 31 2017</b>	<b>41.84</b>

# Consolidated Notes on Accounts

## Note No. 7 - Other Non-Current and Current assets

₹ in Lakhs

	2017			2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
Capital Advances	-	490.24	490.24	-	85.11	85.11	-	18.72	18.72
<b>Advances to suppliers</b>									
Secured, considered good	-	-	-	-	-	-	-	-	-
Unsecured, considered good	997.93	-	997.93	269.13	-	269.13	137.35	-	137.35
Doubtful	60.75	2.99	63.74	-	2.99	2.99	91.71	12.34	104.05
Less: Provision for Doubtful Deposits	(60.75)	(2.99)	(63.74)	-	(2.99)	(2.99)	(91.71)	(12.34)	(104.05)
Other Receivables	1380.49	-	1380.49	931.86	-	931.86	769.17	-	769.17
Prepayments	548.55	13.70	562.25	561.88	20.74	582.62	347.43	19.60	367.03
	<b>2926.97</b>	<b>503.94</b>	<b>3430.91</b>	<b>1762.87</b>	<b>105.85</b>	<b>1868.72</b>	<b>1253.95</b>	<b>38.32</b>	<b>1292.27</b>

## Movements in Provision for Other Non-Current and Current Assets

₹ in Lakhs

<b>As at April 1, 2015</b>	<b>104.05</b>
Less: Written Back during the year	101.06
<b>As at March 31, 2016</b>	<b>2.99</b>
Provision for Doubtful Advances	60.75
<b>As at March 31, 2017</b>	<b>63.74</b>

# Consolidated Notes

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## Note No. - 8 Inventories

₹ in Lakhs

	2017 Current	2016 Current	As at April 1, 2015 Current
Stores and spares	1550.40	1541.79	1595.01
Raw materials	5637.36	3491.55	3854.97
Raw materials in Transit	723.19	1066.72	1040.03
Finished goods *	21249.57	21853.11	24536.24
Work-in-progress	180.21	277.70	1251.64
Stock-in-trade	1511.89	736.33	363.21
	<b>30852.62</b>	<b>28967.20</b>	<b>32641.10</b>

The mode of valuation of Inventories has been stated in Note No. G (g) of Significant Accounting Policies.

Inventories hypothecated as Security for part of the Working Capital facilities.

\* Includes ₹ 431.91 Lakhs on account of write-down of inventory to Net Realisable Value.

## Note No. 9 - Trade Receivables

₹ in Lakhs

	2017 Current	2016 Current	As at April 1, 2015 Current
<b>Trade Receivables</b>			
Secured, considered good	1308.50	2094.58	2004.17
Unsecured, considered good	7036.68	6299.18	5917.64
Doubtful	81.71	84.80	352.74
Less: Provision for Doubtful Receivables	(81.71)	(84.80)	(352.74)
Trade Receivables from Related Parties	7650.40	8247.75	7074.80
	<b>15995.58</b>	<b>16641.51</b>	<b>14996.61</b>

Trade Receivables hypothecated as Security for part of the Working Capital facilities.

The credit worthiness of trade debtors and the credit terms set are determined on a case to case basis. Adequate insurance cover has been taken on export debts. Based on the above, there is a low credit risk on Trade Receivables.

The fair values of trade receivables are not considered to be significantly different from their carrying values, given their generally short period to maturity, with impairment reviews considered on an individual basis rather than when they become overdue.

## Movements in Provision for impairment of Trade Receivables.

₹ in Lakhs

<b>As at April 1, 2015</b>	<b>352.74</b>
Write back of provision	(267.94)
<b>As at April 1, 2016</b>	<b>84.80</b>
Provision Reversal for impairment	(3.09)
<b>As at March 31, 2017</b>	<b>81.71</b>

# Consolidated Notes on Accounts

## Note No. 10 - Cash and Cash Equivalents/Bank Balances

₹ in Lakhs

	2017	2016	As at April 1, 2015
Unrestricted Balances with banks			
- in current accounts	4212.08	2733.93	4078.76
- in deposit accounts with original maturity less than 3 months	-	2499.00	-
Cash in hand	4.69	3.65	3.91
Remittances in Transit	0.02	0.04	0.01
Unpaid Dividend/Debenture/Debenture Interest	208.10	186.14	165.57
	4424.89	5422.76	4248.25

Cash and Cash Equivalents include the following for the purpose of Cash Flows:

₹ in Lakhs

	2017	2016
Cash and Cash Equivalents/Bank Balances	4424.89	5422.76
Less: Unpaid Dividend/Debenture/Debenture Interest	208.10	186.14
<b>Cash and Cash Equivalents/Bank Balances</b>	<b>4216.79</b>	<b>5236.62</b>

### Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

In ₹

	SBNs	Other denominated Notes	Total
<b>Closing cash in hand as on 08.11.2016</b>	1829500	679263	2508763
(+) Permitted receipts	9203000	37875344	47078344
(-) Permitted payments	-	22467085	22467085
(-) Amount deposited in Banks	11032500	12914835	23947335
<b>Closing cash in hand as on 30.12.2016</b>	-	<b>3172687</b>	<b>3172687</b>

## Note No. 11 - Non Current Assets Held for Sale

₹ in Lakhs

<b>Deemed Cost</b>	
<b>As at April 1, 2015</b>	<b>49.51</b>
Additions	153.38
Disposals	(127.53)
<b>As at March 31, 2016</b>	<b>75.36</b>
Additions	169.72
Disposals	(184.74)
<b>As at March 31, 2017</b>	<b>60.34</b>

Deemed Cost represents expenditure incurred on extracting Biological Assets - Timber held for Sale.

# Consolidated Notes

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## Note No. 12.1 - Equity Share Capital

₹ in Lakhs

	For the year ended March 31, 2017		
	As at April 1, 2016	Changes in Equity Share Capital during the year	As at March 31, 2017
Equity Share Capital	1867.70		1867.70
	For the year ended March 31, 2016		
	As at April 1, 2015	Changes in Equity Share Capital during the year	As at March 31, 2016
Equity Share Capital	1867.70		1867.70

# Consolidated Notes on Accounts

## Note No. - 12.2 - Equity Share Capital

₹ in Lakhs

	2017 No. of shares	2016 No. of shares	As at April 1, 2015 No. of shares
<b>Authorised:</b>			
250000000 (PY 250000000) Equity shares of ₹ 1 each with voting rights	2500.00	2500.00	2500.00
<b>Issued, Subscribed and Fully Paid:</b>			
186770370 (PY 186770370) Equity shares of ₹ 1 each with voting rights	1867.70	1867.70	1867.70
	<b>1867.70</b>	<b>1867.70</b>	<b>1867.70</b>

### A. Details of Shares held by Parent Company/Subsidiaries/Associates:

Name of Share holder	2017 No. of Shares % of Holding	2016 No. of Shares % of Holding	As at April 1, 2015 No. of Shares % of Holding
Tata Global Beverages Limited - Parent Company	10,73,59,820 57.48%	10,73,59,820 57.48%	10,73,59,820 57.48%

### B. Details of Shareholders holding more than 5% shares:

Name of Share holder	2017 No. of Shares % of Holding	2016 No. of Shares % of Holding	As at April 1, 2015 No. of Shares % of Holding
Tata Global Beverages Limited - Parent Company	10,73,59,820 57.48%	10,73,59,820 57.48%	10,73,59,820 57.48%

### C. Reconciliation of number of shares:

Particulars	2017	2016	As at April 1, 2015
Number of shares as at April 1	18,67,70,370	18,67,70,370	18,67,70,370
Add: Shares issued during the year	-	-	-
Number of shares as at March 31	<b>18,67,70,370</b>	<b>18,67,70,370</b>	<b>18,67,70,370</b>

### D. Dividends Paid:

Particulars	2017	2016	2015
Dividends Paid	*	2428.01	2428.01
Dividend Per Share (₹)		1.30	1.30

### E. Rights, Preferences and restrictions of Equity Shares:

The Company has one class of equity shares having a par value of ₹ 1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

\* The Board of Directors, in its meeting on May 18, 2017, have proposed a final dividend of ₹ 1.75 per share (face value of ₹ 1/- each) for the year ended March 31, 2017, which includes a special dividend of ₹ 0.25 per share to commemorate the completion of 25 years of a Tata Group Company acquiring controlling interest in Tata Coffee Limited (erstwhile Consolidated Coffee Limited). The proposal is subject to the approval of shareholders at the Annual General Meeting.

# Consolidated Notes

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## Note No. 13 - Other Equity

₹ in Lakhs

	Reserves and Surplus					Items of Other Comprehensive Income						
	Capital Redemption Reserve	Securities Premium Reserve	Foreign Currency Monetary Item Translation Difference Account	General Reserves I	General Reserves II	Amalgamation Reserves	Retained Earnings **	Equity Instruments through Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	Actuarial Gain/ (Loss)	TOTAL
Balance as at April 1, 2015 *	10.41	14424.27	(0.53)	21327.79	8051.29	832.53	39225.84	296.50	(858.85)	-	-	83309.25
Profit for the year	-	-	-	-	-	-	8250.46	-	-	-	-	8250.46
Other Comprehensive Income for the year, net of Income Tax	-	-	-	-	-	-	-	(114.29)	980.62	1623.83	(269.07)	2221.09
Total Comprehensive Income for the year	-	-	-	-	-	-	8250.46	(114.29)	980.62	1623.83	(269.07)	10471.55
Dividends/tax on Dividend	-	-	-	-	-	-	(2922.30)	-	-	-	-	(2922.30)
Reversal of Dividend Distribution Tax	-	-	-	-	-	-	412.64	-	-	-	-	412.64
Transfer to Retained Earnings	-	-	-	1100.00	810.00	-	(1910.00)	-	-	-	-	-
Utilisation of Foreign Currency Monetary Item Translation Difference Account	-	-	0.53	-	-	-	-	-	-	-	-	0.53
Balance as at March 31, 2016	10.41	14424.27	-	22427.79	8861.29	832.53	43056.64	182.21	121.77	1623.83	(269.07)	91271.67
Profit for the year	-	-	-	-	-	-	15115.09	-	-	-	-	15115.09
Other Comprehensive Income for the year, net of Income Tax	-	-	-	-	-	-	-	365.86	442.33	(667.94)	(596.55)	(456.30)
Total Comprehensive Income for the year	-	-	-	-	-	-	15115.09	365.86	442.33	(667.94)	(596.55)	14658.79
Dividends/Tax on Dividend	-	-	-	-	-	-	(2922.30)	-	-	-	-	(2922.30)
Reversal of Dividend Distribution Tax	-	-	-	-	-	-	835.27	-	-	-	-	835.27
Transfer to Retained Earnings	-	-	-	1400.00	810.00	-	(2210.00)	-	-	-	-	-
Balance as at March 31, 2017	10.41	14424.27	-	23827.79	9671.29	832.53	53874.70	548.07	564.10	955.89	(865.62)	103843.43

\*Refer Note No. 43- First Time Adoption Reconciliation of Equity and Total Comprehensive Income

\*\* Retained Earnings includes revaluation surplus in Overseas Subsidiary of ₹ 293.81 Lakhs.

### Nature and purpose of Reserves

#### Capital Redemption Reserve

Capital Redemption Reserve has been created in compliance with erstwhile Companies Act, 1956.

#### Securities Premium Reserve

Securities Premium Reserve relates to securities premium over face value for Equity Shares issued in FY 2006-07.

#### General Reserves II

Capital profits on sale value of own timber are transferred to General Reserve II through the Retained Earnings.

#### Amalgamation Reserves

Amalgamation Reserves pertains to the scheme of amalgamation of the Company with erstwhile Asian Coffee Limited, Coffee Lands Limited and SIFCO. Limited.

# Consolidated Notes on Accounts

## Note No. 14 - Borrowings

₹ in Lakhs

	2017			2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
<b>Secured Borrowings:</b>									
Term Loans									
From Banks:	-	-	-	-	-	-	-	-	-
External Commercial Borrowing/Senior Debt	-	44039.33	44039.33	-	49358.16	49358.16	-	53347.37	53347.37
Working Capital Facilities	4299.88	-	4299.88	5123.11	-	5123.11	5731.44	-	5731.44
<b>Unsecured Borrowings:</b>									
Loans from related party	5675.55	19454.58	25130.13	5798.18	19874.94	25673.12	5469.57	18748.53	24218.10
Loan from Banks	3000.00	-	3000.00	4500.00	-	4500.00	2000.00	-	2000.00
	<b>12975.43</b>	<b>63493.91</b>	<b>76469.34</b>	<b>15421.29</b>	<b>69233.10</b>	<b>84654.39</b>	<b>13201.01</b>	<b>72095.90</b>	<b>85296.91</b>

1. External Commercial Borrowing is secured by first ranking exclusive charge over the land, building and plant & Machinery of a coffee estate and a pari-passu charge over immovable property situated at the Theni Plant. The Loan is repayable in sixteen equal quarterly instalments commencing from September 3, 2013. The coupon rate is linked to Libor plus applicable spread.
2. Senior Debt is secured by specific security over the assets of overseas subsidiary. The overseas subsidiary is required to comply with various restrictive financial covenants including restriction on capital expenditure, additional indebtedness, acquisition and distributions to stockholders. As at the year end, the overseas subsidiary is in compliance with the financial covenants.
3. Working Capital Facilities are secured by hypothecation of Coffee crop, inventories, finished/semi-finished goods/ receivables of the company. Part of the working capital facilities is also secured by deposit of title deeds of a coffee estate. The Working Capital is repayable on demand. The coupon rate is linked to Marginal Cost Fund based lending rates. (MCLR).
4. Unsecured Loans from Banks are towards Working Capital facilities and are repayable on demand. The coupon rate is based on MCLR linked rates.

# Consolidated Notes on Accounts

## Note No. 15 - Other Financial Liabilities

₹ in Lakhs

	2017			2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
Deposits received	-	488.57	488.57	-	407.54	407.54	-	510.97	510.97
Current maturities of long-term debt	1540.19	-	1540.19	4968.99	-	4968.99	4687.39	-	4687.39
Unpaid Dividends/Debenture/Debenture Interest	208.10	-	208.10	186.14	-	186.14	165.57	-	165.57
Interest Accrued but not due	8.79	-	8.79	9.26	-	9.26	12.73	-	12.73
Employee Benefits	2376.06	-	2376.06	2260.71	-	2260.71	1336.19	-	1336.19
Other Payables	10689.44	183.03	10872.47	8018.57	177.47	8196.04	11388.84	182.04	11570.88
	14822.58	671.60	15494.18	15443.67	585.01	16028.68	17590.72	693.01	18283.73

## Note No. 16 (a) - Provisions

₹ in Lakhs

	2017			2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
Provision for employee benefits	315.98	4249.70	4565.68	857.97	2924.03	3782.00	282.21	2735.54	3017.75
	315.98	4249.70	4565.68	857.97	2924.03	3782.00	282.21	2735.54	3017.75

## Note No. 16 (b) - Current Tax Liabilities (Net)

Current Tax Assets (Net)	-	-	-	-	-	-	211.92	-	211.92
Provision for taxation	28235.80	-	28235.80	21559.13	-	21559.13	18192.03	-	18192.03
Less: Advance Tax	(27813.38)	-	(27813.38)	(21042.26)	-	(21042.26)	(18192.03)	-	(18192.03)
Current Tax Liabilities (Net)	422.42	-	422.42	516.87	-	516.87	-	-	-

## Details of Movement in Other provisions (Note No. 16(a))

₹ in Lakhs

	Current	Non-Current	Total
	Employee Benefits	Employee Benefits	Employee Benefits
Balance at April 1, 2015	282.21	2735.54	3017.75
Additions/utilised (net)	575.76	188.49	764.25
Balance at March 31, 2016	857.97	2924.03	3782.00
Additions/utilised (net)	(541.99)	1325.67	783.68
Balance at March 31, 2017	315.98	4249.70	4565.68

# Consolidated Notes on Accounts

## Note No. 17 - Income Tax and Deferred Tax

₹ in Lakhs

	2017	2016
<b>(a) Total Income Tax Expenses</b>		
<b>Current Tax</b>		
In respect of the Current Year	9223.00	6337.28
	9223.00	6337.28
<b>Deferred Tax</b>		
In respect of the Current Year	1611.08	1747.58
	1611.08	1747.58
<b>Total Income Tax Expenses</b>	<b>10834.08</b>	<b>8084.86</b>

## (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

₹ in Lakhs

	2017	2016
Profit before income tax expenses	31789.73	20595.28
Tax at Indian tax rate of %	34.60%	34.60%
Computed Expected tax expenses	10999.25	7125.97
Tax effect due to non-taxable income for Indian Tax purpose	(1441.85)	510.52
Tax effect due to Dividend Income from Overseas subsidiary	(808.25)	(431.80)
Tax effect due to non-deductible expenses	285.89	139.35
Overseas Taxes	1799.04	740.82
	<b>10834.08</b>	<b>8084.86</b>

## (c) Amount recognised directly in Other Comprehensive Income

₹ in Lakhs

	2017	2016
<b>Deferred tax</b>		
On remeasurements of the defined benefit plans	(125.08)	(142.40)
On effective portion of Gains/(Loss) in cash flow hedges	82.62	68.82
	<b>(42.46)</b>	<b>(73.58)</b>

## (d) Deferred Tax Liabilities

₹ in Lakhs

	2017	2016	As at April 1, 2015
<b>Deferred Tax Liability</b>			
Depreciation and Amortization	7119.84	6443.05	5225.18
Deferred Tax on Fair Valuation	235.57	19.86	158.01
Deferred Tax on effective portion of Gains/(Loss) in cash flow hedges	151.44	68.82	-
Deferred tax on Intangibles	13477.48	13640.17	12067.18
<b>Total Deferred Tax Liability</b>	<b>20984.33</b>	<b>20171.90</b>	<b>17450.37</b>
<b>Deferred Tax Asset</b>			
Provision for Doubtful Debts and Advances	21.03	-	-
Employee Benefits	511.60	459.81	492.53
Deferred Tax Assets on Timber	10.56	56.80	-
Deferred Tax Assets on remeasurements of the defined benefit plans	267.49	142.40	-
Deferred Tax Assets on Other timing differences	732.05	1435.24	2259.46
<b>Total Deferred Tax Asset</b>	<b>1542.73</b>	<b>2094.25</b>	<b>2751.99</b>
<b>Deferred Tax Liabilities (net)</b>	<b>19441.60</b>	<b>18077.65</b>	<b>14698.38</b>

# Consolidated Notes

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## Note No. 18 - Trade Payables

₹ in Lakhs

	2017	2016	As at April 1, 2015
	Current	Current	Current
Trade payable for goods & services			
Due to Micro & Small Enterprises (\$)	79.91	10.36	10.66
Others	9625.34	7321.21	9824.40
Trade Payable to Related Parties	693.97	1950.39	898.68
	10399.22	9281.96	10733.74

\$ includes amounts due beyond the applicable period of ₹ Nil (₹ Nil) and no interest is paid or payable.

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Holding Company.

## Note No. 19 - Other Current Liabilities

₹ in Lakhs

	2017	2016	As at April 1, 2015
	Current	Current	Current
Advances from Customers	625.50	307.21	217.83
	625.50	307.21	217.83

## Note No. 20 - Revenue from Operations

₹ in Lakhs

	2017	2016
Sale of goods (including excise duty)	147024.75	141120.34
Sale of Traded Goods	5349.14	6408.72
Rendering of services	673.29	597.66
Sale of Scrap/waste	202.88	202.62
Liabilities no longer required written back	137.22	125.35
Provision for debts and advances write back	-	0.40
Export Incentives	2222.30	1990.10
Royalty Income	3642.56	4356.21
Exchange Fluctuation (Net)	754.73	-
Miscellaneous Income	593.31	304.41
	160600.18	155105.81

# Consolidated Notes on Accounts

## Note No. 21 - Other Income

₹ in Lakhs

	2017	2016
<b>Interest Income</b>		
On Advances and Deposits	834.93	860.49
<b>Dividend Income</b>		
Dividend income from Other Non Current Investments carried at Fair Value through Other Comprehensive Income	16.11	22.60
<b>Net Gain on sale of investments</b>		
On sale of Non-Current investments	1.85	-
On sale of Current investments	221.72	-
Gain on investments carried at fair value through profit or loss	242.12	-
Profit on Sale of Biological Assets - Timber (Net)	806.35	873.41
Rental income from Investment property	102.47	12.78
Operating lease rental income	53.16	43.71
Profit on sale of Property, Plant and Equipment (net)	-	157.33
	<b>2278.71</b>	<b>1970.32</b>

## Note No. 22 (a) - Cost of materials consumed

₹ in Lakhs

	2017	2016
Coffee	47032.75	50863.66
Others	955.13	954.00
Tea	568.80	237.28
Packing Materials	8772.66	8412.82
	<b>57329.34</b>	<b>60467.76</b>

## Note No. 22 (b) - Purchase of Traded Goods

₹ in Lakhs

	2017	2016
Coffee	2717.13	2250.28
Others	1996.03	4195.06
	<b>4713.16</b>	<b>6445.34</b>

## Note No. 22 (c) - Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Lakhs

	2017	2016
<b>Opening Stocks as at April 1</b>		
Finished Goods	16755.85	16988.70
Work-in-Progress	5374.96	8799.14
Stock-in-Trade	736.33	363.22
	<b>22867.14</b>	<b>26151.06</b>
<b>Closing Stocks as at March 31</b>		
Finished Goods	16420.94	16755.85
Work-in-Progress	5008.84	5374.96
Stock-in-Trade	1511.89	736.33
	<b>22941.67</b>	<b>22867.14</b>
	<b>(74.53)</b>	<b>3283.92</b>

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## Note No. 23 - Employee Benefits Expense

₹ in Lakhs

	2017	2016
Salaries and wages, including bonus	26048.94	24842.34
Contribution to provident and other funds	2317.70	1750.41
Workmen and Staff Welfare	2207.15	2306.70
	30573.79	28899.45

## Note No. 24 - Finance Costs

₹ in Lakhs

	2017	2016
Interest expense		
On Fixed Loans	1443.37	1719.15
On Other Loans	1851.93	1648.93
Interest on Retirement Benefits	238.47	203.10
Bank Charges	164.75	163.26
	3698.52	3734.44

## Note No. 25 - Other Expenses

₹ in Lakhs

	2017	2016
Contract/Processing Charges	1894.31	1858.15
Consumption of Stores and Spare Parts	3447.40	3701.68
Power and Fuel	4661.53	4492.47
Repairs and Maintenance	1875.17	1698.55
Rent including Lease Rentals	803.72	777.39
Rates and Taxes	523.51	415.21
Advertisement and Sale Charges	5738.51	4648.98
Selling Expenses	2368.17	2672.01
Excise Duty and Cess	60.75	68.45
Freight	4365.21	4567.71
Insurance	403.80	491.45
Exchange Fluctuation (Net)	-	74.31
Provision for Doubtful Debts and Advances	60.75	12.26
Expenditure on Corporate Social Responsibility	221.29	247.67
Payment to Statutory Auditors	109.74	72.25
Professional Charges	2046.63	1666.89
Miscellaneous Expenses	359.05	230.83
Loss on sale of Property, Plant and Equipment	24.61	-
	28964.15	27696.26

## Note No. 26 - Exceptional Items

₹ in Lakhs

	2017	2016
Expenses		
Expenditure on Long Term Initiatives	(231.23)	(241.06)
Provision for retrospective amendment of legislation relating to Employee Benefits	-	(415.69)
	(231.23)	(656.75)

# Consolidated Notes on Accounts

## Note No. 27 - Estimated amounts of Contracts remaining to be executed:

₹ in Lakhs

	2017	2016	As at April 1, 2015
Estimated amounts of contracts remaining to be executed on capital account and not provided for	1319.26	538.10	57.00

## Note No. 28 - Capital Commitment for Equity Investment in Tata Coffee Vietnam Company Limited

The Board of Directors of the Holding Company, at its meeting held on 28th March, 2017, approved making investment in the Equity Capital of Tata Coffee Vietnam Company Limited, Vietnam, for an amount not exceeding USD 6 Million. (INR equivalent)

	3891.00		
<b>Note No. 29 - Contingent Liabilities:</b>			
Claims under adjudication not acknowledged as debts:			
i) Demands raised by Income Tax, Excise & Sales Tax Authorities	1042.13	2753.57	2324.19
ii) Labour disputes under adjudication	94.00	90.37	78.37
iii) Claims by Customers/ Suppliers	69.29	691.02	666.48
iv) For Bank & other Guarantees	895.57	973.02	899.13

## Note No. 30 - Litigations

- There is a dispute on account of stamp duty claim on a transfer of property where the stamp duty amounts are indeterminate.
- Holding Company's overseas subsidiary EOC alongwith several other coffee companies that roast, package, market and/or sell coffee in the State of California are defendants in a public interest litigation filed by an organisation named Council of Education and Research on Toxics (CERT). The litigation contends that since coffee contains the chemical acrylamide, warning have to be included for coffee sold in that state pursuant to California state law. Acrylamide is not added to coffee but forms in trace amounts as part of a chemical reaction that occurs in coffee beans when it is roasted.

The subsidiary is part of a Joint Defense Group that is arguing the case on behalf of several leading coffee companies as defendants. The outcome and potential liability, if any, to the subsidiary on account of their sales in the state of California is not determinable at present.

## Note No. 31 - R & D Expenditure

₹ in Lakhs

	2017	2016
Capital Expenditure	27.75	26.19
Revenue Expenditure	69.13	60.44
<b>Total</b>	<b>96.88</b>	<b>86.63</b>
<b>Total R &amp; D Expenditure as a % of Revenue</b>	<b>0.06%</b>	<b>0.06%</b>

## Note No. 32 - Payments to Statutory Auditors

₹ in Lakhs

	2017	2016
Audit Fees	37.51	30.00
Taxation matters	10.00	10.00
Other Services <sup>ss</sup>	58.13	25.11
Reimbursement of Expenses	4.10	7.14
<b>Total</b>	<b>109.74</b>	<b>72.25</b>

<sup>ss</sup> Financial Year 2016-17 Other services includes services on Taxation & Other matters.

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## Note No. 33 - Leases

₹ in Lakhs

	2017	2016
<b>Operating Leases</b>		
Minimum lease payments outstanding:		
Within 1 Year	719.17	883.11
1 to 2 Years	753.54	877.81
2 to 5 Years	2020.03	954.66
Over 5 Years	713.98	-
<b>Total</b>	<b>4206.72</b>	<b>2715.58</b>

## Note No. 34 - Basic and Diluted Earnings per share

	2017	2016
Profit for the year attributable to owners of the Holding Company (₹ in Lakhs)	15115.09	8250.46
Weighted average number of equity shares	186770370	186770370
Earnings per share from continuing operations - Basic and Diluted (₹)	8.09	4.42

## Note No. 35 - Financial Instruments-Accounting Classification and fair values

### A. Accounting Classification and Fair Values

₹ in Lakhs

		Carrying Amount			Fair Value			
		FVTPL	FVTOCI	Cost/ Amortised Cost	Total	Level 1	Level 2	Level 3
March 31, 2017								
<b>Financial Assets:</b>								
Quoted Equity Investments	Non-Current	-	992.95	-	992.95	992.95	-	-
Unquoted Equity Investments	Non-Current	-	8.12	-	8.12	-	8.12	-
Loans	Non-Current	-	-	65.75	65.75	-	-	-
Other Financial Assets	Non-Current	-	-	1660.33	1660.33	-	-	-
Investment in Mutual Funds	Current	9863.83	-	-	9863.83	9863.83	-	-
Trade Receivables	Current	-	-	15995.58	15995.58	-	-	-
Cash and Cash Equivalents	Current	-	-	4424.89	4424.89	-	-	-
Loans	Current	-	-	6048.58	6048.58	-	-	-
Other Financial Assets	Current	-	-	6056.49	6056.49	-	-	-
<b>Total Financial Assets</b>		<b>9863.83</b>	<b>1001.07</b>	<b>34251.62</b>	<b>45116.52</b>	<b>10856.78</b>	<b>8.12</b>	<b>-</b>

		Carrying Amount			Fair Value			
		FVTPL	FVTOCI	Cost/ Amortised Cost	Total	Level 1	Level 2	Level 3
March 31, 2017								
<b>Financial Liabilities:</b>								
Borrowings	Non-Current	-	-	63493.91	63493.91	-	-	-
Other Financial Liabilities	Non-Current	-	-	671.60	671.60	-	-	-
Borrowings	Current	-	-	12975.43	12975.43	-	-	-
Trade Payables	Current	-	-	10399.22	10399.22	-	-	-
Other Financial Liabilities	Current	-	-	14822.58	14822.58	-	-	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>102362.74</b>	<b>102362.74</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Consolidated Notes on Accounts

₹ in Lakhs

		Carrying Amount			Fair Value			
		FVTPL	FVTOCI	Cost/ Amortised Cost	Total	Level 1	Level 2	Level 3
March 31, 2016								
Financial Assets:								
Quoted Equity Investments	Non-Current	-	627.09	-	627.09	627.09	-	-
Unquoted Equity Investments	Non-Current	-	8.53	-	8.53	-	8.53	-
Loans	Non-Current	-	-	10.51	10.51	-	-	-
Other Financial Assets	Non-Current	-	-	1919.61	1919.61	-	-	-
Investment in Mutual Funds	Current	-	-	-	-	-	-	-
Trade Receivables	Current	-	-	16641.51	16641.51	-	-	-
Cash and Cash Equivalents	Current	-	-	5422.76	5422.76	-	-	-
Loans	Current	-	-	8392.73	8392.73	-	-	-
Other Financial Assets	Current	-	-	5990.64	5990.64	-	-	-
<b>Total Financial Assets</b>		-	<b>635.62</b>	<b>38377.76</b>	<b>39013.38</b>	<b>627.09</b>	<b>8.53</b>	-

		Carrying Amount			Fair Value			
		FVTPL	FVTOCI	Cost/ Amortised Cost	Total	Level 1	Level 2	Level 3
March 31, 2016								
Financial Liabilities:								
Borrowings	Non-Current	-	-	69233.10	69233.10	-	-	-
Other Financial Liabilities	Non-Current	-	-	585.01	585.01	-	-	-
Borrowings	Current	-	-	15421.29	15421.29	-	-	-
Trade Payables	Current	-	-	9281.96	9281.96	-	-	-
Other Financial Liabilities	Current	-	-	15443.67	15443.67	-	-	-
<b>Total Financial Liabilities</b>		-	-	<b>109965.03</b>	<b>109965.03</b>	-	-	-

		Carrying Amount			Fair Value			
		FVTPL	FVTOCI	Cost/ Amortised Cost	Total	Level 1	Level 2	Level 3
April 1, 2015								
Financial Assets:								
Quoted Equity Investments	Non-Current	-	741.38	-	741.38	741.38	-	-
Unquoted Equity Investments	Non-Current	-	7.69	-	7.69	-	7.69	-
Loans	Non-Current	-	-	91.40	91.40	-	-	-
Other Financial Assets	Non-Current	-	-	1475.67	1475.67	-	-	-
Investment in Mutual Funds	Current	88.93	-	-	88.93	88.93	-	-
Trade Receivables	Current	-	-	14996.61	14996.61	-	-	-
Cash and Cash Equivalents	Current	-	-	4248.25	4248.25	-	-	-
Loans	Current	-	-	4932.56	4932.56	-	-	-
Other Financial Assets	Current	-	-	6211.48	6211.48	-	-	-
<b>Total Financial Assets</b>		<b>88.93</b>	<b>749.07</b>	<b>31955.97</b>	<b>32793.97</b>	<b>830.31</b>	<b>7.69</b>	-

		Carrying Amount			Fair Value			
		FVTPL	FVTOCI	Cost/ Amortised Cost	Total	Level 1	Level 2	Level 3
April 1, 2015								
Financial Liabilities:								
Borrowings	Non-Current	-	-	72095.90	72095.90	-	-	-
Other Financial Liabilities	Non-Current	-	-	693.01	693.01	-	-	-
Borrowings	Current	-	-	13201.01	13201.01	-	-	-
Trade Payables	Current	-	-	10733.74	10733.74	-	-	-
Other Financial Liabilities	Current	-	-	17590.72	17590.72	-	-	-
<b>Total Financial Liabilities</b>		-	-	<b>114314.38</b>	<b>114314.38</b>	-	-	-

## B. Measurement of fair values

The basis of measurement in respect to each class of financial asset, financial liability is disclosed in Note G (f) of the significant accounting policies.

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## Note No. 36 - Financial Risk Management

### Risk management framework

The board of directors of the respective Companies have the overall responsibility for the establishment and oversight of the their risk management framework. The respective boards have established the Risk Management Committee for developing and monitoring the risk management policies. The committees reports regularly to the board of directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit which regularly reviews risk management controls and procedures, the results of which are reported to the audit committee.

The Group has exposure to Credit, Liquidity and Market risks arising from financial instruments:

#### A. CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

#### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer and reviewed periodically.

As at March 31, 2017, the ageing of Trade Receivables and the maximum exposure to credit risk by geographic region was as follows:

₹ in Lakhs

Ageing of Trade Receivables	2017	2016
Not Overdue	14898.07	16174.61
Past due upto 3 months	1060.76	362.55
Past due more than 3 Months but less than 6 Months	0.30	10.09
Past due more than 6 months	36.45	94.26
<b>Total</b>	<b>15995.58</b>	<b>16641.51</b>

₹ in Lakhs

Segregation by Geography	2017	2016
CIS Countries	2954.51	2997.76
USA	6548.09	7108.02
Rest of the World	4134.70	3871.82
India	2358.28	2663.91
<b>Total</b>	<b>15995.58</b>	<b>16641.51</b>

#### Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 4216.79 Lakhs at March 31, 2017 (March 31, 2016: ₹ 5236.62 Lakhs).

#### B. LIQUIDITY RISKS

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

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## Maturities of Financial Liabilities

₹ in Lakhs

	2017					2016				
	Within 1 year	Due from 1 to 2 years	Due from 2 to 5 years	After 5 years	Total	Within 1 year	Due from 1 to 2 years	Due from 2 to 5 years	After 5 years	Total
Borrowings	33914.13	1079.75	43015.65	-	78009.53	40147.15	414.13	49062.10	-	89623.38
Trade Payables	10399.22	-	-	-	10399.22	9281.96	-	-	-	9281.96
Deposits	-	488.57	-	-	488.57	-	407.54	-	-	407.54
Unpaid Dividend/ Debenture/Debenture Interest	208.10	-	-	-	208.10	186.14	-	-	-	186.14
Interest Accrued	8.79	-	-	-	8.79	9.26	-	-	-	9.26
Employee Benefits	2376.06	-	-	-	2376.06	2260.71	-	-	-	2260.71
Other Payables	10689.44	183.03	-	-	10872.47	8018.57	177.47	-	-	8196.04
<b>Total</b>	<b>57595.74</b>	<b>1751.35</b>	<b>43015.65</b>	<b>-</b>	<b>102362.74</b>	<b>59903.79</b>	<b>999.14</b>	<b>49062.10</b>	<b>-</b>	<b>109965.03</b>

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

### C. MARKET RISKS:

Market risk is the risk that changes in market prices such as commodity prices risk, foreign exchange rates and interest rates which will affect the Group's financial position. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables.

The Plantation Industry is dependent on nature, making it susceptible to climate vagaries. The major weather factors that influence coffee yield are rainfall, temperature, light intensity and relative humidity. To mitigate the risk of drought conditions, the Group has invested significantly on augmentation of irrigation capacities rain water harvesting to improve the water table and enhance the water storage capacity. With regard to Plantation Operations, borer infestation is a continuous threat being faced. The Group, in addition to regular tracing and chemical control, has taken rigorous initiatives to curb pest incidence. It is also working closely with various R&D cells for developing effective measures in this regard.

### Commodity Price Risk

The Group's exposure to Market risk for commodity prices can result in changes to realisation for its Plantation products and Cost of Production for its value added products. The risk associated is actively monitored for mitigation options. The other mitigants includes strict implementation of Board mandated Commodity policy and also the natural hedge arising on export of Plantation produce vis a vis import of Coffee for value added segment. The overseas subsidiary to manage the risks associated with commodity prices enters into Coffee Futures and Option Contracts.

### Coffee Futures:

The overseas subsidiary uses Coffee future contract to reduce its price risk associated with forecasted purchases of Coffee beans. Throughout the year, the overseas subsidiary enters into coffee futures based on market price and anticipated production requirements. The subsidiary determines the level and timing of coffee futures contract settlements to meet those production requirements throughout the year. These coffee futures have been designated as Cash Flow Hedges.

### Option Contracts:

As at March 31, 2017 and 2016, the overseas subsidiary has written put contracts which require the subsidiary to purchase coffee if the spot price falls below the strike price and the option is exercised by the holder. The subsidiary has also open written call contracts which require the subsidiary to sell coffee if the spot price rises above the contract price and the option is exercised by the holder. For these obligations, the overseas subsidiary receives a premium. The overseas subsidiary also has bought put and call options for which the subsidiary pays a premium. The bought puts give the subsidiary the right to sell Coffee if the price falls below the contract strike price. The bought calls give the subsidiary the right to buy coffee if the spot price rises above the contract strike price.

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Type of Commodity	Futures/ Options	2017			2016		
		No. of Contracts	Amount Hedged USD in Mm	Fair Value ₹ Lakhs	No. of Contracts	Amount Hedged USD in Mm	Fair Value ₹ Lakhs
Coffee	Options - Written Puts	6	11.80	(276.26)	15	24.77	(129.19)
Coffee	Options - Purchased Puts	4	(10.84)	88.20	13	(21.99)	120.58
Coffee	Options - Written Calls	11	21.12	(89.49)	10	17.64	(182.19)
Coffee	Options - Purchased Calls	13	(23.94)	203.63	17	(19.33)	199.41
Coffee	Futures	88	12.76	55.12	160	18.19	938.10
Coffee	Structures - Core	4	12.36	(115.43)	-	-	-
Coffee	Structures - Double Up	4	12.44	(585.60)	-	-	-

## Commodity Price

	2017 Effect on Profit Before Tax	2016 Effect on Profit Before Tax
5 % increase	424.12	700.26
5 % decrease	(424.12)	(700.26)

## Currency Risk

The Group is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Group is Indian Rupee. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. The Group does not use derivative financial instruments for trading or speculative purposes. Following is the derivative financial instruments to hedge the foreign exchange rate risk as of March 31, 2017:

Type of Derivative	Currency Pair	2017			2016		
		No. of Contracts	Amount Hedged USD Mm	Fair Value ₹ Lakhs	No. of Contracts	Amount Hedged USD Mm	Fair Value ₹ Lakhs
Forward exchange contracts	USD INR	81	20.65	830.72	147	23.05	378.42
Forward exchange contracts	EUR INR	2	0.21	12.33	1	0.10	(1.51)

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the end of reporting period is as below:

Currency	Monetary assets		Monetary Liabilities	
	2017	2016	2017	2016
USD	11.92	10.79	1.29	3.96
EUR	0.11	0.20	0.03	0.00

Amount in Mm

Following Table summarises approximate gain/(loss) on the Group's profit before tax and pre-tax equity on account of appreciation/depreciation of underlying foreign currencies:

₹ Lakhs

Details	Effect on Profit Before Tax	
	2017	2016
Average USD rate	67.10	65.53
Average EUR rate	73.81	72.08
5% appreciation of USD INR	151	54
5% depreciation of USD INR	(151)	(54)

# Consolidated Notes on Accounts

## Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Type of Derivative	Currency	No. of Contracts	2017		2016	
			Amount Hedged	Fair Value	Amount Hedged	Fair Value
			USD Mm	₹ Lakhs	USD Mm	₹ Lakhs
Interest Rate Swap - ECB	USD	1	0.625	(0.02)	3.125	5.74
Interest Rate Swap - Senior Debt	USD	1	39.53	87.55	50.00	(98.71)

## Exposure to Interest Rate Risk

Group's interest rate risk arises from borrowings and finance lease obligations. Borrowings issued at fixed rates and finance lease obligations exposes to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

The following Table demonstrates the sensitivity on the Group's profit before tax, to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of Hedge Accounting, with all other variables held constant:

₹ in Lakhs

	2017 Effect on Profit Before Tax	2016 Effect on Profit Before Tax
50 basis Points increase	(169.32)	(168.11)
50 basis Points decrease	169.32	168.11

## Capital Management

The Group's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Group. The Group determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirement are met through equity, borrowings and operating cash flows required.

The Group's Debt to equity ratio at March 31, 2017 was as follows.

₹ in Lakhs

	2017	2016
Total Debt	78009.53	89341.78
Total Equity	135659.86	122328.11
Debt Equity Ratio	0.58:1	0.73:1

## Note No. 37 - Employee Benefits Obligations

### Post Retirement Employee Benefits:

#### a) Defined Contribution Plans:

An amount of ₹ 2041.57 Lakhs (previous year: ₹ 1749.63 Lakhs) has been charged to the Statement of Profit and Loss towards defined contribution schemes.

#### b) Defined Benefit Plans:

The post retirement Defined Benefit Plans are limited to the Holding Company and the disclosures of the same are covered in Note No. 37 of the Standalone Financial Statements.

## Note No. 38 - Fair Value Measurement

The Fair Value Measurement disclosures are limited to the Holding Company and disclosures of the same are covered in Note No. 38 of the Standalone Financial Statements.

# Consolidated Notes on Accounts

## Note No. 39 - Segment Reporting

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products, services, geographic areas and major customers. Based on the 'Management' approach as defined under Ind AS108, the Chief Operating Decision Maker (CODM) evaluates the Group's performance on a periodical basis and allocates resources based on an analysis of the performance of various Business and Geographical Segments. The Group's CODM is the Managing Director and Chief Executive Officer. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in the Significant Accounting Policies.

### Primary Segment

₹ in Lakhs

	PLANTATION		VALUE ADDED PRODUCTS		UNALLOCATED		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>I. Segment Revenue</b>								
External Sales	33531.01	31810.09	129484.96	125491.51	1468.43	1138.20	164484.40	158439.80
Less: Inter-Segment Sales	1605.51	1363.67	-	-	-	-	1605.51	1363.67
<b>Total Revenue</b>	<b>31925.50</b>	<b>30446.42</b>	<b>129484.96</b>	<b>125491.51</b>	<b>1468.43</b>	<b>1138.20</b>	<b>162878.89</b>	<b>157076.13</b>
<b>II. Segment Results</b>	<b>6751.80</b>	<b>3995.19</b>	<b>29736.12</b>	<b>21057.06</b>	<b>-</b>	<b>-</b>	<b>36487.92</b>	<b>25052.25</b>
Interest Expense	-	-	-	-	-	-	(3698.52)	(3734.44)
Unallocated & Exceptional Income/ (Expense)	-	-	-	-	-	-	(999.67)	(722.53)
<b>Profit Before Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31789.73</b>	<b>20595.28</b>
<b>III. Income Taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10834.08</b>	<b>8084.86</b>
<b>IV. Net Profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20955.65</b>	<b>12510.42</b>
<b>V. Segment Assets</b>	<b>39876.63</b>	<b>33716.49</b>	<b>196294.49</b>	<b>198771.57</b>	<b>26906.68</b>	<b>22488.81</b>	<b>263077.80</b>	<b>254976.87</b>
<b>VI. Segment Liabilities</b>	<b>5263.47</b>	<b>4346.36</b>	<b>104872.28</b>	<b>111144.71</b>	<b>17282.19</b>	<b>17157.69</b>	<b>127417.94</b>	<b>132648.76</b>
<b>VII. Additions to Non-Current Assets</b>	<b>3473.76</b>	<b>2048.83</b>	<b>3821.87</b>	<b>4717.64</b>	<b>46.80</b>	<b>93.75</b>	<b>7342.43</b>	<b>6860.21</b>
<b>VIII. Depreciation and Amortisation</b>	<b>667.07</b>	<b>602.11</b>	<b>4616.27</b>	<b>4327.91</b>	<b>370.16</b>	<b>366.91</b>	<b>5653.50</b>	<b>5296.93</b>
<b>IX. Material Non-Cash Items other than Depreciation and Amortisation</b>	<b>0.02</b>	<b>0.04</b>	<b>60.73</b>	<b>12.22</b>	<b>-</b>	<b>-</b>	<b>60.75</b>	<b>12.26</b>

### Notes :

- Business Segments: The internal business segmentation and the activities encompassed therein are as follows:
  - Plantation: Includes cultivation, manufacture and sale of Coffee and Other Plantation Crops.
  - Value Added Products: Includes Production and Sale of Roasted & Ground and Instant Coffee Products.
  - Unallocated income includes income from investments & exceptional items and expenditure includes expenses incurred on common services at the Corporate level.
- The Segment wise revenue, results, assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments.

# Consolidated Notes on Accounts

## Note No. 39 (a) - Geographical Segment Reporting

Geographical revenues are segregated based on the locations of the customers who are invoiced or in relation to which the revenues is otherwise recognised.

₹ in Lakhs

	2017	2016
<b>Secondary (Geographical) Segments</b>		
CIS Countries *	19101.73	18384.34
Rest of the World *	26142.33	27908.74
USA	82717.66	84294.33
India	34917.17	26488.72
<b>Total</b>	<b>162878.89</b>	<b>157076.13</b>

\* includes Direct Exports and exports through third parties and through export houses.

## Note No. 40 - First-time adoption of Ind AS

The Consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended, read with relevant rules issued thereunder in terms of the SEBI LODR, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). The adoption of Ind AS was carried out in accordance with Ind AS 101, considering April 1, 2015 as the transition date. Pursuant to adoption of Ind AS, the differences in the carrying amounts of assets and liabilities on the transition date under the previous GAAP and the balances on adoption of Ind AS have been recognised directly in equity. The financial statements for the year ended March 31, 2016 and the Balance Sheet as at the transition date and as at March 31, 2016 have been presented under Ind AS for comparative purposes. Accounting policies have been applied consistently to all periods presented in these Consolidated Financial Results.

### Exemptions and exceptions availed

Ind AS 101 – First-time adoption of Ind AS permits certain optional exemptions from full retrospective application of Ind AS and the following options have been adopted as at the date of transition:

Business combinations prior to the date of transition have not been restated based on Ind AS principles.

The Group has designated investment in long term equity instruments, held at April 1, 2015 as fair value through Other Comprehensive Income.

Cumulative currency translation differences for all foreign operations are deemed to be zero as at April 1, 2015.

The Group has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

# Consolidated Notes

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## Note No. 41 - First Time Adoption-Reconciliation of Equity

The following reconciliations provides the effect of transition to Ind AS from Previous GAAP in accordance with Ind AS-101.

### Balance Sheet

₹ in Lakhs

	Previous GAAP 2016	Ind AS Adjustments 2016	Ind AS 2016	Previous GAAP 2015	Ind AS Adjustments 2015	Ind AS 2015
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, Plant and Equipment	45892.82	(1542.09)	44350.73	39593.22	-	39593.22
Capital work-in-progress	320.48	552.77	873.25	1924.99	-	1924.99
Investment Property	7080.30	(141.60)	6938.70	7044.91	-	7044.91
Goodwill	113943.69	755.69	114699.38	108198.00	-	108198.00
Other Intangible assets	18195.04	(4.89)	18190.15	18626.62	-	18626.62
Financial Assets						
Investments	453.41	182.21	635.62	452.57	296.50	749.07
Loans	2027.64	(2017.13)	10.51	1590.82	(1499.42)	91.40
Other Financial Assets		1919.61	1919.61		1475.67	1475.67
Other non-current assets	149.85	(44.00)	105.85	220.60	(182.28)	38.32
	<b>188063.23</b>	<b>(339.43)</b>	<b>187723.80</b>	<b>177651.73</b>	<b>90.47</b>	<b>177742.20</b>
<b>Current assets</b>						
Inventories	28900.93	66.27	28967.20	29333.26	3307.84	32641.10
Financial Assets						
Investments	-	-	-	88.93	-	88.93
Trade receivables	16641.51	-	16641.51	14996.61	-	14996.61
Cash and cash equivalents/Bank Balances	5422.76	-	5422.76	4248.25	-	4248.25
Loans	13319.93	(4927.20)	8392.73	12529.06	(7596.50)	4932.56
Other Financial Assets	-	5990.64	5990.64	-	6211.48	6211.48
Current Tax Assets (Net)	-	-	-	-	211.92	211.92
Other Current Assets	2965.51	(1202.64)	1762.87	1581.64	(327.69)	1253.95
	<b>67250.64</b>	<b>(72.93)</b>	<b>67177.71</b>	<b>62777.75</b>	<b>1807.05</b>	<b>64584.80</b>
Non-Current Assets held for sale		75.36	75.36		49.51	49.51
<b>Total Assets</b>	<b>255313.87</b>	<b>(337.00)</b>	<b>254976.87</b>	<b>240429.48</b>	<b>1947.03</b>	<b>242376.51</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Equity Share capital	1867.70	-	1867.70	1867.70	-	1867.70
Other Equity	88885.89	2385.78	91271.67	77751.87	5557.38	83309.25
Equity of Owners of the Holding Company	<b>90753.59</b>	<b>2385.78</b>	<b>93139.37</b>	<b>79619.57</b>	<b>5557.38</b>	<b>85176.95</b>
Non-controlling interests	28943.18	245.56	29188.74	25759.62	(808.40)	24951.22
<b>Total Equity</b>	<b>119696.77</b>	<b>2631.34</b>	<b>122328.11</b>	<b>105379.19</b>	<b>4748.98</b>	<b>110128.17</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Financial Liabilities						
Borrowings	69351.02	(117.92)	69233.10	72295.26	(199.36)	72095.90
Other Financial Liabilities	608.68	(23.67)	585.01	699.11	(6.10)	693.01
Provisions	2924.03	-	2924.03	2735.54	-	2735.54
Deferred tax Liabilities (Net)	17981.12	96.53	18077.65	15596.25	(897.87)	14698.38
	<b>90864.85</b>	<b>(45.06)</b>	<b>90819.79</b>	<b>91326.16</b>	<b>(1103.33)</b>	<b>90222.83</b>
<b>Current liabilities</b>						
Financial Liabilities						
Borrowings	15421.29	-	15421.29	13201.01	-	13201.01
Trade Payables	9281.96	-	9281.96	10733.74	-	10733.74
Other financial Liabilities	-	15443.67	15443.67	-	17590.72	17590.72
Provisions	3780.27	(2922.30)	857.97	3204.51	(2922.30)	282.21
Current Tax Liabilities (Net)	516.87	-	516.87	(211.92)	211.92	-
Other Current Liabilities	15751.86	(15444.65)	307.21	16796.79	(16578.96)	217.83
	<b>44752.25</b>	<b>(2923.28)</b>	<b>41828.97</b>	<b>43724.13</b>	<b>(1698.62)</b>	<b>42025.51</b>
<b>Total Equity and Liabilities</b>	<b>255313.87</b>	<b>(337.00)</b>	<b>254976.87</b>	<b>240429.48</b>	<b>1947.03</b>	<b>242376.51</b>

# Consolidated Notes on Accounts

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1. **Property, Plant and Equipment:** During the financial year 2015-16, the Company had aligned its policy of providing depreciation on fixed assets with effect from April 1, 2015, by providing on a straight line basis for all assets as against the policy of providing on written down value basis for certain assets and straight line basis for others. As prescribed by Para 21 of erstwhile Accounting Standard 6 - 'Depreciation Accounting', depreciation had been recomputed from the date of the asset coming into use. The adoption of new policy resulted in write back of depreciation, relating to periods prior to 31st March, 2015. The retrospective recomputation of Depreciation is not permitted under Ind AS-16, 'Property, Plant and Equipment', and the Exceptional item, pertaining to the period prior to Financial Year 2015-16, has therefore been reversed in the Ind AS Balance Sheet.
2. **Capital Work in Progress:** Ind AS Adjustments represents Bearer Plants in Progress, which is eligible for capitalisation under the provisions of Ind AS-16
3. **Investment Property:** Ind AS Adjustments represents depreciation on investment property under Straight Line Method over the residual estimated useful life of Investment Property of 50 years.
4. **Investment:** Ind AS Adjustments represents fair value movement for Equity Investments designated as Fair Valued through Other Comprehensive Income.
5. **Inventories:** Ind AS Adjustments represents fair valuation of Agricultural Produce.
6. **Deferred Tax Liabilities:** Ind AS Adjustments represents deferred Tax impact of Ind AS Adjustments during the year.
7. **Provisions:** Ind AS Adjustment represents Dividend and Dividend Tax payable which cannot be provided before being approved by the General Body Meeting and hence Previous GAAP provision is being reversed.
8. As required by Ind AS-109, the Loans and Advances and Other Liabilities has been grouped under Financial Assets/Financial Liabilities.

# Consolidated Notes

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## Note No. 42 - First Time Adoption Reconciliation of Total Comprehensive Income Statement of Profit and Loss

₹ in Lakhs

	Previous GAAP 2016	Ind AS Adjustments 2016	Ind AS 2016
<b>INCOME</b>			
Revenue from operations	175443.78	(20337.97)	155105.81
Other Income	2097.29	(126.97)	1970.32
<b>Total Income</b>	<b>177541.07</b>	<b>(20464.94)</b>	<b>157076.13</b>
<b>EXPENSES</b>			
Cost of materials consumed	60467.76	-	60467.76
Purchases of Stock-in-trade	6445.34	-	6445.34
Changes in inventories of finished goods, work-in-progress and stock-in-trade	42.37	3241.55	3283.92
Employee benefit expense	30066.80	(1167.35)	28899.45
Finance costs	3531.34	203.10	3734.44
Depreciation and amortisation expense	6050.19	(753.26)	5296.93
Other expenses	48161.06	(20464.80)	27696.26
<b>Total Expenses</b>	<b>154764.86</b>	<b>(18940.76)</b>	<b>135824.10</b>
<b>Profit before exceptional items and tax</b>	<b>22776.21</b>	<b>(1524.18)</b>	<b>21252.03</b>
Exceptional Items	1040.40	(1697.15)	(656.75)
<b>Profit before tax</b>	<b>23816.61</b>	<b>(3221.33)</b>	<b>20595.28</b>
<b>Tax Expense</b>			
Current tax	6337.28	-	6337.28
Deferred tax	1679.94	67.64	1747.58
<b>Total tax expense</b>	<b>8017.22</b>	<b>67.64</b>	<b>8084.86</b>
<b>Profit for the period</b>	<b>15799.39</b>	<b>(3288.97)</b>	<b>12510.42</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company	<b>11783.31</b>	<b>(3532.56)</b>	<b>8250.75</b>
Non-controlling interests	4016.08	243.59	4259.67
Other Comprehensive Income (Net of Tax)			
Remeasurements of the defined benefit plans		(269.07)	(269.07)
Equity instruments through other comprehensive income		(114.29)	(114.29)
Exchange differences in translating the financial statements of foreign operations		3165.65	3165.65
Effective portion of Gains/(Loss) in cash flow hedges		1828.47	1828.47
<b>Other Comprehensive Income (Net of Tax)</b>	<b>-</b>	<b>4610.76</b>	<b>4610.76</b>
<b>Total Comprehensive Income for the period</b>	<b>15799.39</b>	<b>1321.79</b>	<b>17121.18</b>
Earnings per equity share			
Basic & Diluted	<b>6.31</b>	<b>(1.89)</b>	<b>4.42</b>

- Revenue from Operations:-** Under Ind AS, Revenue from Operations is recognised on the basis of the net economic benefit flowing to the Company. Accordingly, Revenue from Operations is net off Stockist incentive and excludes Excise Duty component.
- Changes in inventories of finished goods, work-in-progress and stock-in-trade:-** Ind AS Adjustments represents fair value movement on account of fair valuation of agricultural produce.
- Employee benefit expense:-** Ind AS Adjustments represents expenses on account of replanting eligible for capitalisation under Ind AS-16 and Actuarial Loss being designated to be fair valued through Other Comprehensive Income.
- Depreciation and Amortisation expense:-** Ind AS Adjustments represents depreciation on Investment Property and write back of depreciation on account of change in method of providing depreciation from WDV to SLM in case of Holding Company and write back of Goodwill amortisation in case of overseas subsidiary.
- Exceptional Items:-** During the financial year 2015-16, the Company had aligned its policy of providing depreciation on fixed assets with effect from April 1, 2015, by providing on a straight line basis for all assets as against the policy of providing on written down value basis for certain assets and straight line basis for others. As prescribed by Para 21 of erstwhile Accounting Standard 6 - 'Depreciation Accounting', depreciation

# Consolidated Notes on Accounts

had been recomputed from the date of the asset coming into use. The adoption of new policy resulted in write back of depreciation relating to periods prior to 31st March, 2015. The retrospective recomputation of Depreciation is not permitted under Ind AS-16, 'Property, Plant and Equipment' as well as Revised Guidance Note on Application of Schedule II to the Companies Act., and the Exceptional item, pertaining to the period prior to Financial Year 2015-16, has therefore been reversed in the Ind AS Statement of Profit and Loss.

6. **Deferred Tax:-** Ind AS Adjustments represents deferred Tax impact of Ind AS Adjustments during the year.

## Cash Flows:

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS except an amount of ₹ 390.18 Lakhs, which has been reclassified from Operating Activities to Investing activities, Financing activities and effects of exchange rate changes on the balance of cash held in foreign currencies.

## Note No. 43 - Reconciliation of Equity and Total Comprehensive Income

### Reconciliations between Previous GAAP and Ind AS

#### (i) Equity Reconciliation

	As at March 31, 2016	As at April 1, 2015
<b>Equity under Previous GAAP</b>	90753.59	79619.57
Non-Controlling Interest	28943.18	25759.62
<b>Total Equity under Previous GAAP</b>	<b>119696.77</b>	<b>105379.19</b>
<b>Ind AS Adjustments</b>		
Change in Inventories - Fair Valuation of Agricultural Produce	(91.72)	3149.84
Replanting expenses capitalised as 'Bearer Plant in Progress'	552.77	
Remeasurements of the defined benefit plans	411.48	
Depreciation/Amortisation adjustments	753.26	
Exceptional Item-Prospective application of change in policy relating to depreciation	(1697.15)	
Tax expense - Deferred taxes on the above	(67.64)	
Other Comprehensive Income (Net of tax)	(151.96)	(1323.16)
Dividend (including Dividend Tax)	2922.30	2922.30
<b>Ind AS Adjustments</b>	<b>2631.34</b>	<b>4748.98</b>
<b>Equity under Ind AS</b>	<b>122328.11</b>	<b>110128.17</b>

#### (ii) Total Comprehensive Income Reconciliation

	As at March 31, 2016
Net Profit as per Previous GAAP	15799.39
<b>Ind AS Adjustments</b>	
Change in Inventories - Fair Valuation of Agricultural Produce	(3241.55)
Replanting expenses capitalised as 'Bearer Plant in Progress'	552.77
Remeasurements of the defined benefit plans	411.48
Depreciation/Amortisation adjustments	753.26
Exceptional Item-Prospective application of change in policy relating to depreciation	(1697.15)
Tax expense - Deferred taxes on the above/others	(67.80)
<b>Net Profit under Ind AS</b>	<b>12510.42</b>
<b>Other Comprehensive Income (Net of Tax)</b>	
Remeasurements of the defined benefit plans	(269.07)
Equity instruments through other comprehensive income	(114.29)
Exchange differences in translating the financial statements of foreign operations	3165.65
Effective portion of Gains/(Loss) in cash flow hedges	1828.47
<b>Other Comprehensive Income (Net of Tax)</b>	<b>4610.76</b>
<b>Total Comprehensive Income under Ind AS</b>	<b>17121.18</b>

## Additional Information pertaining to Subsidiaries

	For the Year ended March 31, 2017					For the Year ended March 31, 2016								
	Net Assets		Share in Profit or Loss		Share of Other Comprehensive Income		Net Assets		Share in Profit or Loss		Share of Other Comprehensive Income		Share of Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount (₹ in Lakhs)	As a % of Consolidated Profit or Loss	Amount (₹ in Lakhs)	As a % of Consolidated Profit or Loss	Amount (₹ in Lakhs)	As a % of Consolidated Net Assets	Amount (₹ in Lakhs)	As a % of Consolidated Profit or Loss	Amount (₹ in Lakhs)	As a % of Consolidated Profit or Loss	Amount (₹ in Lakhs)	As a % of Consolidated Profit or Loss	Amount (₹ in Lakhs)
Tata Coffee Limited	84.88%	89727.19	61.22%	9253.21	6.11%	(27.17)	62.89%	9226.04	48.21%	3977.23	(11.60%)	(253.31)	35.69%	3723.92
Foreign														
Consolidated Coffee Inc.	56.76%	59997.62	77.43%	11703.21	187.48%	(833.95)	74.09%	10869.26	103.42%	8532.76	222.85%	4865.34	128.41%	13398.10
Tata Coffee Vietnam Company Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less : Non controlling Interest	(28.33%)	(29948.73)	(38.65%)	(5841.33)	(93.59%)	416.31	(36.98%)	(5425.02)	(51.63%)	(4259.53)	(111.25%)	(2428.78)	(64.10%)	(6688.31)
Less : Consolidation Elimination	(13.31%)	(14064.95)	-	-	-	-	-	(15.10%)	(14065.87)	-	-	-	-	-
	100.00%	105711.13	100.00%	15115.09	100.00%	(444.81)	100.00%	14670.28	100.00%	8250.46	100.00%	2183.25	100.00%	10433.71

# Consolidated Notes on Accounts

## Note No. 44 - Related Party Transactions

In accordance with Ind AS 24, the disclosures required are given below:

Sl. No.	Nature of transaction	Promoter		Parent Company		Key Management Personnel/Independent Director		Fellow Subsidiaries/IVs		Subsidiaries/IVs of Promoter		Post Employment Benefit Plans		Total	
		For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016
1	Sale of Goods	-	-	2651.57	1578.10	-	-	5005.11	3401.69	0.59	-	-	-	7657.27	4979.79
2	Rendering of Services	-	-	-	-	-	0.09	167.82	153.92	28.99	26.91	-	-	196.81	180.92
3	Purchase of Goods	-	-	66.02	147.80	-	-	-	-	-	-	-	-	66.02	147.80
4	Director Remuneration**	-	-	-	-	818.30	560.66	-	-	-	-	-	-	818.30	560.66
5	Receiving of Services	278.35	277.32	760.31	588.83	-	8.94	4929.78	4478.22	161.13	214.04	-	-	6129.57	5567.35
6	Reimbursement of expenses / (income) - Net	-	-	(140.69)	(131.62)	-	-	11.01	6.86	-	-	-	-	(129.68)	(124.76)
7	Interest Payment	-	-	-	-	-	-	1374.21	1238.56	-	-	-	-	1374.21	1238.56
8	Dividend Paid	-	-	4509.84	3100.77	-	-	1604.30	856.68	-	-	-	-	6114.14	3957.45
9	Contribution to Post Retirement Benefit Plans	-	-	-	-	-	-	-	-	-	-	1375.06	850.45	1375.06	850.45
10	Inter Corporate Loans paid	-	-	-	-	-	-	-	-	5932.46	6932.21	-	-	5932.46	6932.21
11	Interest Accrued on Inter Corporate Loans	-	-	-	-	-	-	-	-	668.28	627.42	-	-	668.28	627.42
12	Loan outstanding at the year end - Tata Global Beverages Investments Ltd	-	-	-	-	-	-	25130.13	25673.12	-	-	-	-	25130.13	25673.12
13	Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Credit	278.35	277.32	-	482.86	-	-	490.24	1346.43	20.57	50.62	-	-	789.16	2157.23
	Debit	-	-	10.22	-	-	-	2156.81	1270.14	5559.92	6575.73	-	-	7726.95	7845.87

The above information is excluding taxes and duties except Outstanding Balances at the year end.

\*\* Includes contribution towards Provident Fund and Superannuation Fund.

# Consolidated Notes

on Accounts

## Names of related parties and description of relationship.

1. Promoter Company	Tata Sons Limited
2. Parent Company	Tata Global Beverages Limited
3. Key Management Personnel	Mr Sanjiv Sarin, Managing Director & CEO
	Mr Chacko Purackal Thomas, Executive Director and Deputy CEO
	Mr K Venkataramanan, Executive Director - Finance & CFO
	Mr T Radhakrishnan, Executive Director
4. Fellow Subsidiaries/JVs	OOO Sunty LLC
	Tata Global Beverages Investments Ltd.
	Tata Global Beverages GB Ltd.
	Good Earth Tea Inc.
	Good Earth Corporation
	Tetley USA Inc.
	Tata Global Beverages US Holdings Inc.
	Tata Global Beverages Services Limited
	Tata Global Beverages Capital Limited
	Tata Starbucks Private Limited
	Empirical Group LLC
	Tata Global Beverages Australia Pty. Ltd.
	Earth Rules Pty. Ltd.
	Amalgamated Plantations Private Limited
5. Subsidiaries/JVs of Promoter Company	Tata Consultancy Services Limited
	Tata Housing Development Corporation
	Tata Teleservices Limited
	Taj Air Limited
	Tata Housing Development Company Limited
6. Post Employment Benefit Plans	Tata Sia Airlines Limited
	Tata Coffee Staff Provident Fund Trust
	Tata Coffee Superannuation Scheme
	Tata Coffee Employees Gratuity Fund

R. HARISH BHAT  
Chairman

K. VENKATARAMANAN  
Executive Director - Finance & CFO

SANJIV SARIN  
Managing Director & CEO

S. SANTHANAKRISHNAN  
Director

N. ANANTHA MURTHY  
Company Secretary

Place: Bengaluru  
Date: 18<sup>th</sup> May, 2017

**Statement of Crop particulars of Coffee (Arabica and Robusta Estates) & Tea**

Name of the Estate	ARABICA			ROBUSTA			TEA		
	Bearing area in Hectares	Crop M.T.	YPH in Kilos	Bearing area in Hectares	Crop M.T.	YPH in Kilos	Bearing area in Hectares	Crop M.T.	YPH in Kilos
<b>COFFEE:</b>									
<b>KARNATAKA</b>									
Anandapur	15.00	12	800	356.70	601	1685			
Balmany	4.10	1	244	213.80	252	1179			
Cannoncadoo	97.40	60	616	198.50	263	1325			
Cottabetta	6.56	3	457	402.84	586	1455			
Coovercolly	253.90	117	461	209.20	197	942			
Jumboor	333.30	167	501	0.00	0	0			
Margolly	190.16	64	337	279.42	516	1847			
Nullore	363.06	228	628	77.70	134	1725			
Pollibetta	12.30	6	488	297.56	492	1653			
Sunticoppa	210.50	118	561	0.00	0	0			
Woshully	17.25	8	464	481.25	612	1272			
Yemmigoondi	51.50	21	408	500.40	775	1549			
<b>COORG</b>	<b>1555.03</b>	<b>805</b>	<b>518</b>	<b>3017.37</b>	<b>4428</b>	<b>1468</b>			
Gubgul	3.60	2	556	125.95	228	1810			
Goorghully	171.87	135	785	224.05	407	1817			
Karadibetta	108.10	37	342	254.80	290	1138			
Merthikhan	78.86	42	533	25.25	23	911			
Mylemoney	341.63	362	1060	78.90	94	1191			
Ubban	183.00	119	650	206.75	290	1403			
<b>HASSAN</b>	<b>887.06</b>	<b>697</b>	<b>786</b>	<b>915.70</b>	<b>1332</b>	<b>1455</b>			
	2442.09	1502	615	3933.07	5760	1465			
<b>TAMIL NADU</b>									
Valparai	402.04	126	313	233.64	240	1027			
<b>TEA:</b>									
<b>KARNATAKA</b>									
Merthikhan							109	283	2596
Glenlorna							245	753	3074
<b>TAMIL NADU</b>									
Pachamalai							301	671	2229
Pannimade							418	962	2301
Uralikal							430	834	1940
Velonie							393	882	2244
<b>KERALA</b>									
Malakiparai							530	1281	2418
<b>Grand Total</b>	<b>2844.13</b>	<b>1628</b>	<b>572</b>	<b>4166.71</b>	<b>6000</b>	<b>1440</b>	<b>2426</b>	<b>5666</b>	<b>2336</b>
Add : Tea manufactured out of bought leaf at Annamallais								709	
<b>Total made tea production during 2016-17</b>								<b>6375</b>	



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To,  
**TSR Darashaw Ltd.**  
Unit: ( Tata Coffee Limited)  
6-10 Haji Moosa Patrawala Industrial Estate,  
20 Dr. E. Moses Road, Mahalaxmi,  
Mumbai 400 011.

**Updation of Shareholder Information**

I/ We request you to record the following information against our Folio No.:

**General Information:**

Folio No.:	
Name of the first named Shareholder:	
PAN: *	
CIN/ Registration No.: * (applicable to Corporate Shareholders)	
Tel No. with STD Code:	
Mobile No.:	
Email Id:	

\*Self attested copy of the document(s) enclosed

**Bank Details:**

IFSC: (11 digit)	MICR: (9 digit)
Bank A/c Type:	Bank A/c No.: *
Name of the Bank:	
Bank Branch Address:	

\* A blank cancelled cheque is enclosed to enable verification of bank details

I/ We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/ We would not hold the Company/ RTA responsible. I/ We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/ We understand that, the above details shall be maintained by you till I/We hold the securities under the above mentioned Folio No./ beneficiary account.

Place:

Date:

\_\_\_\_\_  
Signature of Sole/ First holder





  
**TATA**  
**TATA COFFEE LIMITED**

Corporate Identification No.L01131KA1943PLC000833  
Corporate Office: No. 57, Railway Parallel Road, Kumara Park West, Bengaluru 560 020  
Ph. No.- 080 23560695/97 Fax No.- 080 23341843  
Registered Office: Pollibetta 571215, Kodagu, Karnataka, India  
Email id.: investors@tatacoffee.com Website: www.tatacoffee.com

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration), Rules, 2014]

Name of the member(s)	:	
Registered Address	:	
E-mail Id	:	
Folio No./DP IDNo./Client ID No.	:	

I/We being a Member(s) of \_\_\_\_\_ shares of Tata Coffee Limited, hereby appoint:

- |    |               |                  |                 |
|----|---------------|------------------|-----------------|
| 1. | Name _____    | Address: _____   |                 |
|    | E-mail: _____ | Signature: _____ | or failing him; |
| 2. | Name _____    | Address: _____   |                 |
|    | E-mail: _____ | Signature: _____ | or failing him; |
| 3. | Name _____    | Address: _____   |                 |
|    | E-mail: _____ | Signature: _____ | or failing him; |

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 74th Annual General Meeting of the Company to be held at the Registered Office of the Company at Pollibetta – 571 215, Kodagu, Karnataka on Monday, the 17th July, 2017 at 11.00 A.M. and any adjournment thereof in respect of such resolutions as are indicated below:

**Sl. No. Resolutions**

**Ordinary Business**

- |   |     |  |
|---|-----|--|
| 1 | (a) | To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2017 together with the Reports of the Board of Directors and Auditors thereon. |
|   | (b) | To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2017 together with the Report of the Auditors thereon.            |
| 2 |     | To declare Dividend including Special Dividend on Equity Shares for the Financial Year 2016-17.  |
| 3 |     | To appoint a Director in place of Mr. R. Harish Bhat, who retires by rotation and being eligible offers himself for re-appointment.  |
| 4 |     | Ratification of appointment of Statutory Auditors  |

**Special Business**

- |   |  |
|---|--|
| 5 | Appointment of Dr. P. G. Chengappa as an Independent Director                                    |
| 6 | Re-appointment of Mr. K. Venkataraman as Executive Director – Finance & Chief Financial Officer. |
| 7 | Ratification of Cost Auditor's Remuneration  |

Signed this ..... day of ..... 2017.

Please affix  
Revenue  
Stamp

Signature of Shareholder: .....

Signature of Proxy holder: .....

**Note:**

1. This form of Proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, at Pollibetta 571215, Kodagu, Karnataka, India not less than Forty-Eight (48) hours before the commencement of the meeting.
2. A proxy need not be a member of the Company.
3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.

**TATA COFFEE LIMITED**

Corporate Identification No.L01131KA1943PLC000833  
Corporate Office: No. 57, Railway Parallel Road, Kumara Park West, Bengaluru 560020.  
Ph. No. 080 23560695/97 Fax No. 080 23341843  
Registered Office: Pollibetta 571215, Kodagu, Karnataka , India.  
Email id.: investors@tatacoffee.com Website: www.tatacoffee.com

**ATTENDANCE SLIP**

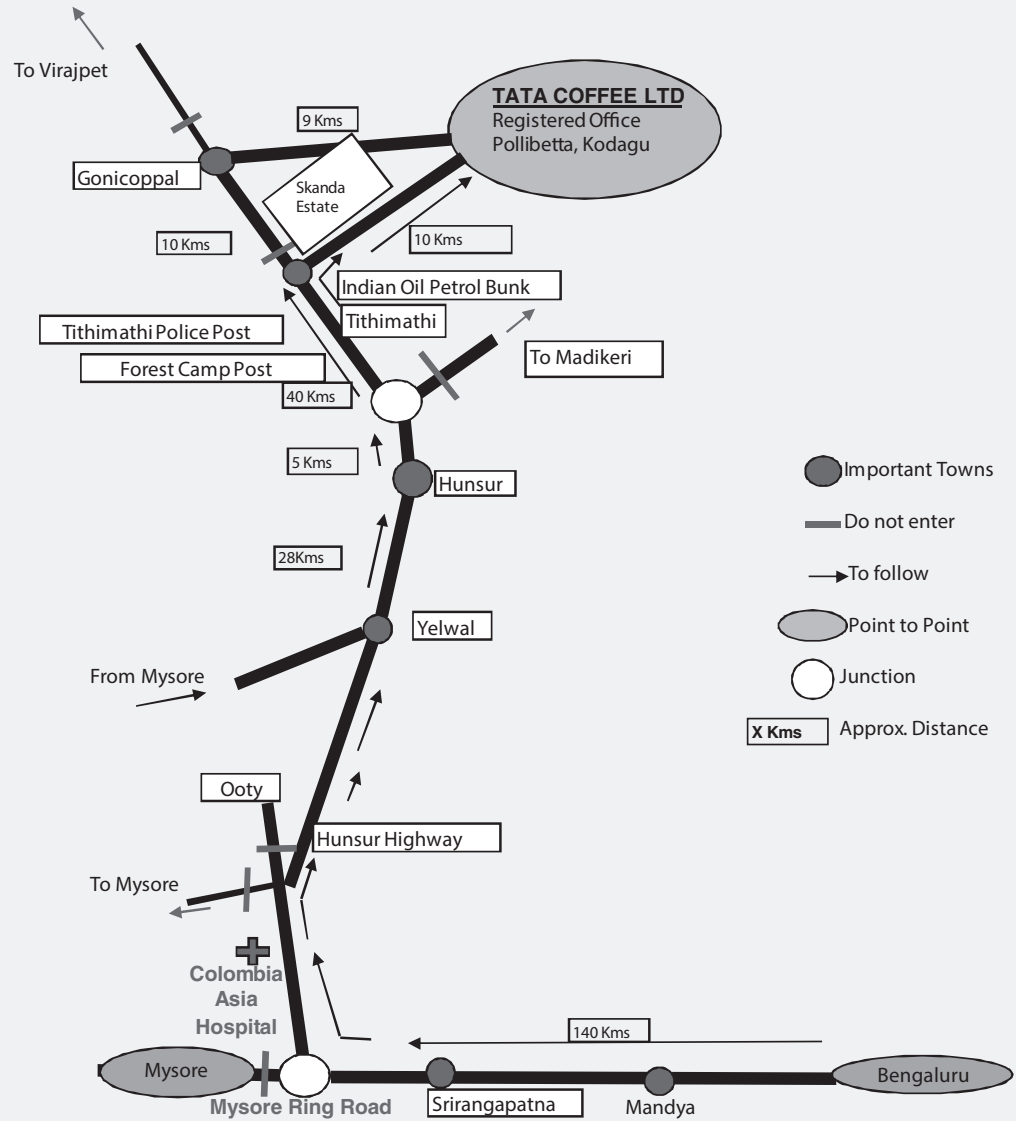
(to be presented at the entrance of the Annual General Meeting)

I/We hereby record my/our presence at the 74th Annual General Meeting of the Company held at the Registered Office of the Company at Pollibetta – 571 215, Kodagu, Karnataka on Monday, the 17th July, 2017 at 11.00 A.M.

Folio No. _____	DP.ID. No. _____	Client ID No. _____	
Name of the Member _____		Signature _____	
Name of the Proxyholder _____		Signature _____	

## Route Map - AGM Venue - Tata Coffee Limited, Pollibetta, Kodagu (Coorg)

Landline No. 08274 - 251411



Note: Map given above is indicative and the distance is approximate





## **TATA COFFEE LIMITED**

### **CORPORATE OFFICE**

No. 57, Railway Parallel Road  
Kumara Park West  
Bengaluru - 560020

**Phone:** 080 23560695/96/97

**Fax:** 080 23561972