



70th ANNUAL REPORT



2012-2013

# HIGHLIGHTS

## 2012 - 13



### Consolidated Performance:

- All time high Turnover at ₹ 1697 Cr up by 10% over previous year
- All time high Profit after Tax @ ₹116 Cr up by 44% over previous year
- Significant improvement in EOC operating results



Tata Coffee is committed to preserve the environment and ecology and believes in co-existence with the flora and fauna including wildlife.



A 2000 TPA Premium Extraction Plant at Theni is nearing completion, which will enable the company to manufacture premium Freeze Dried Coffee.



### Standalone Performance:

- All time high Turnover at ₹ 598 Cr up by 18% over previous year
- All time high Profit after Tax @ ₹ 93 Cr up by 19% over previous year
- Dividend @ 125% vs 110 % of previous year



Tata Coffee has a negative Carbon Footprint of 170,000 metric tonnes CO<sub>2</sub> equivalent per annum, which is an enormous carbon sink.



Tata Coffee has commissioned a state-of-the-art Roasting Plant for supplies to Starbucks JV.



Tata Coffee was one of 5 companies in the Tata Group to be present at the Annual Ethics Conclave.

**Annual General Meeting on  
Tuesday, the 2nd July, 2013 at the  
Registered Office  
at 11:30 a.m.**

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**COMPANY INFORMATION****Board of Directors**

Mr. R.K. Krishna Kumar (Chairman)  
 Mr. U.M. Rao  
 Prof. A. Monappa  
 Mr. Venu Srinivasan  
 Mr. S. Santhanakrishnan  
 Mr. Hameed Huq (Managing Director)  
 Mr. M. Deepak Kumar (Executive Director – Finance)  
 Mr. P.T. Siganporia (Till 11.07.2012)  
 Mr. Harish Bhat (w.e.f. 27.07.2012)

**Auditors**

N.M. Raiji & Co.  
 SNB Associates

**Bankers**

Corporation Bank  
 Indian Overseas Bank  
 Standard Chartered Bank  
 Hongkong and Shanghai Banking Corporation Limited  
 ICICI Bank Limited  
 HDFC Bank Limited  
 RABOBANK International

**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 Private Limited  
 6-10, Haji Mosa Patrawala Ind. Estate,  
 20, Dr. E. Moses Road,  
 Mahalaxmi, Mumbai – 400 011  
 Tel : 022-66568484 Fax : 022-66568496  
 E-mail : csg-unit@tsrdarashaw.com  
 Website : www.tsrdarashaw.com

**Board Committees****Audit Committee**

Mr. S. Santhanakrishnan – Chairman  
 Mr. U. Mahesh Rao  
 Prof. A. Monappa

**Shareholders/Investors Grievance Committee**

Mr. R.K. Krishna Kumar – Chairman  
 Mr. S. Santhanakrishnan  
 Mr. Hameed Huq

**Remuneration Committee**

Mr. U. Mahesh Rao – Chairman  
 Mr. R.K. Krishna Kumar  
 Prof. A. Monappa  
 Mr. Venu Srinivasan

## NOTICE

**NOTICE** is hereby given that the 70th Annual General Meeting of the Company will be held at the Registered Office of the Company at Pollibetta, Kodagu, on Tuesday the, 2nd July, 2013 at 11.30 AM to transact the following business:

### ORDINARY BUSINESS

1. To receive and adopt the audited Statement of Profit and Loss for the year ended 31st March, 2013 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. (i) To confirm payment of Interim Dividend on Equity Shares.  
(ii) To declare a Final Dividend on Equity Shares.
3. To appoint a Director in place of Mr. R.K. Krishna Kumar who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Prof. Arun Monappa who retires by rotation and is eligible for re-appointment.
5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution;  
"RESOLVED that Mr. U. Mahesh Rao, Director who retires by rotation at this meeting having informed the Company that he does not wish to stand for re-election, therefore be and is not re-appointed a Director of the Company."  
"RESOLVED Further that the vacancy caused by the retirement of Mr. U. Mahesh Rao on the Board be not filled up"
6. To considered passing the following Resolution with or without modifications as an Ordinary Resolution:  
"Resolved that M/s. SNB Associates (Firm Regn. No. 015682N) be and are hereby appointed as sole Statutory Auditors of the Company from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting at a remuneration to be fixed by the Board of Directors, to audit the accounts of the Company for the financial year 2013-2014.  
Further Resolved that M/s. N.M. Rajji & Co., the retiring Joint Auditors appointed at the previous Annual General Meeting, be not reappointed as Statutory Joint Auditors of the Company."

### 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. Harish Bhat be and is hereby appointed as Director of the Company liable to retire by rotation.
8. As an Ordinary Resolution:  
"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, the Company hereby approves the appointment of and terms of remuneration payable to Mr Hameed Huq as Managing Director for the period from 3rd January, 2013 to 2nd January, 2014 upon the terms and conditions, including the remuneration to be paid in the event of inadequacy of profits in the current financial year 2013-14, as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Directors of the Company to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Huq."  
"RESOLVED FURTHER that the Board of Directors or a Committee thereof of the Company, be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

By Order of the Board

**N.S. Suryanarayanan**  
Company Secretary

Place: Mumbai  
Date: 24th May, 2013

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

1. The Register of Members of the Company will remain closed from 13th June, 2013 to 2nd July, 2013, 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. 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 12th June, 2013 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 12th June, 2013 as per details furnished by the Depositories for the purpose.
4. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the unclaimed/unpaid dividend for the financial years ended 31st March, 1998 to 31st March, 2005 has 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, 2006 will be transferred to the Fund shortly. Shareholders are requested to note that once unpaid/unclaimed amounts are transferred to the Fund, no claim shall lie against the Fund or the Company. Shareholders who have not yet en-cashed their dividend warrants are requested to do so sufficiently in advance before the said transfers take place.

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

<b>Name of Director</b>	R.K. Krishna Kumar	Hameed Huq	Prof. Arun Monappa	Harish Bhat
<b>Date of Birth</b>	18.07.1938	31.01.1951	10.3.1942	08.11.1962
<b>Date of Appointment</b>	10.01.1991	03.01.2005	31.03.2006	27.07.2012
<b>Qualifications</b>	M.A. Economics	B.A. (Hons.)	M.A. Political Science & Public Administration, M.Sc., Industrial Relations, J.N. Tata School at L.S.E	BTech, MBA from IIM, Ahmedabad
<b>Expertise in specific functional area</b>	Overall Business Management	Plantation General Management function of managing plantations. Overseas experience as CEO of two plantation companies.	Formerly Professor of Personnel Management of Industrial Relations of IIM, Ahmedabad and worked in Personnel Departments of Organizations in Sweden, USA and India besides being a Planter.	Overall Business Management including functional expertise in Sales, Marketing and Corporate Management
<b>Chairman/ Director of other Companies</b>	As detailed below (1)	As detailed below (2)	–	As detailed below (3)
<b>Chairman/ Member of Committees* of the Boards of which he is a Director</b>	As detailed below (1)	–	–	–
<b>No. of Shares held in the Company</b>	Nil	199	–	–

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

(1) Directorships in Companies & Memberships in Committees of Mr. R.K. Krishna Kumar

Sl. No.	Name of the Company	Membership in Committees	
		Name of the Committee	Position held
1	Tata Sons Limited	Remuneration	Member
2	Tata Industries Limited	-	-
3	The Indian Hotels Company Limited	1. Remuneration 2. Shareholders/Investors Grievance	1. Member 2. Member
4	Tata Global Beverages Limited	1. Audit 2. Remuneration	1. Member 2. Member
5	Tata Housing Development Co. Ltd.	Remuneration	Chairman
6	Ewart Investments Limited	-	-
7	PIEM Hotels Limited		
8	Oriental Hotels Limited	Remuneration	Member
9	INFINITY Retail Limited	Remuneration	Chairman
10	Tata Realty & Infrastructure Limited	Remuneration	Chairman
11	NourishCo Beverages Limited	-	-
12	Tata Starbucks Limited	-	-

(2) Directorships in Companies & Memberships in Committees of Mr. Hameed Huq

Sl. No.	Name of the Company	Membership in Committees	
		Name of the Committee	Position held
1	Alliance Coffee Ltd.	-	-

(3) Directorships in Companies & Memberships in Committees of Mr. Harish Bhat

Sl. No.	Name of the Company	Membership in Committees	
		Name of the Committee	Position held
1	Tata Global Beverage Ltd.	-	-
2	Mount Everest Mineral Water Ltd.	-	-
3	Nourishco Beverages Limited	-	-

**TATA COFFEE LIMITED****EXPLANATORY STATEMENT****Pursuant to Section 173(2) of the Companies Act, 1956****Item No. 7:**

Mr. Harish Bhat was appointed as Additional Director of the Company by the Board at its Meeting held on the 27th July, 2012. In terms of Section 260 of the Companies Act, 1956, he holds office till the date of the ensuing Annual General Meeting and is eligible for re-appointment. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a member signifying his intention to propose the candidature of Mr. Harish Bhat as a Director retiring by rotation.

No Director other than Mr. Harish Bhat is interested in the resolution.

**Item No. 8:**

The Board of Directors of the Company ("The Board") at its Meeting held on 14th December, 2012 reappointed Mr. Hameed Huq as Managing Director for the period commencing 3rd January, 2013 and ending on 2nd January, 2014 and approved the terms and conditions of his appointment including remuneration.

Following are the main terms and conditions of the re-appointment of Mr. Huq

1. Tenure of appointment: 3rd January, 2013 to 2nd January, 2014.
2. Nature of Duties: Subject to the supervision and control of the Board, Mr. Huq will be responsible for day-to-day management and operations of the Company and shall carry out such duties and exercise such powers as may be entrusted to him from time to time by the Board.
3. Remuneration:
  - (a) Salary: ₹ 4,00,000/- per month with effect from 3rd January, 2013 (Currently ₹ 4,25,000 per month with effect from 1st April, 2013) within the scale of ₹3,00,000 to ₹ 5,00,000. The annual increments which will be effective 1st April each year, will be decided by the Board on the recommendations of the Remuneration Committee and will be merit-based and take into account the Company's performance;
  - (b) incentive remuneration, if any, and/ or commission based on certain performance criteria to be laid down by the Board;
  - (c) benefits, perquisites and allowances as may be determined by the Board from time to time.

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances, as specified above.

4. The terms and conditions of the re-appointment of the Managing Director as stated above can be altered or varied from time to time by the Board at its discretion, so as not to exceed the limits specified in Schedule XIII of the Act or any amendments made thereto.
5. All Personnel Policies of the Company and the related Rules which are applicable to other employees of the Company shall also be applicable to the Managing Director, unless specifically provided otherwise.
6. The re-appointment of Mr. Huq may be terminated by either party by giving to the other six months' notice of such termination or the Company paying six months' remuneration in lieu of the notice.
7. Mr. Huq shall not become interested or otherwise concerned, directly or through his spouse and / or children, in any selling agency of the Company.
8. Mr. Huq is appointed by virtue of his employment in the Company and the re-appointment is subject to the provisions of Sections 283 (1)(l) of the Act.

9. If and when the Agreement expires or is terminated for any reason whatsoever, Mr. Huq will cease to be the Managing Director and also cease to be a Director.
10. If at any time Mr. Huq ceases to be a Director of the Company for any reason whatsoever, he shall also cease to be the Managing Director of the Company.
11. If at any time Mr. Huq ceases to be in the employment of the Company for any reason whatsoever, he shall also cease to be a Director of the Company.
12. Upon the termination by whatever means of the Managing Director's employment:
  - a. the Managing Director shall immediately tender his resignation from offices held by him in any subsidiaries and associated companies and other entities without claim for compensation for loss of office.
  - b. the Managing Director shall not without the consent of the Company, at any time thereafter represent himself as connected with the Company or any of its subsidiaries or associated companies.

In compliance with the provisions of Sections 269,309 and other applicable provisions of the Act read with Schedule XII of the Act, the terms of appointment and remuneration specified above are now being placed before the Members of their approval.

Your Directors recommend the resolution as set out in Item No. 8 of the accompanying Notice for approval of the Members of the Company.

None of the Directors of the Company other than Mr. Huq is in anyway concerned or interested in the resolution.

The abstract of the terms of appointment of Mr. Huq as Managing Director has already been circulated to the members pursuant to Section 302 of the Act.

**TATA COFFEE LIMITED****2008/2009 TO 2012/2013 A FIVE YEAR REVIEW**

<b>INCOME &amp; DIVIDEND ETC</b>		<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Sale Value of Coffee and						
Estate Products and Gross Income						
From Services rendered	(₹ in Lakhs)	33678.62	37342.43	42209.94	51657.20	62028.66
Profit Before Tax	(₹ in Lakhs)	2840.60	4999.92	6862.18	10415.74	13114.90
As percentage of Sales		8	13	16	20	21
<b>Profit After Tax</b>	(₹ in Lakhs)	<b>1864.42</b>	<b>3198.98</b>	<b>5508.46</b>	<b>7885.28</b>	<b>9369.26</b>
As percentage of Sales		6	9	13	15	15
As percentage of Networth		6	9	14	17	18
(Shareholder's Funds)						
Expenses as percentage of Income		92	87	84	80	79
Debt/Equity Ratio		0.58:1	0.41:1	0.29:1	0.16:1	0.21:1
Fixed Assets/Net Worth (as percentage)		81	65	56	51	56
Net Profit per Equity Share	(₹)	9.98	17.13	29.49	42.22	50.16
Dividend distributed	(₹)	6.00	7.50	10.00	11.00	12.50
<b>Assets &amp; Liabilities</b>	(₹ in Lakhs)					
Net Fixed Assets		24374.13	23318.91	22561.37	23141.05	29596.81
Investments in Shares & Securities		14677.62	14677.62	14570.24	14564.09	14563.44
Stocks		12545.97	11674.88	12532.37	12395.28	15920.44
Debtors, Loans & Advances		9694.43	9482.44	11408.14	14032.40	17148.93
Other Assets (incl. Cash & Bank Balance)		1037.69	2149.27	1095.99	1,533.43	2,598.49
Sundry Liabilities & Provisions		(13441.60)	(8990.32)	(8655.54)	(11701.29)	(15700.32)
Deferred Revenue Expenditure		3.96	-	-	-	-
<b>Total Assets</b>		<b>48892.20</b>	<b>52312.80</b>	<b>53512.57</b>	<b>53964.96</b>	<b>64127.79</b>
<b>Represented by</b>	(₹ in Lakhs)					
Share Capital		1867.70	1867.70	1867.70	1867.70	1867.70
Reserves		28405.60	34120.26	38433.48	43858.02	50577.64
Shareholders' Interest (Net Worth)		30273.30	35987.96	40301.18	45725.72	52445.34
Loans		17666.51	14864.22	11874.05	7183.24	10960.66
Deferred Tax Liability (Net)		952.39	1460.62	1337.34	1056.00	721.79
<b>Total Liabilities</b>		<b>48892.20</b>	<b>52312.80</b>	<b>53512.57</b>	<b>53964.96</b>	<b>64127.79</b>