

Board's Report

To the Members of Tata Global Beverages Limited

Your Directors are pleased to submit their fifty fifth report together with the audited financial statements of the Company for the year ended 31st March, 2018.

Financial Results

Rs. in Crores

Particulars	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Revenue from Operations	6,815	6,780	3,217	3,064
Profit from Operations before Other Income, Finance Costs, Depreciation and Exceptional items	839	791	501	363
Less : Depreciation	(116)	(126)	(27)	(24)
Add: Other Income (Standalone results include intra-group dividends which are eliminated on consolidation)	94	83	148	96
Less : Finance Costs	(43)	(91)	(14)	(49)
Profit before exceptional items and taxes	774	657	608	386
Exceptional items (net)	(21)	5	115	-
Profit before tax	753	662	723	386
Provision for tax	(186)	(198)	(189)	(110)
Profit after tax	567	464	534	276
Share of net profit/(loss) in Associates and Joint Ventures	(10)	(9)	-	-
Profit for the year	557	455	534	276
Attributable to:				
Owners of the parent	496	390	534	276
Non-Controlling Interest	61	65	-	-
Retained Earnings - Opening Balance	4,396	4,102	1,577	1,406
Add: Profit for the year	496	390	534	276
Add: Transfer from Debenture Redemption Reserve	-	81	-	81
Add: Realised gains on sale of equity shares carried at fair value through OCI	626	-	625	-
Add: Adjustments with Other Equity	61	3	13	(18)
Amount appropriated during the year:				
Dividend including dividend tax paid	(173)	(167)	(169)	(168)
Transfer to General Reserves	(31)	(13)	(28)	-
Retained Earnings - Closing Balance	5,375	4,396	2,552	1,577

State of Company's Affairs

Consolidated Performance

The Consolidated Revenue from operations at Rs. 6,815 Crores grew by 1% during FY 2017-18. However, excluding the impact of sale and restructuring of Group businesses, the increase is 2% in constant currency. Improved performances were recorded mainly in the branded business. Non-branded business had a challenging year mainly due to abnormal and extreme weather conditions. Profit before exceptional items at Rs. 774 Crores was higher by 18% as compared to the previous year despite the adverse non-branded performance, driven by improved operating performance by the branded business, good cost management, restructuring benefits and lower finance costs. Post the impact of exceptional items, tax

and share of profits of joint ventures and associates, the profit for the year 2017-18 at Rs. 557 Crores grew by 22%.

Standalone Performance

The standalone revenue from operations for FY 2017-18 at Rs. 3,217 Crores increased by 5% over the previous year. Revenue increase has been witnessed due to volume growth across all the major brands within our national and regional portfolio. Profit before tax at Rs. 723 Crores reflected a robust growth of 87% over previous year mainly due to improved operating performance, good cost management, non-recurring items, higher investment income including dividend from subsidiaries and profit on sale of our stake held in an associate/subsidiary.

We had a smooth transition into the GST era with the rates on most of our products being in line with the erstwhile regime. Our operation and supply chain models have been restructured wherever necessary to make it efficient and compliant to the GST requirements.

Dividend

Your Directors are pleased to recommend for the approval of the shareholders a higher dividend of Rs. 2.50 per share on the equity share capital of the Company for the year ended 31st March, 2018. The total outgo on account of dividend inclusive of taxes, for FY 2017-18 will be Rs. 190.21 Crores which represents a pay-out of 36% of the Company's standalone profits. On a consolidated basis, the payout represents 38%.

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the dividend distribution policy duly approved by the Board has been put up on the website of the Company and can be accessed at the link: <http://tataglobalbeverages.com/investors/governance/policies>

Transfer to Reserves

The Board of Directors has decided to retain the entire amount of profits for FY 2017-18 in the profit and loss account. During FY 2017-18, the Company had transferred an amount of Rs. 27.60 Crores to the General Reserves, which was approved for transfer out of the profit of FY 2016-17.

Share Capital

The paid up Equity Share Capital as at 31st March, 2018 was Rs. 63.11 Crores comprising of 63,11,29,729 equity shares of Re. 1 each. During FY 2017-18, your Company has not issued any shares including shares with differential voting rights nor has granted any stock options or sweat equity. As at 31st March, 2018, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

Integrated Report

Your Company has embarked on a journey towards voluntarily adopting the Integrated Reporting framework developed by the International Integrated Reporting Council. This is being implemented in a phased manner.

Review of Subsidiaries, Associates and Joint Venture Companies

Pursuant to Section 129(3) of the Companies Act, 2013, the consolidated financial statements of the Company and its subsidiaries, associates and joint ventures, prepared in accordance with the relevant Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, form part of this Annual Report. Pursuant to the provisions of the said section, a statement containing the salient

features of the financial statements of the Company's subsidiaries, associates and joint ventures in Form AOC-1 is given in this Annual Report. Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, the standalone financial statements, consolidated financial statements and the relevant consolidated financial statements and separate audited financial statements along with other relevant documents, in respect of subsidiaries, are available on the website of the Company, www.tataglobalbeverages.com.

Your Company has adopted a policy for determining material subsidiaries in terms of Regulation 16(1)(c) of the Listing Regulations. The policy as approved may be accessed on the Company's website at the link: <http://tataglobalbeverages.com/investors/governance/policies>

Performance highlights of key operating subsidiaries, associates and joint ventures

Subsidiaries

Tata Global Beverages Group Ltd, UK substantially reflects the financial performance of the Tetley business and a few other international brands. Excluding the impact of acquisition and disinvestment, the minor decline in the consolidated revenue during FY 2017-18 is reflective of a strong sterling with adverse translation impact and higher competitive intensity in some markets. The markets are generally characterised by high competitive intensity, decline in every day black but with strong growth in specialty categories. During the year, the Company benefited from the full year impact of conversion of an overseas joint venture to a subsidiary and restructuring of its Russia operations. Profit before tax and exceptional items improved, despite BREXIT driven by higher commodity cost, largely due to good control over costs and benefits of restructuring of the operations. Profit after tax however was impacted mainly due to one-time non-recurring restructuring costs and one-time credits in the previous year relating to conversion of an overseas joint venture to a subsidiary. The Company has in principle approved restructuring of certain operations relating to its business in Eastern Europe.

Tata Coffee Limited had a difficult year with performance lower than the previous year in both the plantation and extraction businesses. The company's plantation operations were impacted by crop loss due to abnormal and extreme weather conditions and lower terminal prices for Robusta Coffee whilst the coffee extraction operations were impacted due to lower sales.

Out of the various awards and recognitions which Tata Coffee has received during the year, it is noteworthy that in the second edition of the Ernesto Illy International Coffee Award in New York for the Year 2017, Nullore and Coovercolly Estates have received the award for their excellence in quality. Nullore Estate in Coorg is best known for its 'The Tata Nullore Estate microlot' - the first Indian microlot to be featured last year in Starbucks Reserve stores in Seattle, USA.

The Board of Tata Coffee Limited have recommended a dividend of Rs. 1.50 per share (face value of Re. 1 per share) for the year ended 31st March, 2018.

Eight O'Clock Coffee (EOC) registered a good performance with topline growth mainly in pods and private label sales. During the year, the company negotiated and renewed its contract with Keurig resulting in EOC having the benefit of direct sales of pods in most of the channels in which it operates and consequently the margins as opposed to a royalty agreement which was prevailing earlier. Profit before tax and exceptional item was impacted mainly due to higher Arabica Coffee commodity costs partially offset by savings due to internal restructuring, lower spends and margin improvement on the renewed Keurig contract. Profit after tax was significantly ahead of the previous year mainly due to a lower tax incidence on account of the benefit of reduction in the US tax rates.

Tata Tea Extractions Inc., the Company's subsidiary in the US had a stable performance during the year.

Associates

Amalgamated Plantations Private Limited (APPL), India, reported higher revenue of 5% with improvements in sales from both own and purchased crops further enhanced with a higher orthodox mix to drive higher realisations. Improvement in price realisations was visible over the entire tea portfolio riding on quality improvements across many estates. Operating losses were reduced due to higher realisation and good control over expenses despite increase in wages.

Kanan Devan Hills Plantations Company Private Limited reported a topline growth of 7% over the previous year. The production for the year was the second highest ever since the formation of the company with an all-time record yield. The company also improved its realisations despite depressed tea auction prices in South India due to improved product mix. However, profit before and after tax was impacted because of higher wage cost which has been partially offset by improved realisations and good cost management.

Joint Ventures

Tata Starbucks Private Limited, our joint venture with Starbucks has been recognised as one of the Top Ten India's Best Workplaces in Retail in FY 2017-18. During the year, Tata Starbucks celebrated the opening of its 100th store located in Mumbai and its five-year anniversary in India with a series of strategic initiatives that reaffirm its long-term commitment to the market. During the year, the business also entered Kolkata in West Bengal and has opened 3 stores till date in the city. The Company's sales increased by 28% driven by better in store performance coupled with new stores added during the year. For the first time since inception, the company recorded a positive EBITDA.

NourishCo Beverages Limited, our joint venture with PepsiCo, reported an increase of 8% in sales driven by growth across its portfolio i.e. Tata Gluco Plus, Tata Water Plus and Himalayan mineral water. The growth has been aided by achieving improved volume through distribution expansion. For the first time since inception, the Company is close to break even levels due to improved sales and structural improvements to the cost base by reducing logistics and manufacturing costs.

Companies which have become or ceased to be Subsidiaries, Associates and Joint Ventures

The following are the changes in subsidiaries, associates and joint ventures during FY 2017-18:

- Zhejiang Tata Tea Extractions Company Limited, China ceased to be a subsidiary consequent to sale of stake
- Sunty LLC and Tea Trade LLC ceased to be subsidiaries and Coffee Trade LLC became a subsidiary consequent to the restructuring of our Russian business
- Estate Management Services Private Limited, Sri Lanka ceased to be an Associate consequent to sale of stake

There were no other changes during FY 2017-18.

For further analysis on the consolidated performance, attention is invited to the section on Management Discussion and Analysis, notes to the consolidated financial statements and Form AOC 1.

Human Resources and Industrial Relations

During the year under review, industrial relations remained harmonious at all our offices and establishments.

Corporate Governance and MD&A

A detailed report on Corporate Governance, which forms part of this Annual Report is provided separately. The Management Discussion and Analysis (MD&A) forms an integral part of this report and also covers the consolidated operations reflecting the global nature of our business.

Vigil Mechanism / Whistle Blower Policy

The Company's vigil mechanism allows the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct /business ethics. The vigil mechanism provides for adequate safeguards against victimisation of the Director(s) and employee(s) who avail this mechanism. All Directors and employees have access to the Chairman of the Audit Committee. The said policy is available on the website of the Company at www.tataglobalbeverages.com

Internal Financial Controls

The Company has adequate and robust systems for Internal Financial Controls which includes operational controls and internal financial controls over financial reporting. These are detailed in the MD&A.

Governance Guidelines

The Company's governance guidelines on Board effectiveness cover 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. The guidelines also cover key aspects relating to nomination, appointment, induction and development of Directors, Directors remuneration, oversight on subsidiary performances, code of conduct, Board effectiveness reviews and various mandates of Board committees.

Selection and Procedure for Nomination and Appointment of Directors

The Company has a Nomination and Remuneration Committee (NRC) which is responsible for developing competency requirements for the Board, based on the industry and strategy of the Company. The Board composition analysis reflects in-depth understanding of the Company, including its strategies, environment, operations, financial condition and compliance requirements.

The NRC makes recommendations to the Board in regard to appointment of new Directors. The role of the NRC encompasses conducting a gap analysis to refresh the Board on a periodic basis, including each time a Director's appointment or re-appointment is required. The NRC is also responsible for reviewing the profiles of potential candidates vis-à-vis the required competencies, undertake a reference and due diligence and meeting of potential candidates prior to making recommendations of their nomination to the Board. The appointee is also briefed about the specific requirements for the position including expert knowledge expected at the time of appointment.

Criteria for determining qualifications, positive attributes and independence of a Director

In terms of the provisions of Section 178(3) of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors, the key features of which are as follows:

- **Qualifications** – The Board nomination process encourages diversity of thought, experience, knowledge, age and gender. It also ensures that the Board has an appropriate blend of functional and industry expertise.

- **Positive Attributes** - Apart from the duties of Directors as prescribed in the Companies Act, 2013, the Directors are expected to demonstrate high standards of ethical behavior, communication skills and independent judgment. The Directors are also expected to abide by the respective Code of Conduct as applicable to them.
- **Independence** - A Director will be considered independent if he / she meets the criteria laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

Annual Evaluation of the Board, its Committees and Individual Directors

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Companies Act, 2013, Listing Regulations and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

In a separate meeting of independent directors, performance of non-independent directors, the Chairman of the Company and the board as a whole was evaluated, taking into account the views of executive directors and non-executive directors.

The NRC and the Board reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In the board meeting that followed the meeting of the independent directors and meeting of NRC, the performance of the board, its committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Remuneration Policy

Pursuant to the provisions of Section 178(3) of the Companies Act, 2013, and Regulation 19 of the Listing Regulations, the NRC has formulated a policy relating to the remuneration for the Directors, key managerial personnel (KMP) and other employees. The philosophy for remuneration is based on the commitment of fostering a culture of leadership with trust. While formulating this

policy, the NRC has considered the factors laid down in Section 178(4) of the Companies Act, 2013, which are as under:

- That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, KMP 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 key principles governing the Remuneration Policy are as follows:

- Market competitiveness;
- Role played by the individual;
- Reflective of size of the Company, complexity of the sector/industry/ Company's operations and the Company's capacity to pay;
- Consistent with recognised best practices; and
- Aligned to any regulatory requirements.

In accordance with the policy, the Managing Director, Executive Director, KMPs and employees are paid basic salary, benefits, perquisites, allowances and annual incentive remuneration / performance linked bonus subject to achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the Company.

Remuneration for Independent Directors and Non-Independent Non-Executive Directors

The Non-Executive Directors, including Independent Directors, are paid sitting fees for attending the meetings of the Board and committees of the Board. The overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company including considering the challenges faced by the Company and its future growth imperatives. The remuneration should also be reflective of the size of the Company, complexity of the business and the Company's capacity to pay the remuneration.

The Company pays a sitting fee of Rs. 30,000 per meeting per Director for attending meetings of the Board, Audit, Nomination and Remuneration and Executive Committees (Rs. 20,000 in case of Mr. N. Chandrasekaran, Chairman and Mr. Harish Bhat, Director). For meetings of all other committees of the Board, a sitting fee of Rs. 20,000 per meeting per Director is paid (Rs. 10,000 in case of Mr. N. Chandrasekaran, Chairman and Mr. Harish Bhat, Director).

Within the ceiling of 1% of net profits of the Company, computed under the applicable provisions of the Companies Act, 2013, the Non-Executive Directors including Independent Directors are also paid a commission, the amount whereof is recommended by the NRC and determined by the Board. The basis of determining the specific amount of commission payable to a Non-Executive Director is related to his attendance at meetings, role and responsibility as Chairman or member of the Board / Committees and overall contribution as well as time spent on operational matters other than at the meetings. The shareholders of the Company had approved payment of commission to the Non-Executive Directors at the Annual General Meeting held on 26th August, 2014, which is valid up to the year ending 31st March, 2019. The Company will be seeking approval of the shareholders for payment of commission to the Non-Executive Directors which shall be valid for all subsequent financial years commencing from 1st April, 2019 as provided in Section 197 of the Companies Act, 2013, at the forthcoming Annual General Meeting. No Stock option has been granted to the Non-Executive Directors.

Independent Directors' Declaration

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

Familiarisation programme for Independent Directors

All Independent Directors ('IDs') inducted on the Board go through a structured orientation programme. Presentations are made by Executive Directors and Senior Management giving an overview of our operations to familiarise the IDs with the Company's business operations. The IDs are given an orientation on the Company's products, group structure and subsidiaries, Board constitution and procedures, matters reserved for the Board, and the major risks including risk management strategy.

The details for familiarisation of the Independent Directors are put up on the website of the Company. As required under Regulation 46(2)(i) of the Listing Regulations, the details of familiarisation programmes conducted during FY 2017-18 is also put on the Company's website and the same can be accessed at the link: <http://www.tgbl.com/company/leadership/board-of-directors>

Board Diversity

The Company recognises and embraces the importance of a diverse board in its success. The Company believes that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help the Company to retain its competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors.

Number of meetings of the Board

For seamless scheduling of meetings, a calendar is prepared and circulated in advance.

The Board of Directors had held eight meetings during FY 2017-18. For further details, please refer to the Corporate Governance Report, which forms part of this Annual Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

Audit Committee

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report which forms part of this Annual Report.

Significant and material orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

Corporate Social Responsibility (CSR) and Sustainability initiatives

In compliance with Section 135 of Companies Act, 2013, the Company has undertaken CSR activities, projects and programs, excluding activities undertaken in pursuance of its normal course of business.

The Natural Beverages Policy of Tata Global Beverages is the apex Sustainability Policy that defines the aspiration to be the consumer's first choice in sustainable beverage production and consumption. The sustainability pillars of the Company are Sustainable Sourcing, Climate Change, Water Management, Waste Management and Community Development.

Tata Global Beverages aspires to create sustainability leadership in its beverages production units through focus on zero waste to landfill, use of renewable energy and rain water harvesting. All packaging centres globally have focused on zero waste to landfill target and only a small fraction of TGB wastes go to landfills, mostly due to techno-commercial feasibility. The Eaglescliffe factory utilises about 39% of its electricity requirement from a 4.6MW solar farm at a nearby location. TGB has also installed solar photovoltaic plants at its Water factory in Dhaula Kuan and Sampla Packaging Centre in India that account for about 25% of the energy used in those factories. Through Project Jalodari, Tata Global Beverages supports the right to water for everyone "to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic uses." The project has established rain water harvesting and recharges structures in all Indian packaging centres.

During the year under review, the Company spent Rs. 6.51 Crores (2.12% of the average qualifying net profits of last three financial years) on CSR activities on projects qualifying as per Section 135 of

the Companies Act, 2013 duly approved by the CSR Committee. In addition to the projects specified as CSR activities under section 135 of Companies Act 2013, the Company has also carried out several other sustainability / responsible business initiatives and projects on a global scale.

Salient features of the CSR Policy and details of activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided in Annexure 1 forming part of this Report. The CSR Policy may be accessed on the Company's website at the link: <http://tataglobalbeverages.com/investors/governance/policies>

Particulars of employees

The information required under Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure 2 which forms part of this report.

Pursuant to Section 197 (14) of the Companies Act, 2013, the details of remuneration received by the Managing Director and the Executive Director from the Company's subsidiary company during FY 2017-18 are also given in Annexure 2 attached to this report.

Particulars of loans, guarantees and investments by the Company

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Annexure 3 which forms part of this report.

Risk Management

The Board of Directors of the Company has formed 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. The Company has an elaborate Risk Charter and Risk policy defining risk management governance model, risk assessment and prioritisation process. The Risk Management Committee reviews and monitors the key risks and their mitigation measures periodically and provides an oversight to the Board on Company's risks outlined in the risk registers.

The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are addressed through mitigating actions.

Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has adopted zero tolerance for sexual harassment at workplace and has formulated 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 framed thereunder for prevention and redressal of complaints

of sexual harassment at workplace. Awareness programs were conducted at various locations of the Company.

During the year, the Company received one complaint of sexual harassment which was resolved by taking appropriate action.

Deposits from public

The Company has not accepted any deposits from the public during the year under review. No amount on account of principal or interest on deposits from public was outstanding as on 31st March, 2018.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Dr. Asim Kumar Chattopadhyay, Company Secretary in Practice, to carry out the Secretarial Audit of the Company. The Report of the Secretarial Auditor for FY 2017-18 is attached herewith as Annexure 4. There are no qualifications, observations, adverse remarks or disclaimer in the said report.

Business Responsibility Report (BRR)

The Listing Regulations mandate the inclusion of the BRR as part of the Annual Report for top 500 listed companies based on market capitalisation. In compliance with the Listing Regulations, the Company has integrated BRR disclosures into the Annual Report.

Extract of Annual Return

As provided under Section 92(3) of the Companies Act, 2013, the extract of annual return in Form MGT-9 is given in Annexure 5 which forms part of this report.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm:

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2018, the applicable accounting standards have been followed and that there are no material departures;
- (ii) That the Directors 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 at the end of the financial year and of the profits of the Company for that period;
- (iii) That the Directors 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 Companies Act, 2013 for safeguarding the assets of the

Company and for preventing and detecting fraud and other irregularities;

- (iv) That they have prepared the accounts for the financial year ended 31st March, 2018 on a 'going concern basis';
- (v) That the Directors have laid down internal financial controls for the Company which are adequate and are operating effectively;
- (vi) That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and are operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, 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 the 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 operating effectively during the FY 2017-18.

Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business. There are no material significant related party transactions made by the Company during the year that would have required shareholder approval under Regulation 23(4) of the Listing Regulations. The disclosure in Form AOC-2 under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is not applicable. All related party transactions are reported to the audit committee. Prior approval of the audit committee is obtained on a yearly basis for the transactions which are planned and / or repetitive in nature and omnibus approvals are taken as per the policy laid down for unforeseen transactions. The policy on Related Party Transactions as approved by the Board is available on the Company's website and may be accessed at the link www.tataglobalbeverages.com/investors/governance/policies

The details of the transactions with related parties during FY 2017-18 are provided in the accompanying financial statements.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees, commission and reimbursement of expenses, as applicable.

Directors and Key Managerial Personnel (KMP)

Mr. N. Chandrasekaran was inducted as an additional director and Chairman of the Board effective 3rd July, 2017. He was also appointed as a Director by the members at the Annual General Meeting held on 18th August, 2017.

Mr. Harish Bhat had stepped down as Chairman effective close of 2nd July, 2017.

The Independent Directors on the Board of the Company, namely, Mrs. Mallika Srinivasan, Mr. V. Leeladhar, Mrs. Ranjana Kumar and Mrs. Ireena Vittal were appointed at the Annual General Meeting of the Company held on 26th August, 2014. Mr. Siraj Azmat Chaudhry was appointed as an independent director for five years effective 3rd July, 2017 at the AGM held on 18th August, 2017. All the said Independent Directors have given declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

During FY 2018-19, Mr. S. Santhanakrishnan had given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. The said declaration was considered by the NRC at its meeting on 11th May, 2018 and the Board thereafter at its meeting on 11th May, 2018, based on the recommendation of the NRC approved the re-categorisation of Mr. Santhanakrishnan as an independent director effective 11th May, 2018. Approval of the members for the appointment of Mr. Santhanakrishnan as Independent Director is being sought at the forthcoming Annual General Meeting.

Mr. Harish Bhat retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. L. KrishnaKumar was appointed as Executive Director for a period of five years which ended on 31st March, 2018. The Board based on the recommendation of the Nomination and Remuneration Committee approved the re-appointment of Mr. L. KrishnaKumar for a further period of five years from 1st April, 2018, subject to the approval of the shareholders. The approval of the shareholders relating to Mr. L. KrishnaKumar's re-appointment and remuneration is being sought at the forthcoming Annual General Meeting.

Pursuant to the provisions of Section 203 of the Act, the KMPs of the Company as on 31st March, 2018 are: Mr. Ajoy Misra, Managing Director & CEO, Mr. L. KrishnaKumar, Executive Director, Mr. John Jacob, Chief Financial Officer and Mr. V. Madan, Company Secretary.

Apart from the above, no other Director or KMP were appointed or had retired or resigned during FY 2017-18.

Brief particulars and expertise of directors seeking appointment / re-appointment together with their other directorships and committee memberships have been given in the annexure to the notice of the Annual General Meeting in accordance with the requirements of the Listing Regulations and applicable Secretarial Standards.

Auditors and Auditors' Report

The Statutory Auditors of the Company have not reported any fraud as specified under the second proviso to Section 143(12) of the Companies Act, 2013.

The Statutory Auditors' report on the financial statements for FY 2017-18 does not contain any qualifications, reservations, adverse remarks or disclaimer.

Cost Auditors

Your Board has appointed Shome & Banerjee, 5A Nurulla Doctor Lane, 2nd Floor, Kolkata - 700 017 as Cost Auditors of the Company for conducting cost audit for FY 2018-19. The members are requested to ratify the remuneration payable to the Cost Auditors for FY 2018-19.

Disclosure Requirements

The information on conservation of energy, technology absorption and 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 is given in Annexure 6 which forms part of this report.

Pursuant to the Listing Regulations, the Report on Corporate Governance along with the certificate from a Practicing Company Secretary regarding compliance of conditions of Corporate Governance, the Business Responsibility Report and the Dividend Distribution Policy are attached and are part of this Annual Report.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Appreciation

The Directors wish to convey their deep appreciation to all the employees of the Company for their sincere and dedicated services as well as their collective contribution to the Company's performance.

On behalf of the Board of Directors

N. Chandrasekaran

Mumbai
11th May, 2018

Chairman

(DIN 00121863)