

# TATA COFFEE

*Committed to creating a better world...* **TATA COFFEE**



*Social Responsibility . Eco Consciousness . Community Welfare . Organic Revolution*

## COFFEE CREDITS – AWARDS & ACCOLADES

Best Exporter of Instant Coffee to the Far East: II Prize

Selected by the SCAE for the 5<sup>th</sup> World Cup Tasters Championship - Woshully (Robusta Parchment)

Selected by the SCAE for the 5<sup>th</sup> World Cup Tasters Championship - Devaracadoo (Organic Robusta Parchment)

## WINNERS OF THE FLAVOR OF INDIA FINE CUP AWARD – 2009

### CATEGORY

### ESTATE

#### BEST ARABICA

PLANTATION A

Cannoncadoo Estate

#### BEST SPECIALTY ARABICA

MNEB

Jumboor Estate

#### ARABICA

Best Arabica from Coorg

Cannoncadoo Estate

Best Arabica from Manjarabad

Ubban-Bhagya Estate

Best Arabica from Chikmagalur

Merthikhan Estate

Best Arabica from Bababudangiris

Mylemoney-Arabidacool Estate

Best Arabica from Coorg - II Prize

Coovercolly Estate

Best of Manjarabad - II Prize

Goorghully-Soondhully Estate

#### SPECIALTY ARABICA

MNEB - I Prize

Jumboor Estate

MNEB - II Prize

Nullore Estate

MNEB - IV Prize

Goorghully-Soondhully Estate

#### ROBUSTA

Best Robusta from Annamalai

Valparai Estate

Best Robusta from Coorg

Cannoncadoo Estate

Best Robusta from Manjarabad - II Prize

Goorghully-Soondhully Estate

Best Robusta from Coorg - II Prize

Coovercolly Estate

#### ROBUSTA SPECIALTY

RKR - IV Rank

Coovercolly Estate

**Annual General Meeting on  
Friday, the 24<sup>th</sup> July, 2009 at the  
Registered Office  
at 4.00 P.M.**

## Contents

Company Information .....	2
Notice .....	3
A Five Year Review.....	7
Production/Acreage .....	8
Directors' Report .....	10
Report on Corporate Governance .....	19
Management Discussion & Analysis.....	28
Auditors' Certificate on Corporate Governance .....	32
Auditors' Report .....	33
Balance Sheet .....	36
Profit and Loss Account .....	37
Schedules forming part of the Balance Sheet .....	38
Schedules forming part of the Profit and Loss Account .....	46
Significant Accounting Policies and Notes on Accounts.....	49
Cash Flow Statement .....	63
Consolidated Financial Statements .....	65
Subsidiary Company - Financial Highlights.....	85
Statement of Area, Crop and Yield .....	85

**COMPANY INFORMATION****Board of Directors****R.K. Krishna Kumar** (*Chairman*)**R. Govindarajan****P.T. Siganporia****U. Mahesh Rao****Prof. A. Monappa****Ms. Sangeeta Talwar****Ms. Barbara A. Roth****Venu Srinivasan** (with effect from 13.10.2008)**S. Santhanakrishnan** (with effect from 13.10.2008)**T.V. Alexander** (with effect from 15.05.2009)**M.H. Ashraff** (*Managing Director*)**Hameed Hug**  
*Executive Director (Plantations)***Arunava Sengupta**  
*Executive Director (Instant Coffee Operations)***Registered Office**Pollibetta – 571 215  
Kodagu, Karnataka State**Corporate Office**No. 57, Railway Parallel Road,  
Kumara Park (W), Bangalore – 560 020  
Tel : (080) 23560695 Fax : (080) 23341843  
E-mail : investors@tatacoffee.com  
Website : www.tatacoffee.com**Registrars**TSR Darashaw Ltd.  
6-10, Haji Mosa Patrawala Ind. Estate,  
20, Dr. E. Moses Road,  
Mahalaxmi, Mumbai – 400 011  
Tel : 022-6656 8484 Fax : 022-6656 8496  
E-mail : csg-unit@tsrdarashaw.com  
Website : www.tsrdarashaw.com**Auditors**N.M. Raiji & Co.  
SNB Associates**Bankers**Corporation Bank  
Indian Overseas Bank  
Standard Chartered Bank  
Hongkong and Shanghai Banking Corp. Ltd.  
ICICI Bank Ltd.  
Bank of Nova Scotia  
Axis Bank Limited  
HDFC Bank Limited**Debenture Trustees****Rights Issue of Partly Convertible Debentures**IDBI Trusteeship Services Ltd.  
Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai – 400 001.**Private Placement of Non-Convertible Debentures**Axis Bank Ltd. (erstwhile UTI Bank),  
Central Office, 131, Maker Towers 'F',  
Cuffe Parade, Colaba,  
Mumbai – 400 005.**Board Committees****Audit Committee**S. Santhanakrishnan – Chairman  
R. Govindarajan  
U. Mahesh Rao (w.e.f. 15.05.2009)**Shareholders/Investors Grievance Committee**R.K. Krishna Kumar – Chairman  
M.H. Ashraff  
R. Govindarajan**Remuneration Committee**U. Mahesh Rao – Chairman  
R.K. Krishna Kumar  
R. Govindarajan  
Prof. A. Monappa

## NOTICE

**NOTICE** is hereby given that the 66th Annual General Meeting of the Company will be held at the Registered Office of the Company at Pollibetta, Kodagu, on Friday, the 24th July, 2009, at 4.00 P.M. to transact the following business: -

1. To receive and adopt the audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. U. Mahesh Rao who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Prof. A. Monappa who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. R. Govindarajan who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and fix their remuneration.

### **SPECIAL BUSINESS**

To consider and if thought fit, to pass with or without modification, the following Resolutions:

7. As an Ordinary Resolution:  
RESOLVED that Mr. Venu Srinivasan be and is hereby appointed as Director of the Company liable to retire by rotation.
8. As an Ordinary Resolution:  
RESOLVED that Mr. S. Santhanakrishnan be and is hereby appointed as Director of the Company liable to retire by rotation.
9. As an Ordinary Resolution:  
RESOLVED that Mr. T.V. Alexander be and is hereby appointed as Director of the Company liable to retire by rotation.
10. As an Ordinary Resolution:  
RESOLVED that in partial modification of the resolution passed at the 53rd Annual General Meeting held on 8th July, 1996 in regard to payment of Special Retirement Benefits to the Managing Directors of the Company on retirement, sanction be and is hereby accorded to the extension of the said benefits to the Executive Chairman and Whole-time Directors and inclusion of a provision for the payment of an additional amount equivalent to 50% of the monthly pension in lieu of accommodation to the retired Executive Chairman/Managing Director.
11. As an Ordinary Resolution:  
RESOLVED that pursuant to Section 293(1)(e) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors contributing to charitable and other funds not directly relating to the business of the Company or welfare of its employees, such sum or sums in any financial year as the Board may think fit, notwithstanding that such contributions may be in excess of the limits laid down in the said Section, provided that the aggregate of all such contributions in any financial year commencing on and after 1st April, 2009 shall not exceed Rupees Three Crores.

Place : Bangalore  
Date : 16th June, 2009

By Order of the Board  
M.K.C. Pai  
Company Secretary

**TATA COFFEE LIMITED****NOTES:**

1. The Register of Members of the Company will remain closed from 10th July, 2009 to 24th July, 2009, both days inclusive.
2. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead and the proxy need not be a member 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 Meeting.**
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the items of Special Business is annexed hereto.
4. Dividend, if declared at the Annual General Meeting will be paid within 30 days thereof to those members whose names appear on the Register of Members of the Company, after giving effect to valid transfers in respect of the shares lodged with the Company on or before the close of business hours on 9th July, 2009 or to their mandatees. The dividend in respect of shares held in electronic form would be payable to the beneficial owners of shares recorded with the Depositories as of the end of 9th July, 2009 as per details furnished by the Depositories for the purpose.
5. All unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the warrants in respect of the dividend upto the aforesaid financial year are requested to claim their dividend from the Registrar of Companies, 2nd Floor, "E" Wing, Kendriya Sadan, Koramangala, Bangalore, Karnataka by making an application in the prescribed Form.

Pursuant to Section 205A read with Section 205C of the Companies Act, 1956 the unclaimed/unpaid dividend for the financial years ended 31st March, 1996 to 31st March, 2001 have been transferred to the Investor Education and Protection Fund of the Central Government ("the Fund"). The balance lying in the unpaid dividend account for the year ended 31st March, 2002 will be transferred to the Fund shortly. Shareholders are requested to note that the Company is statutorily required to transfer to the Fund all dividends which remain unpaid/unclaimed for a period of seven years from the date they became due for payment and once such amounts are transferred to the Fund, no claim shall lie against the Fund or the Company. Shareholders who have not yet encashed their dividend warrants are requested to do so sufficiently in advance before the said transfers take place.

6. Securities and Exchange Board of India (SEBI) vide their Circular dated October 15, 2001, has made it mandatory for all Companies to use the bank account details furnished by the shareholders for distributing dividend through Electronic Clearing Service (ECS) wherever ECS and Bank Details are available. In the event of ECS facility not being available for any reason, companies are required to print the bank account details on the payment instrument for distribution of dividend to the investors. Shareholders holding shares in physical form are requested to notify their bank details giving the name of the bank, the branch, the account number and type and also any change of address to the Company's Registrar and Transfer Agent, M/s. TSR Darashaw Ltd. In case the holdings are in electronic form, the said details should be conveyed to their Depository Participant. Shareholders who wish to avail the ECS facility offered by the Company should, in addition to the aforesaid bank details also furnish their Bank Branch Code to the Registrar's/Depository Participant. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agent.

The bank particulars of the Shareholders recorded with the Depository Participant as of the book closure date, the data of which will be received through Depositories will be used by the Company for printing on the dividend warrants. This would ensure that the dividend warrants cannot be deposited in any account other than the one specified on the warrants. For safety and in the interest of the shareholders, it is important that bank account details are correctly provided to the Depository Participants. The bank details (mandate) for shares held in physical form will not be applicable/applied for shares held in electronic form and vice versa.

**Details of Directors seeking appointment/re-appointment /retiring by rotation  
(In pursuance of Clause 49 of the Listing Agreement)**

Name of Director	U. Mahesh Rao	Prof. A. Monappa	R. Govindarajan	Venu Srinivasan	S. Santhanakrishnan	T.V. Alexander
Date of Birth	02.07.1938	10.03.1942	13.04.1936	11.12.1952	01.11.1950	26.04.1952
Date of Appointment	23.01.2006	31.03.2006	07.02.1994	13.10.2008	13.10.2008	15.05.2009
Qualifications	B.Com.	M.A. (Political Science & Public Administration), M.Sc., Industrial Relations, J.N. Tata School at L.S.E.	B.E., F.I.E., F.I.V., F.I.C.A., M.I.C.C.C., M.Phill	B.Tech. PGDM (IIM)	Graduate in Science, Degree in Law, Fellow Member of the Institute of Chartered Accountants of India	Graduate in Science
Expertise in specific functional area	Former Managing Director of General Insurance Corporation of India. Long experience in all facets of insurance and risk management as well as administration and management of Companies	Formerly Professor of Personnel Management & Industrial Relations of IIM, Ahmedabad and worked in the Personnel Departments of Organisations in Sweden, U.S.A. and India besides being a Planter.	Chartered Engineer, Valuer, Arbitrator and former Executive Director of L.I.C. of India.	Overall – Business Management	Chartered Accountant	Was with Tata Tea Limited for more than 3 decades in its estates and regional offices in various capacities. Has varied experience in tea, coffee and spices plantations.
Director of other Companies	As detailed below (1)	Nil	Nil	As detailed below (2)	As detailed below (3)	Nil
Chairman/ Member of Committees* of the Boards of which he is a Director	Nil	Nil	Nil	As detailed below (2)	As detailed below (3)	Nil
No. of Shares held in the Company	Nil	Nil	1000	Nil	Nil	36

\* Includes Audit, Remuneration and Shareholders/Investors Grievance Committees only for other companies.

**(1) Directorships in Companies & Memberships in Committees of Mr.U. Mahesh Rao**

Sl. No.	Name of the Company	Membership in Committees	
		Name of the Committee	Position held
1.	Tata Tea Limited	Audit Committee	Member
		Remuneration Committee	Member
		Investors Grievance Committee	Member
2.	Ispat Industries Limited	Audit Committee	Member
		Remuneration Committee	Chairman
		Investors Grievance Committee	Chairman

**(2) Directorships in Companies & Memberships in Committees of Mr.Venu Srinivasan**

Sl. No.	Name of the Company	Membership in Committees	
		Name of the Committee	Position held
1.	TVS Motor Company Limited	Investors Grievance Committee	Member
2.	Sundaram-Clayton Limited	Investors Grievance Committee	Member
3.	TVS Finance and Services Ltd.	Investors Grievance Committee	Chairman
4.	TVS Sundaram Iyengar & Sons Limited	Audit Committee	Member
5.	WABCO-TVS (INDIA) LTD.	Investors Grievance Committee	Chairman
6.	Harita-NTI Limited		
7.	Lucas TVS Limited		
8.	Sundaram Textiles Limited		
9.	Southern Roadways Limited		
10.	Sundram Fasteners Limited		
11.	Cummins India Limited		
12.	Sundram Non-conventional Energy Systems Limited		
13.	TVS Investments Limited		
14.	Oriental Hotels Limited		

**(3) Directorships in Companies & Memberships in Committees of Mr. S. Santhanakrishnan**

Sl. No.	Name of the Company	Membership in Committees	
		Name of the Committee	Position held
1.	IDBI Fortis Life Insurance Co. Limited	Audit Committee	Chairman
2.	3I Infotech Limited	Audit Committee	Chairman
		Investors Grievance Committee	Member
3.	Edelweiss Trusteeship Company Ltd.	Audit Committee	Chairman
4.	The Catholic Syrian Bank Limited		



**EXPLANATORY STATEMENT****Pursuant to Section 173(2) of the Companies Act, 1956****Item Nos. 7, 8 & 9**

Mr. Venu Srinivasan, Mr. S. Santhanakrishnan and Mr. T. V Alexander were appointed as Additional Directors of the Company by the Board. While Mr. Srinivasan and Mr. Santhanakrishnan were appointed with effect from 13<sup>th</sup> October, 2008, Mr. Alexander joined the Board with effect from 15<sup>th</sup> May, 2009. In terms of Section 260 of the Companies Act, 1956, Mr. Srinivasan, Mr. Santhanakrishnan and Mr. Alexander hold office till the date of the ensuing Annual General Meeting and are eligible for re-appointment. Notices under Section 257 of the Companies Act, 1956 along with requisite deposits have been received from members signifying their intention to propose the candidature of Mr. Srinivasan, Mr. Santhanakrishnan and Mr. Alexander as Directors retiring by rotation.

Mr. Srinivasan, Mr. Santhanakrishnan and Mr. Alexander are interested in the Resolutions pertaining to their respective appointments as set out in Item Nos. 7, 8 & 9 of the Notice. No other Director is interested in the Resolutions.

**Item No.10**

The shareholders of the Company at the 53rd Annual General Meeting held on 8th July, 1996 had sanctioned the payment of special retirement benefits to the Managing Directors of the Company on their retirement, which benefits as set out in the Explanatory Statement annexed to the Notice convening the said meeting, were to be provided only at the discretion of the Board in each individual case. The retirement benefits included inter-alia compensation in the form of a monthly payment (pension) related to the last drawn salary and length of service with the Tata Group, subject to a maximum of the last drawn salary (subject to indexation) and provision of residential accommodation to a retiring Managing Director.

It is now proposed to extend such benefits to an Executive Chairman and Whole-time Directors of the Company also and provide an alternative to permit payment of a monthly amount equivalent to 50% of the monthly pension in lieu of accommodation to retired Executive Chairman/Managing Director.

The resolution is commended for acceptance by the shareholders.

None of the Directors of the Company save and except Mr. M.H. Ashraff, Managing Director and Mr. Hameed Huq & Mr. A. Sengupta, Whole-time Directors, to the extent that they may be entitled to these benefits on retirement, is concerned or interested in the resolution.

**Item No. 11**

Section 293(1)(e) of the Companies Act, 1956 provides that the Board of Directors of a Public Company shall not without the consent of the Company in general meeting, contribute to charitable and other funds not directly relating to the business of the Company or welfare of its employees, any amounts, the aggregate of which will in any financial year exceed Rs. 50,000/- or 5% of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956, during the three financial years immediately preceding, whichever is greater.

Members are aware that the Company, in the past, has been making donations/contributions to charitable and other funds not directly relating to the business of the Company or the welfare of its employees. It is proposed to obtain the approval of the members to the resolution set out in the Item No.11 of the Notice enabling the Board to make such donations/contributions subject however, to a limit not exceeding Rupees Three Crores in any Financial Year commencing on and after 1<sup>st</sup> April, 2009, notwithstanding the amount so donated/contributed in such financial year is in excess of the limits prescribed under Section 293(1) (e) of the Act.

The resolution set out in item No.11 of the accompanying Notice has to be considered accordingly and the Board recommends the same.

None of the Directors of the Company is concerned or interested in the resolution save and except Mr. M.H. Ashraff who may be deemed to be interested in his capacity as Managing Trustee of The Coorg Foundation, which is expected to be one of the beneficiaries of the donations/contributions.

Place : Bangalore  
Date : 16th June, 2009

By Order of the Board  
M.K.C. Pai  
Company Secretary



## 2004/2005 TO 2008/2009 A FIVE YEAR REVIEW

<b>INCOME &amp; DIVIDEND ETC.</b>		<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
Sale Value of Coffee and						
Estate Products and Gross Income						
from Services rendered	(Rs. in Lakhs)	20121.32	19122.77	26849.65	32681.43	33678.62
Profit Before Tax	(Rs. in Lakhs)	3111.83	2634.50	2774.77	3857.45	2840.60
As percentage of Sales		15	14	10	12	8
Profit After Tax	(Rs. in Lakhs)	2870.23	2232.06	2023.06	2468.13	1864.42
As percentage of Sales		14	12	8	8	6
As percentage of Networth		16	12	6	7	6
(Shareholders' Funds)						
Expenses as percentage of Income		89	94	91	88	92
Current Assets/Current Liabilities		3.2:1	4.04:1	3.2:1	3.3:1	2.0:1
Debt/Equity Ratio		0.32:1	0.74:1	0.54:1	0.58:1	0.58:1
Fixed Assets/Net Worth (as percentage)		54	108	68	72	80
Net Profit per Equity Share	(Rs.)	23.02	17.90	13.94	13.21	9.98
Dividend distributed	(Rs.)	6.5	6.5	6.5	7	6
<b>Assets &amp; Liabilities</b>	(Rs. in Lakhs)					
Net Fixed Assets		9349.65	18902.80	23945.47	24653.08	24374.13
Stocks		5896.80	8947.89	7508.46	8329.58	12545.97
Debtors, Loans & Advances		9807.88	7476.06	8601.07	11371.97	9694.43
Other Assets		440.67	709.84	1965.44	771.56	1037.69
Sundry Liabilities		4902.91	4234.72	7186.86	8566.60	13441.60
Net Current Assets		11242.44	12899.07	10888.11	11906.51	9836.49
Deferred Revenue Expenditure		272.57	154.14	50.48	23.63	3.96
Investments in Shares & Securities		2293.65	1077.11	18705.22	18382.92	14677.62
<b>Total Assets</b>		<b>23158.31</b>	<b>33033.12</b>	<b>53589.28</b>	<b>54966.14</b>	<b>48892.20</b>
<b>Represented by</b>	(Rs. in Lakhs)					
Share Capital		1246.87	1246.87	1867.70	1867.70	1867.70
Reserves		16074.31	17351.03	32069.29	32293.45	28405.60
Shareholders' Interest (Net Worth)		17321.18	18597.90	33936.99	34161.15	30273.30
Loans		5603.36	13890.62	19212.50	19934.78	17666.51
Deferred Tax Liability (Net)		233.77	544.60	439.79	870.21	952.39
<b>Total Liabilities</b>		<b>23158.31</b>	<b>33033.12</b>	<b>53589.28</b>	<b>54966.14</b>	<b>48892.20</b>

**TATA COFFEE LIMITED****PRODUCTION (IN TONNES)**

YEAR	COFFEE		TOTAL	TEA	PEPPER	CARDAMOM	COFFEE	INSTANT
	ARABICA	ROBUSTA					CURED	
1999/2000	2992	5455	8447	1066	1058	9.06	19656	2963
2000/2001	2885	6370	9255	990	929	8.34	18167	4771
2001/2002	2595	5790	8385	1072	1196	6.62	16223	4507
2002/2003	3044	6813	9857	1114	856	4.43	13027	3590
2003/2004	2338	5539	7877	1048	1150	7.10	14548	5368
2004/2005	2680	4944	7624	1119	1328	10.98	13241	3341
2005/2006	2110	6434	8544	2699	981	14.23	11105	4263
2006/2007	2014	5503	7517	6936	861	44.49	11870	3628
2007/2008	2233	5771	8004	6576	682	4.97	11247	4966
2008/2009	1551	4225	5776	7606	1515	14.52	11195	5219

Note - The crop figures for the year 2005/06 and onwards include crop of Anamallai Group Estates which were acquired by the Company during the year 2005/06.

**ACREAGE STATEMENT - 5 YEARS**

	2004/2005	2005/2006	2006/2007	2007/2008	2008/09	
	Acres				Acres	Hectares
<b>COFFEE *</b>						
Arabica	6477	7786	7786	7569	7563	3062
Robusta	10271	10582	10523	10700	10651	4312
Mixed Coffee		86	86	86	86	35
	16748	18454	18395	18355	18300	7409
<b>TEA</b>	897	6089	6089	6089	6089	2465
<b>OTHER CROPS</b>						
Cardamom	254	533	533	420	496	201
Paddy	123	123	123	104	37	15
Pure Pepper/Areca	210	294	351	496	472	191
<b>TOTAL CULTIVATED AREA:</b>	<b>18232</b>	<b>25493</b>	<b>25491</b>	<b>25464</b>	<b>25394</b>	<b>10281</b>

\* Orange, Cardamom & Pepper interplanted in Coffee