



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>

## PRODUCTION (IN TONNES)

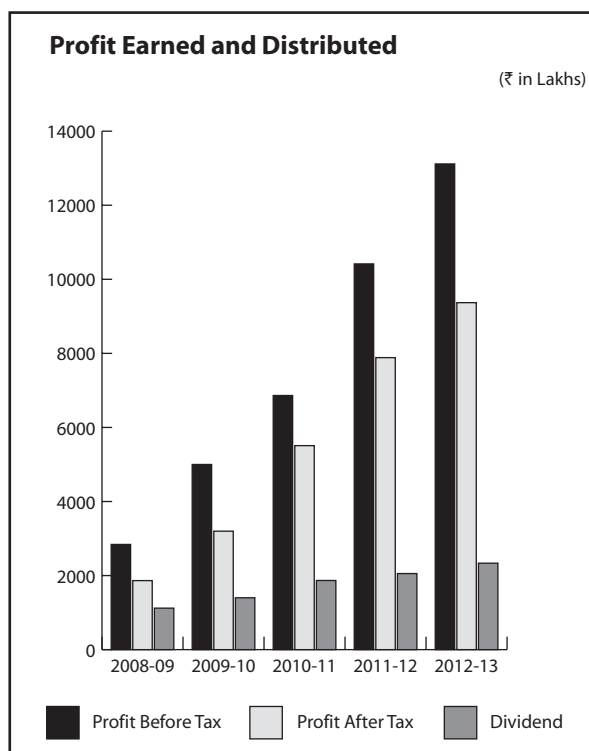
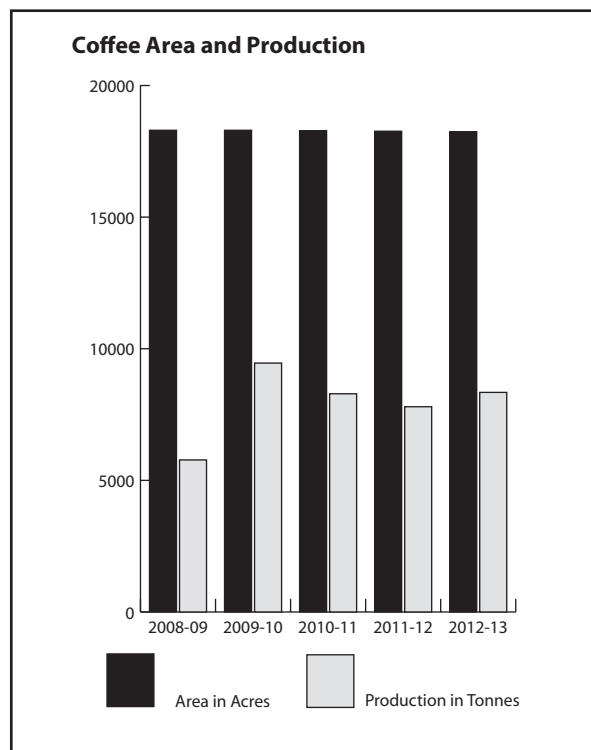
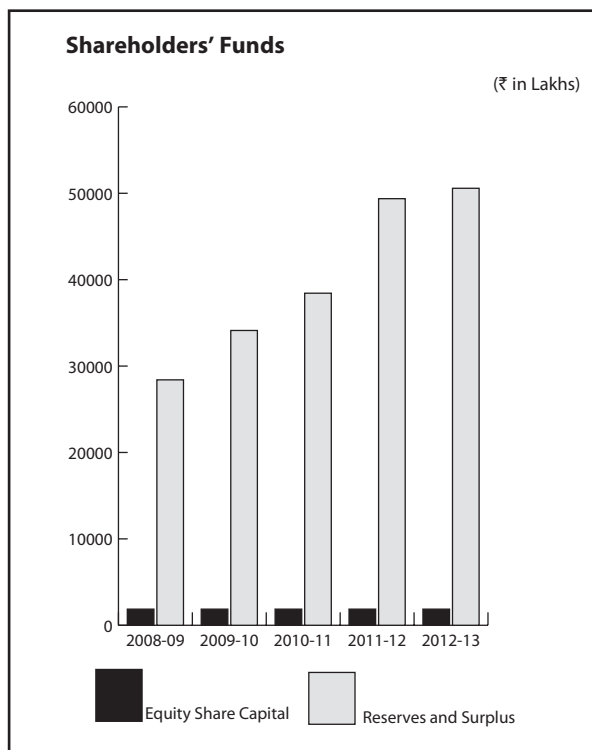
	COFFEE						COFFEE CURED	INSTANT COFFEE
YEAR	ARABICA	ROBUSTA	TOTAL	TEA	PEPPER	CARDAMOM		
2003/2004	2338	5539	7877	1048	1150	7.10	14548	5368
2004/2005	2680	4944	7624	1119	1328	10.98	13241	3341
2005/2006	2110	6434	8544	2699	981	14.23	11105	4236
2006/2007	2014	5503	7517	6936	861	44.49	11870	3628
2007/2008	2233	5771	8004	6576	682	4.97	11247	4966
2008/2009	1551	4225	5776	7606	1515	14.52	11195	5219
2009/2010	2171	7285	9456	7994	884	32.01	10427	2955
2010/2011	1670	6620	8290	7334	535	16.02	12959	4974
2011/2012	2129	5667	7796	6775	864	13.35	12010	6347
<b>2012/2013</b>	<b>1542</b>	<b>6800</b>	<b>8342</b>	<b>6640</b>	<b>1148</b>	<b>8.485</b>	<b>12509</b>	<b>6639</b>

**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

	2008/09	2009/10	2010/11	2011/12	2012/13	
	Acres				Acres	Hectares
<b>COFFEE*</b>						
Arabica	7563	7539	7489	7528	<b>7587</b>	<b>3072</b>
Robusta	10651	10675	10709	10649	<b>10573</b>	<b>4280</b>
Mixed Coffee	86	86	86	86	<b>86</b>	<b>35</b>
	18300	18300	18284	18263	<b>18246</b>	<b>7387</b>
<b>TEA</b>	6089	6089	6089	6089	<b>6088</b>	<b>2465</b>
<b>OTHER CROPS</b>						
Cardamom	496	504	429	429	<b>420</b>	<b>170</b>
Pure Pepper/Areca	472	464	539	523	<b>540</b>	<b>219</b>
Oil Palm/Bamboo/etc.	136	134	153	143	<b>153</b>	<b>62</b>
<b>TOTAL CULTIVATED AREA</b>	<b>25493</b>	<b>25491</b>	<b>25494</b>	<b>25447</b>	<b>25447</b>	<b>10303</b>

\* Pepper interplanted in Coffee



## DIRECTORS REPORT

Your Directors are pleased to submit their Report together with the Audited statement of accounts for the year ended 31st March, 2013.

	<b>2012-13</b> ₹ in Lakhs	2011-12 ₹ in Lakhs
Profit from Operations before Other Income & Interest .....	12307.96	9503.76
Add: Other Income .....	2220.69	805.43
Operating profit before Interest .....	14528.65	10309.19
Less: Interest .....	454.97	732.02
	14073.68	9577.17
Add: Exceptional Income.....	(958.78)	838.57
Profit Before Tax.....	13114.90	10415.74
Provision for Tax: Current Year.....	4079.85	2811.80
Deferred Tax.....	(334.21)	(281.34)
	3745.64	2530.46
Profit After Tax.....	9369.26	7885.28
Add: Surplus b/f from PY .....	9986.07	4585.04
Amount available for appropriation .....	19355.33	12470.32
General Reserve No.I .....	(950.00)	(792.03)
General Reserve No.II .....	(251.95)	(365.46)
Debenture Redemption Reserve A/c .....	1357.44	155.49
	1060.99	(96.49)
Dividends .....		
Interim Dividend .....	(933.85)	-
Final (Proposed) .....	(1400.78)	(2054.47)
Tax on Dividend .....	(389.56)	(2724.19)
	(333.29)	(2387.76)
Balance carried forward .....	16786.63	9986.07

### TURNOVER

Your Company's turnover during the year under review was ₹598.08 Crores as compared to ₹508.52 Crores in the previous year, registering an increase of 18% over last year.

### PROFITS

Profit from Operations before 'Other income and interest' for the year ended 31<sup>st</sup> March, 2013, stood at ₹123.08 Crores as against ₹95.04 Crores in the previous year, reflecting an increase of 29%. Profit before Tax at ₹131.15 Crores vis-à-vis ₹104.16 Crores in the previous year reflects an increase of 26%. Profit after Tax in 2012-13 stood at ₹93.69 Crores as against ₹ 78.85 Crores in the previous year. Your Directors are also pleased to advise that the Profit earned in 2012-13 has also been the highest in the history of the Company.

### DIVIDEND

Your Company has already paid an Interim Dividend of ₹ 5/- per share aggregating to ₹ 933.85 Lakhs with a Dividend Tax of ₹ 151.49 Lakhs. Your Directors have recommended a Final Dividend of ₹7.50 /- per share aggregating to ₹ 1400.78 Lakhs for the year 2012-13. The Dividend Tax amounts to ₹238.07 Lakhs.

### COFFEE SCENARIO

The Arabica futures market prices started the year at around 178 cents/lb and dropped marginally in June and picked up again in July 12'. Thereafter on expectations of a bumper harvest in Brazil, declined steadily to close in March, 2013 at 133 cents/lb levels a level last recorded in June, 2010.

**TATA COFFEE LIMITED**

The Robusta futures market prices started at \$2000/mt levels, picked upto \$2100 by August 12'; Thereafter it steadily declined to close at \$1900 levels in December. The market was steady thereafter and firmed up to \$2100 by March 13' on news of lower crop forecast due to drought conditions in Vietnam which is the largest producer of the Robusta variety.

The global production of the 12-13' season is at a record 150 million bags and consumption was 140 million bags, leaving a surplus for the first time in recent years, thereby putting pressure on the prices. As per ICO estimates, The total consumption grew at the rate of 2% in the year 2012-13 with traditional markets growing at 1%. The consumption in the producing countries and emerging markets have grown at 3 %.

**TEA SCENARIO**

The Global Tea Production declined as compared to the previous year. Tea production in major producing countries during January/December 2012 was 2770 Mn. kgs as against 2793 Mn. Kgs in 2011

In India, the northern states recorded an increase in overall production, while in the South it declined due to drought conditions. At present due to the reduced supply position, the domestic prices have witnessed a sharp escalation as compared to the previous year. These prices are expected to witness a correction when the new season teas arrive in the market.

The Indian exports in 2012 were estimated at 201.08 Mn. kgs as against 215.42 Mn. kgs in the previous year. The domestic consumption has risen approximately 7.8% over the previous year.

**OPERATIONS:****Plantations:****Coffee:**

The Company's overall Coffee production has increased by 7.7% from 7797 MT last year to 8396 MT during the current financial year.

In the biennial cycle, the production of Arabica crop has been lower at 1542 MT for the current year as compared to 2129 MT the previous year. The decline in Arabica production has been witnessed across all districts in Karnataka due to irregular rainfall and prolonged dry spell during the crucial period, which apart from reducing the crop yield, has increased the incidence of pest and disease especially white stem borer. Your Company has taken all proactive measures to mitigate the spread of pest & disease.

As regards Robusta, The Company has achieved a production of 6800 MT in the current year as against 5667 MT in the previous year. The Coffee Board has downscaled its post-blossom India Robusta estimates from 221,300 MT to 215,275 MT.

The Plantation regions are experiencing an unprecedented dry weather, with the day temperatures ranging between 18° C to 34° C. Though the rains received during February & March 13' were useful, the same was insufficient for blossoming in certain areas. This shortfall was covered with irrigation in all Robusta estates. Backing irrigation has also been provided depending on the availability of water in the irrigation tanks.

**Tea:**

The total tea production of the Company in the current year was 6.640 Million Kgs as against 6.775 Million Kgs in the previous year. The Glenlorna Estate of the Company at Kodagu District has achieved an all time record crop of 922 MT of Made Tea with a yield of 3762 Kgs/Ha.

**Pepper:**

The Company has achieved a total Pepper crop of 1148 MT in the current year as against 864 MT in the previous year, which constitutes an increase of 33%. Due to prolonged dry weather which has been prevailing continuously for the last two years, pest & disease in Pepper has become a major cause of concern. The Company has taken all proactive measures to counter these attacks and for irrigating Pepper vines during the crucial periods.

**Curing Works:**

The Company's Curing Works at Kushalnagar cured a total of 12509 MT Coffee during the current year as against 12010 MT in the previous year. In addition, 307 MT of Monsooned Coffee, a value added product was processed as against 304 MT in the previous year.

The unit handled higher volumes during the year due to the better crop arrivals during 2011-12 season and continued to achieve good financial performance due to the sustained cost reduction initiatives in the factory and better husk sale realization.



The ISO 22000:2005 certified Pepper Unit inside the Kushalnagar Curing Works premises handled the grading and steaming operations of the Company's entire pepper produce.

#### **Timber Value Addition:**

The manufacture of Marine Plywood at the outsourced job work location has been temporarily discontinued and negotiations are on hand to locate a new vendor. The business model is being reworked to optimize the cost of conversion on a lower quantity of Timber now available.

#### **Exports**

During the year 2012-13, your Company exported 4831 MT of Coffee as against 5735 MT in the previous year.

Your Company continues to focus on growth through differentiated Coffees with volumes at 1870 MT with very good premiums.

#### **Quality Awards:**

Your Company's continues to focus on quality and participated in various International Competitions to show case it's coffees. In the current year, we have won 14 awards at the Fine Cup Award Cupping Competition 2012 held in Melbourne, Australia as against the previous year's 12 awards. Your Company has also participated in the Rainforest Alliance Cupping for quality in December '2012 and four of your estates were rated a score of 80 and above and these coffees will be publicized by Rainforest Alliance in the SCAA event to be held in Boston. Your Company is committed to growth through quality and will continue to participate in International forums with a clear focus to promote its products.

#### **Instant Coffee Division**

During the year under review, the instant coffee division has successful carried out capacity balancing of equipment to achieve higher product output per anum. The prime focus was on consistent quality, customer centric initiatives and work force development. The Division achieved record production of 6639 MT as compared to 6347 MT in the previous year – an increase of 4.6%. Total exports in volume terms increased to 6493 MT as against 6331 MT in the previous year - an increase of 2.56%. High capacity utilization was attained at all the units and across all product variants. The improvement in production levels were achieved due to successful completion of extraction debottlenecking at Theni.

A 2000 TPA premium extraction unit for the Freeze Dried Facility is under commissioning at Theni supported by the technologies from GEA Niro's Extraction Plant and Roaster from LILLA. The new project is expected to go on stream in the month of June 2013.

Focus on Non-Russian markets has enabled the Company to make inroads into West Africa and Japan. Key customer relationship building approaches are under progress. This will give your Company a balanced market approach covering most of the key geographies.

The division consumes twenty percent of its total power requirement through renewable energy sources. The Freeze Dried unit operates its equipment with wind power, thereby contributing to Company's green initiative.

The Instant coffee units are certified by FSSAI (Food safety standards authority of India), ISO 9001 and 22000:2005, Kosher (Toopran), Halal and SA – 8000 (Theni). The Theni unit won the certificate of appreciation from Ministry of Commerce and Industry, Govt. of India for highest growth in exports amongst the manufacturing units (TN and Pondicherry) for the year 2011-12.

#### **OTHER OPERATIONS**

##### **Plantation Trails**

Plantation Trails, our hospitality business has performed well in the year under review as compared to the previous year. The growth rate is in the range of 16% over the previous year in terms of turnover.

This Division has been the recipient of several awards – “The Platinum Pick Hotel” by Make My Trip, which is a leading online travel portal. Holiday IQ another online review website has awarded us the “Exceptional Service Award”. Trip Advisor the world's number one travel review website has endorsed Plantation Trails for its excellent services based on the customer feedback.

The newly renovated Cottabetta Bungalow has been well received by the market as a premium product and has exceeded the targeted profitability. The restoration work at Thaneerhulla Bungalow has commenced and will be completed by May 2013.

**TATA COFFEE LIMITED**

Our focus has been to strengthen the sales & marketing processes in order to build strong distribution channels, improve our online presence and build the brand. Skill Enhancement sessions for the staff, kitchen and food hygiene, safety processes have been given prime importance during the year and regular audits were conducted. The implementation of technology and innovation to automate systems and improve efficiency are in process.

**STARBUCKS**

As a sequel to the Joint Venture Agreement entered into by our Holding Company – Tata Global Beverages Ltd with Starbucks Inc., USA, your Company has commissioned a state of art coffee roasting facility at Kushalnagar which would be catering exclusively to the requirements of the chain of outlets established by Tata Starbucks in India and to the Starbucks supply chain in South-East Asia. This facility was inaugurated on the 8th February, 2013. The Coffee beans used in this roastery are being supplied exclusively from the Company's own estates.

**CAPITAL EXPENDITURE**

During 2012-13, ₹5806.63 Lakhs was incurred primarily on account of welfare, modernisation, up-gradation and other programmes undertaken in the various units of the Company.

**SUBSIDIARY COMPANIES****Eight O' Clock Coffee Company**

Eight O'Clock Coffee's Turnover during the year stood at ₹ 1099.27 Crores over the Previous Year's turnover of ₹ 1040.50 Crores, despite the increased competitive intensity as many competitors, including Starbucks and Kraft, were very aggressive with deeply discounted promotions. During the year, Eight O'Clock also saw continued strong competition from single serve PODS which consumed shelf space as more consumers moved into the single serve arena. During the year, Eight O'Clock single serve K-Cups were launched through Keurig and quickly gained a 6% market share of the single serve market.

In the fiscal year, the green Arabica commodity costs declined steadily which allowed Eight O'Clock Coffee to improve margins as we maintained current pricing levels. The Landover manufacturing facility performed admirably this year improving the efficiencies of the roasting and processing departments leading to lower costs of production. Profits in Eight O'Clock Coffee improved considerably this year recording a Profit after Taxes of ₹ 66.89 Crores which was a significant improvement over the Previous year's profit after Taxes of ₹ 4.71 Crores.

**Rising Beverage Company**

During the year Consolidated Coffee, Inc. made an investment in the Rising Beverage Co., LLC. taking a 47.30% stake, @USD 22.366 million

Rising Beverage Co. LLC (RBC) is a US-based performance beverage and bottled water manufacturer that sells products under the brand Activate. This product has a unique delivery system whereby vitamins stored in a chamber inside the bottle cap are released when the bottle is opened. This ensures the efficacy of the vitamins, which would else deteriorate if it sits in water for a period of time. Activate products also do not contain sugar or any calories and is targeted at the discerning customer.

**Eight O' Clock Holding (EOH):**

Your Company's overseas subsidiary in the U.S. – Consolidated Coffee Inc. (CCI) acquired 100% stake in newly floated subsidiary EOH, which currently holds the entire stake in Eight O' Clock Coffee hitherto held by CCI.

**Alliance Coffee Limited**

During the year under review, the Registered Office of the Company's Subsidiary -Alliance Coffee Ltd. (Alliance) was shifted from Kolkata to Bangalore after receiving the necessary approvals from the Company Law Board, Eastern Region Bench, Kolkata. It is proposed to merge Alliance with the Company.

The Ministry of Corporate Affairs has exempted holding companies from attaching the accounts of its subsidiaries to its balance sheet. In terms of the said Circular and as required under the Listing Agreement with the Stock Exchanges, the consolidated financial statements of the Company together with its subsidiaries are attached. Any shareholder may ask for a copy or inspect at the Registered/Head Office a copy of the Annual Accounts of Alliance Coffee Limited and the consolidated financial statements of Consolidated Coffee Inc., USA which includes the Eight O' Clock Coffee Company financials.

The Joint Venture (JV) "Tata Coffee (Uganda) Limited" incorporated in Uganda during 2006 has been closed. In connection with the above, the closure intimation has been filed with Reserve Bank of India.

### **CORPORATE GOVERNANCE**

The Company has been in compliance with all the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. The detailed Report on Corporate Governance in terms of Clause 49 of the Listing Agreement and a certificate of the Auditors thereon is attached to the Annual Report.

### **REDEMPTION OF DEBENTURES**

The 7% debentures which were allotted in pursuance of Rights Issue in 2006 have been fully redeemed during the year. The redemption was made in three equal installments at the end of 4th, 5th and 6th year from the date of allotment.

### **EMPLOYEES WELFARE**

The Company's focus on welfare and improving the quality of lives of our people has continued as before. Initiatives to improve the standard of living have been undertaken by providing educational assistance to the children of employees, providing drinking water at the work spot, providing transport at subsidized rate to the school going children of employees, supply of provisions through Co-operative store branches located at each Unit/Estate, to name a few.

The Company's commitment to comply with the international requirements under Social Accountability has been re-validated by the re-certification of Social Accountability 8000-2008 Certificate by the Certification Auditors.

The re-certification of the Company under Rainforest Alliance also shows the Company's commitment towards protecting and preserving the environment & eco system. Safety in all aspects of work and even personal safety is of utmost importance and the Company is taking all possible steps to ensure a safe working condition for all employees.

### **DIRECTORATE**

Mr. P.T. Siganporia who was the Director on Board demitted his office as a Director in accordance with the Group Guidelines with effect from 11.07.2012. Your Directors wish to place on record their sincere appreciation for the valuable contribution made by Mr. Siganporia during his period of association with the Company.

Mr. Harish Bhat was appointed as Additional Director of the Company with effect from 27th July, 2012 and in terms of Article 101 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, (the Act), he holds office upto the ensuing Annual General Meeting. The Company has received a notice from a member in terms of Section 257 of the Act signifying his intention to propose the appointment of Mr. Harish Bhat as a Director in the forthcoming Annual General Meeting.

Mr. Hameed Huq was re-appointed as Managing Director of the Company by the Board at its Meeting held on 14<sup>th</sup> December 2012 for a period commencing 3<sup>rd</sup> January, 2013 to 2nd January, 2014.

Mr. U. Mahesh Rao who retires by rotation at the forthcoming Annual General Meeting has informed the Company that he does not wish to offer himself for re-election as a Director of the Company. As required under Section 256(4) of the Companies Act, 1956, a resolution for not filling the vacancy caused by Mr. Mahesh Rao's retirement has been included in the Agenda of the Annual General Meeting. Your Directors wish to place on record their appreciation of the contributions made by Mr. Mahesh Rao during the period of association with the Company.

Mr. R.K. Krishnakumar and Prof. Arun Monappa retire by rotation and are eligible for re-appointment.

### **SERVICE TO THE COMMUNITY**

The Coorg Foundation, a Public Charitable Trust established by your Company continues to provide support to various individuals and institutions in the field of Health Care, Education, Sports and Culture during the year.

The Foundation continues to provide scholarships to top ranking students who have studied in the Institutions based in Kodagu. In addition, an initiative has been launched to provide vocational training to underprivileged students to enable them to seek alternative forms of employment in association with an NGO firm based in Bangalore.

Rural India Health Project Hospital, Ammathi, which is managed by the Company, continued to serve the needy sections of the society.

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Swastha – The project established by The Coorg Foundation as a fully residential institution for differently abled, continues to extend its support to the needy children in the Coorg and neighbouring areas through its centers in Suntikoppa and Pollibetta by imparting required education and training. In addition, the Community Based Rehabilitation programme, initiated with the intention of reaching out to a larger number of challenged people in the district has rendered commendable service in the area. Regular awareness programmes are conducted in the villages in Somwarpet Taluk and health camps are organized at Swastha Premises to identify the needs and to provide supportive devices to needy participants.

In addition, the Company has launched initiatives for the development and protection of the girl child by instituting a checkup for detection of nutrition deficiency in Girl Children and promotion of self employment opportunities for women in Theni; Providing clean drinking water to the residents near the Toopran Unit and operating primary schools at Annamalai's.

**PARTICULARS OF EMPLOYEES**

Information required under Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 is given in the Annexure forming part of this report. However, as per the provisions of Section 219(1)(b)(iv), the report and accounts are being sent to all Shareholders of the Company excluding the Statement of Particulars of Employees. Any Shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company for a copy.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Statement pursuant to Section 217(1) (e) of the Companies Act, 1956 read with The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is attached.

**RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management confirm:

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed and that there are no material departures;
- (ii) that they have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 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 Companies Act, 1956 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, 2013 on a 'going concern' basis.

**AUDITORS**

M/s. N.M. Raiji & Co. (NMR) and M/s. SNB Associates (SNB) Auditors of the Company hold office as joint auditors till the conclusion of the ensuing Annual General Meeting. The Company has received a written communication from a shareholder proposing the non reappointment of NMR as the Joint Auditors of the Company. The Audit Committee and the Board of Directors have considered the matter and have recommended the reappointment of SNB as sole Auditors of the Company and the non reappointment of NMR as the Joint Auditors in the forthcoming Annual General Meeting.

On behalf of the Board

**R.K. KRISHNA KUMAR**

*Chairman*

Place: Mumbai

Dated: 24th May, 2013

Information in accordance with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 31st March, 2013

#### **A. CONSERVATION OF ENERGY**

##### **1. Energy Conservation measures taken**

The Instant Coffee unit at Theni was consuming high amount of energy in terms of captive power generation due to huge power shortage in Tamil Nadu. The measures like alternate arrangements with TNEB and contract for purchase of power from power producers resulted in sourcing wind energy, which is presently being used for the Freeze Dried Coffee Plant as a substitute for TNEB power. This approach had given a sustainable impact in CO2 continuous reduction of around 2 kg emission/kg of Instant Coffee (IC). This was made possible by way of innovation of the process measures to source power under Group Captive Concept. Initiatives made to use wind energy for the complete FDC operations including the Premium Extraction project.

In addition to wind energy, in Spray Dried Unit, a new initiative taken to reduce power interruptions and diesel consumption which was managed initially through own captive power generation (DG sets). Initiative taken and implemented 3rd party power concept through TNEB during power holidays/interruptions. This has resulted in steady operations and reduction of diesel consumption, 0.05 Ltrs of diesel/kg of IC has been saved over previous year.

Spent squeezer has been introduced to use the waste spent being generated during extraction process. Waste spent is having a good calorific value and is very much suitable for the Boiler as a fuel. This spent having around 85% moisture is squeezed to 50% moisture and fed to the boiler mixed with other fuel. This usage of spent has given an overall saving of 0.27 kg of boiler fuel per kg of IC over previous year.

Modification carried out in the Husk Boiler at the Instant Coffee unit in Toopran has led to the utilization of Coffee spent generated in the plant, thereby bringing down power and fuel cost.

##### **2. Additional Investments and proposals, if any, being implemented for reduction of consumption of energy**

Nil

##### **3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost per unit of production**

The usage of wind power energy and third party power at the Theni plant has resulted in savings of approx. ₹ 2.55/kg. The energy conservation measures introduced at Theni by the way of spent addition etc. resulted in savings of ₹ 1.08/kg and in Toopran unit have resulted in savings of approximately ₹ 0.50/kg over previous year.

##### **4. Total energy consumption and energy consumption per unit of production:**

**TATA COFFEE LIMITED**
**FORM A: APPLICABLE TO TEA**
**A. POWER AND FUEL CONSUMPTION**

	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
<b>1. ELECTRICITY (FOR MANUFACTURE)</b>		
(a) Purchased Units	<b>60,51,891</b>	59,43,673
Total Amount (₹ Lakhs)	<b>378.65</b>	314.73
Rate/Unit (₹)	<b>6.26</b>	5.30
(b) Own Generation		
(i) Through Diesel Generator Units	<b>8,38,314</b>	6,47,231
Diesel Consumed – Ltrs.	<b>2,53,389</b>	2,13,803
Cost of Diesel (₹ Lakhs)	<b>119.88</b>	93.93
Unit/Ltr.	<b>3.31</b>	3.03
Cost/Unit (₹)	<b>14.30</b>	14.51
(ii) Through Steam Turbine/ Generator	<b>Nil</b>	Nil
<b>2. COAL: C GRADE USED IN DRIER</b>		
Quantity – Mts. Total	<b>Nil</b>	4,180
Cost (₹ Lakhs)	<b>Nil</b>	0.2614
Average Cost/MT (₹)	<b>Nil</b>	6.25
<b>3. FURNACE OIL</b>	<b>Not Being Used</b>	Not Being Used
<b>4. OTHERS/INTERNAL GENERATION</b>		
(a) Leco for Drier		
Quantity- Mts.	<b>Not Being Used</b>	Not Being Used
Total Cost (₹ Lakhs)		
Average Cost per MT (₹)		
(b) Firewood – used in Drier		
Quantity – Cu. Mtrs.	<b>15,904.63</b>	13,493
Quantity (Agri. Briquettes) – kg.	<b>41,44,462</b>	49,81,117
Total Cost (₹ in Lakhs) (Firewood)	<b>225.38</b>	195.87
Total Cost (₹ in Lakhs) (Agri Briquettes)	<b>221.38</b>	250.50
Average Cost per Cu. Mtr. (₹) (Firewood)	<b>1,417.09</b>	1,451.62
Average Cost/MT (Agri Briquettes)	<b>5,341.75</b>	5,028.98
<b>B. CONSUMPTION PER UNIT PRODUCTION</b>		

	Current Year ended 31.03.2013		Previous Year ended 31.03.2012	
Standards				
Product:				
BLACK TEA (Kgs.)		<b>6823663</b>		6777189
<b>Unit</b>		<b>Kg.</b>		<b>Kg.</b>
	<b>Unit/Qty</b>	<b>Value/Unit</b>	<b>Unit/Qty</b>	<b>Value/Unit</b>
Electricity	<b>0.89</b>	<b>5.55</b>	0.88	4.64
Diesel	<b>0.08</b>	<b>1.76</b>	0.03	1.39
Coal- C Grade	<b>Nil</b>	<b>Nil</b>	0.001	0.004
Furnace Oil	<b>Nil</b>	<b>Nil</b>	Nil	Nil
Leco	<b>Nil</b>	<b>Nil</b>	Nil	Nil
Firewood (Cu. Mtr.)	<b>0.0023</b>	<b>3.30</b>	0.0020	2.89
Agri Briquettes	<b>0.63</b>	<b>3.39</b>	0.73	3.70



## B. TECHNOLOGY ABSORPTION :

### FORM B :

1. **Specific area**
  - a. Maintenance and sustenance of soil health and Nutrient Index
  - b. Integrated Pest, Disease and Crop Management Research.
  - c. Bio-Control Research.
  - d. Varietal trial of Coffee, Pepper and Cardamom.
  - e. Quality enhancement and good post harvest processing.
  - f. Environmental preservation through Surface water Analysis, pesticide residue analysis, etc. and water conservation.
  - g. Bio-remediation and waste management - Recycling of Agro waste, compost, vermi-compost & Coffee waste water Treatment.
  - h. Quality evaluation of estate produce and Agro-inputs used in the estates.
  - i. Crop Diversification.
  - j. Apiculture.
  - k. Preparation and review of Standard Operating Procedure for Plantation.
2. **BenefitsDerived**
  - I. **Crop Nutrition Research :**
    - a. Maintenance of Soil fertility through annual soil analysis and leaf diagnostic analysis and the results are used to formulate optimum fertilizer recommendation and soil amendment application.
    - b. Our fertilizer program is rationalized based on soil nutrient status, which is optimum and adequate to enhance crop production and productivity.
    - c. Monitoring the availability of micronutrients and secondary nutrients to improve Coffee, Pepper & Cardamom productivity and quality.
  - II. **Coffee Varietal Trial Experiment :**  
Identified location specific high yielding, pest, disease and drought tolerant selection for planting in our Estates.
  - III. **Organic Manure :**
    - Waste management and recycling of agro waste through large-scale manufacture of compost with improved technology to enhance the soil fertility status. Introduction of Trichoderma and Pleurotus - beneficial fungi, to hasten the process of composting and Trichoderma to the control soil borne diseases.
    - Addition of coffee waste water to hasten the process of composting and to increase the nutritive value. It also reduces the volume of waste water for treatment.
  - IV. **Bio- control Research :**
    - a. **Disease Control** - Pepper Wilt : R & D pioneered and scaled up the culturing of quality Trichoderma fungus through fermentor, for use in the biological control of Pepper Wilt and Root diseases of coffee.
    - b. **Coffee Berry Borer Control:** Large-scale installation of Berry Borer trap (Broca trap) with the use of organic solvents and Culturing of Entomopathogenic fungus Beauveria bassiana, as a part of Integrated Pest Management.
    - c. Coffee White Stem Borer Control: Large-scale installation of Pheromone traps as a monitoring tool, 'Lime spray' and intensive tracing, as a part of Integrated Pest Management 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. **Crop Diversification:** Areca nut planted along the valleys and marginal areas have established and started giving economical yield. Horticulture crops like Sapota, 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 advisory circulars to estates and 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 Rainforest Alliance, UTZ, SA 8000 and ISO 22000
3. **Plan of action in-house**
  - I. **Improved crop varieties :**  
Field Assessment of location specific high yielding and pest, disease and drought tolerant selection of Coffee, Pepper and Cardamom.

**TATA COFFEE LIMITED****II. Crop Diversification :**

To assess the potential of very low yielding coffee areas and to identify other suitable commercial crops – cultivation of Oil Palm, Vanilla and Natural Dye plants – Indigo & Bixa Orellana [Annatto dye plant], Medicinal plants and fruit trees.

**III. Mono Cultivation of Organic Pepper** – Intensive Pepper cultivation is in compliance with Organic Farming Systems as per NPOP and NOP – US technical standards.**IV. Coffee Effluent Treatment Research :**

Experiments are under way to determine economical waste water treatment through biological process.

**V. Crop Nutrition Research:**

Rationalization of Fertilizer application for the future. Experimenting on identification of potential 'amino acid stimulants' for better absorption of applied nutrients and use of Silicon dioxide to buildup resistance against pest.

**VI. Water conservation :**

To develop an economically viable technique of recycling of treated waste water for agricultural use – Irrigation.

**VII. 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 to avoid Mycotoxins.**VIII. 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.**IX. Apiculture** - To enhance production through insect pollination in Coffee and also to revive the diminishing population of honey bees to preserve the bio-diversity.**4. General****I. Collaboration with Research Institutes :-**

- Central Coffee Research Institute, Balehonnur.
- Indian Institute of Spices Research, Calicut.
- College of Forestry Science, University of Agricultural Sciences, Bangalore.

**II.** Obtained Rain forest alliance, Utz Certificate for Coffee export to EU, USA and Japan, EU 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 recognised by the Department of Scientific and Industrial Research, Ministry of Science and Technology.**5) Expenditure on R & D**

(a) Capital Expenditure	Nil
(b) Recurring	₹ 47.86 Lakhs
(c) Total Expenses	₹47.86 Lakhs
(d) Total as a % of turnover	0.08%

**6. Technology Absorption:**

1) Efforts made	As in item B (1) above
(2) Benefits	Difficult to quantify
(3) Technology imported:	Nil

**7. Foreign Exchange Earnings and Outgo**

## Total Foreign Exchange

(a) Used	: ₹ 15142.66 Lakhs
(b) Earned	: ₹ 36026.30 Lakhs

On behalf of the Board

**R.K. KRISHNA KUMAR**  
Chairman

Place: Mumbai

Dated: 24th May, 2013

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Code of Governance

The Company's Corporate Governance philosophy is based on transparency, accountability, values and ethics and is an integral part of the management's initiative in its pursuit towards excellence, growth and value creation. The Company is committed to adopt highest standards of corporate governance and disclosure practices to ensure that its affairs are managed in the best interest of all stakeholders. The comprehensive written code of conduct called "Tata Code of Conduct" which has been adopted by the Companies in the Tata Group has also been adopted by the Company, serves as a guide on the standards of values, ethics and business principles to be followed in running its affairs. The Company has 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 (Prohibition of Insider Trading) Regulations and the Whistle Blower Policy. The Company has also adopted the Tata Business Excellence Model, which stresses on excellence in whatever the Company does, while upholding high levels of values and business ethics. The Company is in total compliance with Clause 49 of the listing agreement with the stock exchanges.

### 2. Board of Directors

The Board of Directors comprises of the Managing Director, the Executive Director - Finance and six Non-Executive Directors. During the Financial Year 2012-13 the Board met Eleven times on 8th May, 30th May, 29th June, 16th July, 27th July, 28th August, 12th September, 22nd October and 14th December in 2012 & 25th January and 12th March in 2013.

Details of attendance of Directors at the Board Meetings and at the last Annual General Meeting with particulars of their Directorship and Chairmanship/ Membership of Board/ Committees in other Companies are as under:

Name of Director Messrs.	Category	Attendance at		No. of other Directorships	Committee Positions		No. of Shares held
		Board Meeting	Last AGM		Member	Chairman	
R.K. Krishna Kumar	C (NED)	8	No	12	2	1	-
P.T. Siganporia*	NED	3	-	-	-	-	50
U. Mahesh Rao	NED & IND	11	Yes	2	4	1	-
A. Monappa	NED & IND	10	Yes	-	-	-	-
Venu Srinivasan	NED & IND	1	No	13	3	1	-
S. Santhanakrishnan	NED & IND	9	Yes	4	3	1	-
Hameed Huq	MD	11	Yes	1	1	-	199
M. Deepak Kumar	ED	11	Yes	1	-	-	-
Harish Bhat**	NED	4	-	3	-	-	-

**C-Chairman; NED-Non-Executive Director; IND – Independent Director; MD- Managing Director; ED-Executive Director**

Other directorships do not include alternate directorships, directorships of private limited companies and of companies incorporated outside India.

\* Mr.P.T. Siganporia ceased to be director with effect from 11.07.2012

\*\* Mr. Harish Bhat appointed as a director with effect from 27.07.2012

Chairmanship/Membership of Board Committees include membership of Audit and Shareholders/Investors' Grievance Committees only.

No Director is a member of more than 10 Committees or Chairman of more than 5 committees across all Companies in which he/she is a Director.

Minutes of the meetings of the Board Committees are circulated to all the Directors.

### 3. Audit Committee

During the Financial Year 2012-2013, the Audit Committee met twelve times on 7th May, 30th May, 5th June, 16th July, 26th July, 10th September, 22nd October, 24th November in 2012 & 15th January, 22nd January, 22nd February, 12th March in 2013. The Committee Meetings are attended by the Managing Director, Executive Director – Finance, Sr.

**TATA COFFEE LIMITED**

General Manager (Plantations), Vice President (Instant Coffee Division), Vice President (Corporate), Vice President (Legal), Sr. General Manager (Accounts) and the Company Secretary, who acts as the Secretary of the Audit Committee. The representatives of the Statutory Auditors also attend the Audit Committee Meetings.

The broad terms of reference of the Audit Committee include:

- (a) Review of the quarterly and half yearly financial statements with the management;
- (b) Review with the management and statutory auditors, the annual financial statements before submission to the Board;
- (c) Recommending the appointment and removal of statutory auditors, fixation of audit fee and payment for any other services rendered.
- (d) Review with the management, statutory auditors and the internal auditors, the adequacy of internal control systems;
- (e) Reviewing the adequacy of the internal audit function.
- (f) Discuss with the Statutory Auditors before the audit commences, the nature and scope of audit as well as post audit discussions to ascertain areas of concern, if any.
- (g) Consideration of the reports of internal auditors and discussion about their findings with the management and suggesting corrective actions, wherever necessary.
- (h) Overview of the Company's financial reporting process and disclosure of financial Information.
- (i) Look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors, if any.
- (j) Reviewing the Company's financial and risk management policies.
- (k) Reviewing compliances as regards the Company's Whistle Blower Policy

Details of Attendance of Directors at the Audit Committee Meetings during 2012-13 are given in the following table:

Director	No. of Meetings attended
Mr. S. Santhanakrishnan	12
Mr.U. Mahesh Rao	12
Prof. Arun Monappa	11

**4. Remuneration Committee**

The Remuneration Committee comprises of Mr. U. Mahesh Rao as Chairman, Mr. R.K. Krishna Kumar, Mr. Venu Srinivasan and Prof. A. Monappa being the other members. During the Financial Year 2012-13, the Remuneration Committee met thrice on 8th May, 29th June and 14th December in 2012.

The Remuneration Committee is responsible for reviewing the performance of the Managing Director and Executive Director and recommending to the Board, their remuneration package including annual increment, incentive remuneration, commission and retirement benefits.

The Company pays Sitting Fee of ₹ 20,000/- per meeting to the Non-Executive Directors for attending meetings of the Board, Audit Committee and Executive Committee and ₹ 10,000/- for other Committees except for meetings of the Shareholders/Investors Grievance Committee for which no Sitting Fee is payable. The payment of Commission to Non-Executive Directors is approved by the Shareholders and by the Board. The Commission payable to the Non-Executive Directors is decided each year by the Board of Directors and distributed amongst them based on their attendance and contribution at the Board and certain Committee meetings, as well as the time spent on operational matters other than at meetings. The Company also reimburses the out of pocket expenses incurred by the Directors for attending meetings.

Details of the remuneration paid during the year 2012-13

a) Non-Executive Directors

Name	Commission (₹) (Relating to 2011-12)	Sitting fee (₹)
Mr. R.K. Krishna Kumar	14,81,000	1,90,000
Mr. U. Mahesh Rao	20,04,000	5,50,000
Prof. A. Monappa	6,29,000	5,20,000
Mr. Venu Srinivasan	21,000	20,000
Mr. S. Santhanakrishnan	25,50,000	4,60,000
Mr. R. Govindarajan*	8,20,000	-
Mr. T.V. Alexander**	9,95,000	-

\*Mr. R. Govindarajan ceased to be director with effect from 05.08.2011

\*\* Mr. T.V. Alexander passed away on 05.02.2012

b) Managing Director and Executive Directors:

(₹ in Lakhs)

	Salary	Perquisites & Allowance	Contribution to Retiral funds	Commission
Mr. Hameed Huq	44.82	58.68	12.10	60.00
Mr. M. Deepak Kumar	34.80	44.96	9.40	35.00

## 5. Shareholders Committee

The Board has constituted a Shareholders/Investors Grievance Committee, which comprises of Mr. R.K. Krishna Kumar, Chairman; Mr. S. Santhanakrishnan and Mr. Hameed Huq. During the Financial Year 2012-13 the Committee met four times on 8th May, 16th July, 22nd October in 2012 and 22nd January in 2013. The Committee oversees the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor service. The Company Secretary is the Compliance Officer. Given below is the position of complaints received and attended to for the year 2012-13.

Requests/ Queries/ Complaints received	2112
Requests/ Queries/ Complaints attended	2065
Pending requests/ queries/ complaints as on 31.03.2013	47*

\* Letters were received in the last week of March and have been replied to in April 2013.

Letters received through Statutory/Regulatory bodies are considered as complaints for reporting under Clause 41 of the Listing Agreement

The Shares of the Company are traded in dematerialized form. During 2012-13, 99 requests for transfer/transmission covering 16212 shares and 226 requests for dematerialisation covering 44680 shares were received and processed. As on 31.03.2013, 3 share transfer cases covering 82 shares and 11 requests for dematerialisation covering 1925 shares were pending. These requests were attended to in April 2013.

## 6. Code of Conduct

The Company has adopted a Code of Conduct for its employees including the Managing / Executive Directors. In addition, a Code of Conduct for the Company's Non-Executive Directors has also been adopted. Both these Codes have been posted on the Company's Website.

**TATA COFFEE LIMITED****7. General Body Meetings**

Date, time and location of the last three Annual General Meetings (AGMs).

<b>Year</b>	<b>Date &amp; Time of Meeting</b>	<b>Venue</b>
2009-10	23rd July, 2010 at 12 Noon	Registered Office : Pollibetta – 571 215, Kodagu
2010-11	5th August, 2011 at 11.30 A.M.	-do-
2011-12	27th July, 2012 at 11.30 A.M	-do-

A Special Resolution was passed at the AGM held on 23rd July, 2010 approving payment of Commission not exceeding 1% of the net profits to Non-Executive Directors.

**8. Disclosures**

- (a) Disclosures of materially significant related party transactions i.e., transactions of the Company of material nature with its promoters, directors, management, subsidiary companies or relatives etc. that may have potential conflict with the interest of the Company at large:

In terms of Accounting Standard 18, details of transactions with related parties have been reported in the Notes on Accounts. There were no materially significant transactions that had conflict with the interest of the Company.

- (b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years:

There was no such instance of non-compliance in the last three years.

**9. Means of Communication**

The Quarterly and Annual Financial Results of the Company are faxed/couriered to the Stock Exchanges in accordance with the Listing Agreement. The Results are displayed on the BSE and NSE websites as well as on the Corporate Filing and Dissemination System (CFDS) portal. The Results are also published in Newspapers viz., Indian Express / Financial Express – English and Kannada Prabha – Kannada and posted on the Company's website "www.tatacoffee.com". In terms of Clause 47(f) of the Listing Agreement, the Company has designated a separate e-mail ID for entertaining investor complaints viz., [investors@tatacoffee.com](mailto:investors@tatacoffee.com)

Management Discussion & Analysis Report forms an integral part of the Annual Report.

**10. General Shareholder information**

<b>I.</b>	<b>AGM: Date, Time and Venue</b>	2nd July, 2013 at 11.30 A.M at the Registered Office: Pollibetta – 571 215, Kodagu.	
<b>II.</b>	<b>Financial Calendar (tentative)</b>	Board Meeting for approval of: Audited Results for the first quarter ending 30th June, 2013 Audited Results for the second quarter ending 30th September, 2013 Audited Results for the third quarter ending 31st December, 2013 Annual Accounts 2013-2014 Annual General Meeting for the year ended 31st March, 2014	In July/August 2013 In October/ November 2013  In January/February 2013 In May/June, 2014 In July/August, 2014
<b>III.</b>	<b>Dates of Book Closure</b>	13th June, 2013 to 2nd July, 2013 (both days inclusive)	
<b>IV.</b>	<b>Dividend Payment Date</b>	The Dividend warrants will be mailed on or after 3rd July, 2013.	
<b>V.</b>	<b>Listing on Stock Exchanges</b>	<b>Bangalore Stock Exchange Ltd.</b> Stock Exchange Towers, No. 51, 1st Cross, J.C. Road, Bangalore - 560 027. Tel.: 080-41575234/54 Fax: 080-22995242	

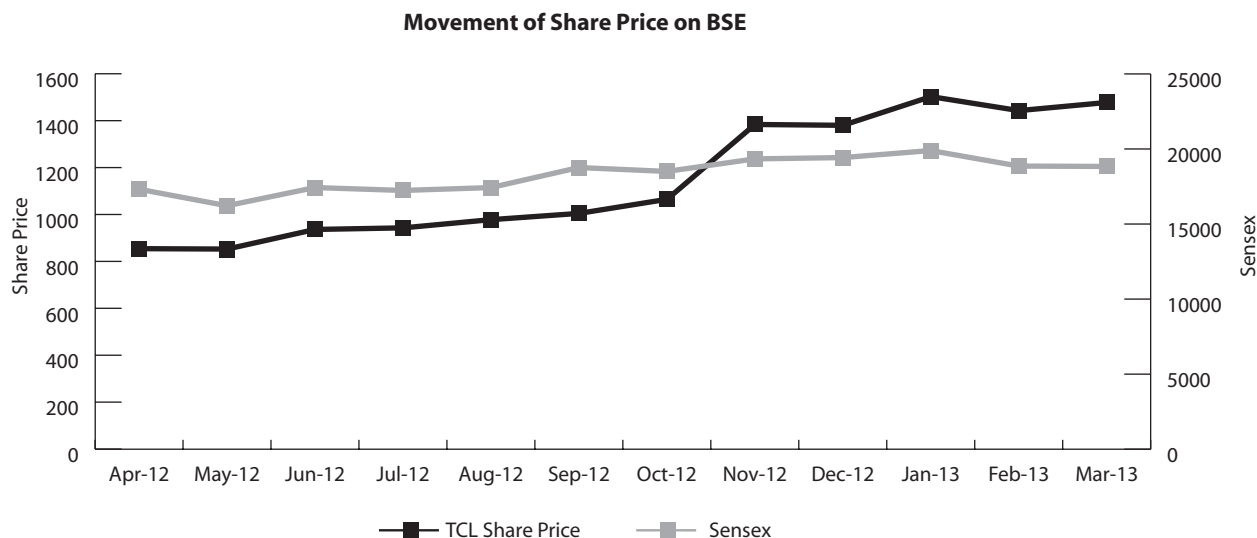


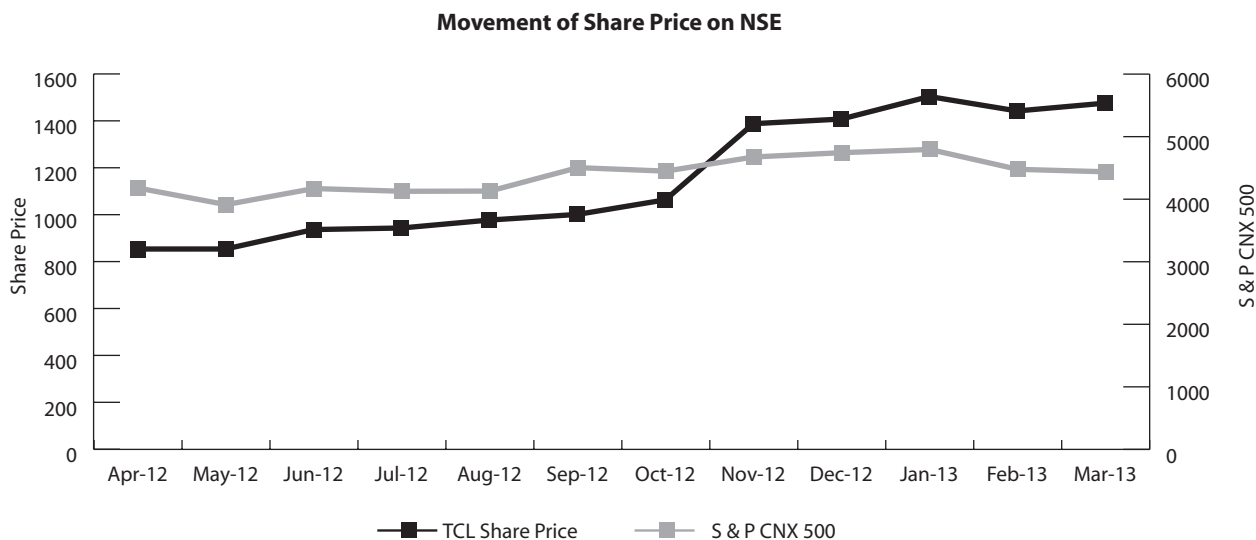
		<b>Bombay Stock Exchange Ltd.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Tel.: 022-22721233/34 Fax: 022-22723121 Stock Code: 532301	
		<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, 5th Floor, Plot No.C/1, G. Block Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051 Tel.: 022-26598100-8114 Fax : 022-26598237/38 Stock Code: TATACOFFEE	
The Company has paid Listing Fees for the financial year 2013-14 to each of the Stock Exchanges.			

**VI. Market Price Data: High and Low during each month in the last financial year.**

	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2012	894.70	823.30	894.90	822.40
May, 2012	871.40	812.00	871.60	811.00
June, 2012	958.35	825.70	958.20	825.00
July, 2012	980.00	904.05	985.00	906.50
August, 2012	1009.90	939.00	1009.75	890.00
September, 2012	1029.40	956.25	1027.80	955.00
October, 2012	1073.90	1052.00	1108.35	989.50
November, 2012	1562.45	1064.55	1564.00	1020.80
December, 2012	1458.60	1404.00	1457.40	1351.50
January, 2013	1674.50	1409.55	1673.90	1408.30
February, 2013	1608.50	1420.60	1551.90	1420.00
March, 2013	1624.00	1401.05	1623.95	1405.00

**VII. Share price performance compared with Broad based indices**



**TATA COFFEE LIMITED****VIII. Name of the Depository with whom the Company has entered into Agreement**

National Securities Depository Ltd.

INE 493A01019

Central Depository Services (India) Ltd.

INE 493A01019

**IX. Registrar and Transfer Agent**

Share Transfers, Dividend payments and all other investor related activities are attended to and processed at the Registered office of our Registrars and Transfer Agent (R&T). For lodgement of transfer deeds and any other documents or for any grievances/complaints kindly contact any of the offices of TSR Darashaw Private Limited which are open from 10.00 a.m to 3.30 p.m. between Monday to Friday (Except on bank holidays)

**Regd.Office:**

TSR Darashaw Private Limited.  
6-10, Haji Moosa Patrawala Ind. Estate,  
20, Dr. E. Moses Road,  
Mahalaxmi  
Mumbai - 400 011  
Tel.: 022-66568484  
Fax: 022-66568494  
E-mail: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)  
Web: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)

**Branch Offices****(i) Bangalore**

TSR Darashaw Private Limited  
503, Barton Centre, 5th Floor,  
84, Mahatma Gandhi Road  
Bengaluru – 560 001.  
Tel: 080- 25320321  
Fax: 080-25580019  
E-mail: [tsrdlbg@tsrdarashaw.com](mailto:tsrdlbg@tsrdarashaw.com)

**(iii) Kolkata**

TSR Darashaw Private Limited  
Tata Centre, 1st Floor  
43, J L Nehru Road,  
Kolkata – 700 071  
Tel: 033-22883087  
Fax: 033-22883062  
E-mail: [tsrdlcal@tsrdarashaw.com](mailto:tsrdlcal@tsrdarashaw.com)

**(ii) New Delhi**

TSR Darashaw Private Limited  
2/42 Ansari Road, Daryaganj, Sant Vihar  
New Delhi – 110 002  
Tel: 011- 23271805  
Fax: 011-23271802  
E-mail: [tsrdldel@tsrdarashaw.com](mailto:tsrdldel@tsrdarashaw.com)

**(iv) Jamshedpur**

TSR Darashaw Private Limited  
'E' Road, Northern Town, Bistupur,  
Jamshedpur – 831 001.  
Tel: 0657-2426616  
E-mail: [tsrdljsr@tsrdarashaw.com](mailto:tsrdljsr@tsrdarashaw.com)

**(v) Ahmedabad (Agent)**

Shah Consultancy Services Limited  
3, Sumathinath Complex,  
2nd Dhal, Pritam Nagar,  
Ellisbridge,  
Ahmedabad – 380 006  
Tel: 079- 26576038  
E-mail: [shahconsultancy8154@gmail.com](mailto:shahconsultancy8154@gmail.com)

**Share holders may also contact/write to:**

The Secretarial Department  
Tata Coffee Ltd.,  
57, Railway Parallel Road, Kumara Park West,  
Bengaluru - 560 020.  
E-mail: [investors@tatacoffee.com](mailto:investors@tatacoffee.com)

**X. Share Transfer System Physical:**

Shares in physical form should be lodged for transfer at the office of the Company's Registrar & Transfer Agent, TSR Darashaw Private 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. As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialised form.

**Dematerialisation of Shares and liquidity**

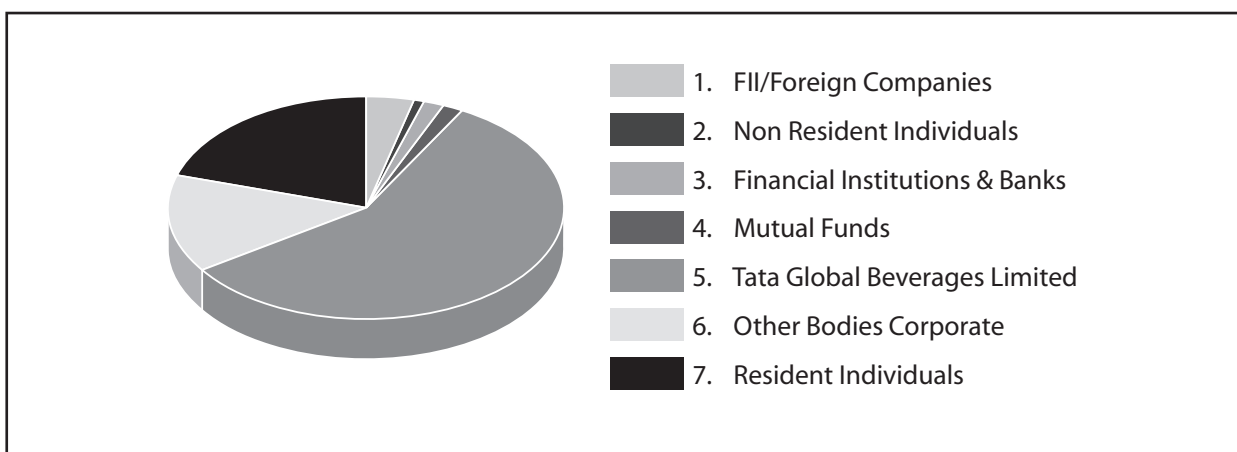
The process of conversion of shares from physical form to electronic form is known as dematerialisation. For dematerializing the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same alongwith 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 and an electronic credit of shares is given in the account of the Shareholder.

**XI. Distribution of Shareholding as on 31st March, 2013**

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% of Shareholdings
1- 500	26,771	96.20	11,62,332	6.22
501- 1000	506	1.82	3,77,112	2.02
1001-2000	291	1.04	4,08,218	2.19
2001-3000	91	0.33	2,21,700	1.19
3001-4000	44	0.16	1,55,124	0.83
4001-5000	21	0.08	97,972	0.52
5001 – 10000	39	0.14	2,60,329	1.39
10001 & above	64	0.23	1,59,94,250	85.64
<b>TOTAL</b>	<b>27,827</b>	<b>100.00</b>	<b>1,86,77,037</b>	<b>100.00</b>

**TATA COFFEE LIMITED**
**XII. Categories of Shareholders as on March 31, 2013**

Sr. No.	Category of Shareholders	Total Holdings	Percentage
1.	FII/Foreign Companies	7,58,631	4.06
2.	Non-Resident Individuals	1,39,290	0.75
3.	Financial Institutions & Banks	3,09,078	1.65
4.	Mutual Funds	3,13,942	1.68
5.	Tata Global Beverages Limited	1,07,35,982	57.48
6.	Other Bodies Corporate	26,38,998	14.13
7.	Resident Individuals	37,81,116	20.25
	<b>Total</b>	<b>1,86,77,037</b>	<b>100.00</b>


**XIII. Shares in physical and demat form as on 31st March, 2013**

	No. of Shares	Percentage
In Physical Form	7,32,356	3.92
In Dematerialised Form	1,79,44,681	96.08

**XIV. No. of share holders whose shares as on 31st March, 2013 are in physical and demat form.**

	No. of Shares	Percentage
In Physical Form	9,521	34.21
In Dematerialised Form	18,306	65.79

**XV. Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity.**

Nil

**XVI. Plant Locations**

17 Coffee Estates in Kodagu, Hassan and Chikmagalur District, Karnataka. 1 Tea Estate in Hudikeri, Kodagu Dist. Karnataka and 1 Tea and Coffee (mixed) Estate in Basrikatte, Chikmagalur District.	Kodagu, Chickmagalur and Hassan Districts, Karnataka
5 Tea Estates in Tamil Nadu/Kerala viz., Malkiparai, Pachaimalai, Pannimade, Uralikal & Velonie and 1 Coffee Estate in Tamil Nadu viz., Valparai	Kerala Anamalais, Tamil Nadu
Curing Works, R & G factory and Pepper processing Unit	Kushalnagar, Kudige, Kodagu
3 Instant Coffee Plants	1) Toopran, Brahmanpally Village, Andhra Pradesh (1) 2) Theni in the State of Tamil Nadu (2)

**XVIII.Address for correspondence** As stated in 10 (ix) above

11. Particulars about Director proposed for appointment as well as the Directors who retire by rotation and are eligible for re-appointment indicating their shareholdings in the Company have been given in the Notice of the forthcoming Annual General Meeting.

**12. Compliance of Clause 49 pertaining to mandatory requirements & Auditors Certificate on Corporate Governance**

The Company has complied with all the mandatory requirements on Corporate Governance as specified in Clause 49 of the Listing Agreement with the Stock Exchanges. So far as Non-Mandatory requirements are concerned, the Company has constituted the Remuneration Committee of the Board of Directors and has adopted a Whistle Blower Policy.

As required under Clause 49 of the Listing Agreement, the Auditor's Certificate on compliance of the Corporate Governance norms is attached.

**DECLARATION OF MANAGING DIRECTOR ON THE COMPANY'S CODE OF CONDUCT**

In terms of Clause 49 of the Listing Agreement, 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, 2013.

**HAMEED HUQ**  
*Managing Director*

Place: Mumbai  
Dated: 24th May, 2013

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **A. Industry Structure and Developments:**

The Global production of Coffee of 13-14 season is estimated to be at 148.50 million bags and consumption at 144 million bags. Coffee harvest in Brazil moves to "Off Year" but production is expected to be at record levels. Robusta production in Vietnam is expected to decline due to the prevailing drought conditions and the Central American production is also expected to drop due to high incident leaf rust disease.

After a poor harvest of Arabica in 2012-13, it is expected that production levels will increase quite significantly. The Robusta crop setting has been adversely impacted by the unusual dry spell in March and April.

So far as the Instant coffee market is concerned, there has been no major change in the general competitive landscape of the global coffee sector, as the strength of the major players and their positions in the core markets are well established and stable.

The current global soluble coffee market is around 707 million kg and is forecasted to reach up to 814 million kg by the year 2017. The overall soluble coffee consumption is forecasted to grow at a CAGR of 2.7% till 2107, where as spray and agglomerated coffee at 2.2% and Freeze dried coffee at 4.5%.

Tea is one of the most popular and widely consumed hot beverage all over the world. Today consumption of tea is spread over all the continents wherein more than 30 countries are into tea production. Tea consumption continues to grow at a healthy rate at about 3% annually.

India is one of the largest producer of tea, and India, China, Sri Lanka, Kenya and Indonesia are the major producers of the world's tea. While India, China and Sri Lanka have long dominated world production, the share of the African countries has increased significantly over the last two decades. The Global production of tea touched 4000 Million Kg in the first decade of the millennium. The total world exports averages 41% of the total production out of which 84% is accounted for by India, Srilanka, China, Kenya, Indonesia and Vietnam.

On an average, India has contributed to 28% of the global production followed by China (25%) and Kenya (9%). Nearly 80% of the tea produced is consumed in India itself. The global productivity remained mostly stagnant over the last two decades and India's ranking as a tea exporter has declined from the first to the fourth position due to stiff competition from Srilanka, Korea and China.

### **B. Opportunities, Threats & Risks**

Your Company's business like any other commodity business is dependent on the vagaries of the market. The Company's price forecasts are dependent on the market fundamentals and are based on terminal prices where the primary indicators are production, consumption and closing stocks in the global markets. Increased production certainly led to downward price trend in Arabicas. Potential shortfall of the overall yield in Central America due to leaf rust could improve the prices. Robusta prices are also expected to be firm as Vietnam forecasts indicate fall in output due to drought situation.

As regards Curing Works, the industry continues to face stiff competition. Most of the Curing Works centers are operated by coffee exporters and traders who offer to purchase coffee at the farm gate by providing free transportation, whereby the growers avoid the process of bagging and dispatching to the curing works. The Company's state-of-the art Curing Unit at Kushalnagar is fully equipped to handle not only the in-house Curing/Processing requirement of the Company but also the outside growers and to cater to Exports/Direct sale to the ultimate user. The unit is certified for various International Standards viz. ISO 9001:2008, SA 8000:2008, Utz Kapeh Certificate, R.A. Certificate, and Organic Coffee Processing. The continued pooling of Coffee by some of the large and small growers is a testimony of the trust and confidence reposed on the Company by the Private Planters over the years.

The Company has its own well equipped R & D Department for carrying out various analytical exercises. The management of effluents at the Company's pulp house continues to get utmost importance.

Plantation industry is facing shortage of skilled work force over a period of time. The periodical wage increase by the Government is also having a direct bearing on the cost of production. Apart from this, there is shortage of skilled labour since the younger generation is pursuing higher studies or migrating to cities, looking for greener pasture. Your Company



has taken several proactive measures in this regard to address manpower shortage. Mechanisation of critical operations, introduction of production based incentive system and proactive measures such as employee welfare, focus on employee housing, education, medical system coupled with reward & recognition are being pursued by the Company. Of-late your Company has taken on hand an innovative programme of training and placement, whereby the children of our workers are sent for job-oriented training and placement at Bangalore. Two batches of children have already completed their training and have obtained placement in reputed organizations. Training for the 3rd batch is in progress. All these proactive measures of your Company should help in reducing labour turnover and bring in fresh hands.

Another big threat faced by any plantation company is the vagaries of nature and uncertainty of weather conditions during critical months, as is being experienced in the last 2 years. Plantations being very sensitive to nature, the changes in weather conditions play a very important role in the crop production, despite taking alternative steps to cover up the deficiency to substitute nature's process. Your Company has taken all possible steps to protect the plants and crop during extreme weather conditions by creating additional capacities for irrigation, ideal shade pattern, control of pest & disease etc. Water harvesting is an important area where your Company has laid lot of thrust to harvest rain water in large tanks, to be used for irrigation.

The threat to human life and damage to property by wild animals, especially elephants is another critical area. The trespassing of wild elephants into our estates and residential colonies has increased of-late due to natural death of bamboos and non-availability of water in the forests. As this is an ongoing threat, your Company has taken all measures to ensure safety of its employees such as maintenance of solar fence in elephant prone areas, creating awareness amongst employees, monitoring the movement of elephants and passing on their information to the concerned employees immediately etc. The Company is in close contact with the Forest Department and local law & order authorities in an effort to find a solution to the elephant problem. Since no permanent solution for elephant menace is being found, we are trying to create awareness among all our employees to co-exist with these wild animals by being alert and following the set safety precautions.

Domestic coffee consumption has been growing steadily over the last several years, driven by double digit growth in instant coffee category and out of home consumption. Your Company has cashed in on this and is supplying coffee beans to Cafes, Instant coffee to HORECA segment, Vending and to the Hot tea shops segment in Tamil Nadu. Going forward, your Company is looking at Vending solutions to offer innovative products and services. India will see the increased emergence of Private label brands due to the increased share of modern trade. Rural markets and semi urban markets are expected to drive consumption. Freeze dried coffee is expected to form a new segment in the domestic market. Health and Wellness platform being appropriated by other beverages, could limit growth in coffee consumption. New technologies in Vending could also increase competition in the domestic market.

The major threat faced by the Soluble Coffee Division is the volatile prices of green beans, rising energy costs and emerging low cost producers. The Company is making efforts to mitigate these risks by consolidating in the non-Russian markets through development of new products and channel partners. Untapped opportunities exist in parts of Africa, Asia, Eastern Europe which should yield good results.

To handle the price volatility of coffee beans, your Company has taken several steps like optimizing the inventories and close tracking of the market terminals. The experience of plantation business is proving to be the competitive edge. The utilities (Power and Water) threat at manufacturing sites are growing large and is being addressed by switching to renewable energy sources and optimization techniques.

So far as Tea is concerned, the climate change initiatives adopted by the Company have opened new opportunities to look at alternative fuels viz. Agri Briquettes, which has led to considerable reduction in the usage of firewood.

Changing weather patterns and volatility in the south Indian Orthodox markets are other factors that impact the industry and this is a continuous feature affecting exports particularly of Orthodox tea.

Helopeltis (Tea Mosquito Bug) has become a serious pest in the Anamallais and continues to be a risk to tea production, and the same is effectively controlled by taking actions as per UPASI guidelines.

**TATA COFFEE LIMITED****C. Segment-wise or Product-wise Performance****Product-wise Turnover:**

	2012/13		2011/2012	
	Quantity (in Tonnes)	Value (₹ in Lakhs)	Quantity (in Tonnes)	Value (₹ in Lakhs)
<b>Coffee:</b>				
Cured	6926	11994.72	7457	11140.21
Instant	6444	30078.66	6336	23983.57
R&G	336	730.59	344	685.36
Tea	6614	6816.23	7093	5529.99
Pepper	663	2682.44	797	2644.74
Estate Supplies		3078.37	-	2928.53

**D. Outlook**

Though dry & hot condition prevailed for a long period at the plantation, your Company has provided blossom irrigation. The showers received during late March and April has acted as backing and will help in crop setting. With these initiatives, normal crop is expected for 2012/13. With our continued thrust on producing quality coffee and increasing the production of Specialty coffee, we should be able to increase our share in international coffee market. The Company's association with the global major Starbucks should help in marketing our products through their supply chain all over the world. The Company's thrust towards community service as a good corporate citizen has been continuing.

So far as the Instant Coffee Division is concerned, continuous improvement in quality, capacity up-gradation and focus on new product development will be the driving factors for sustenance and growth. The future for 3 in 1 and other non-core categories of soluble coffee (chicory mix products) looks promising and depends on new product launches & packaging.

As regards Tea, the supply situation as of now is low in India, but is likely to improve in the months of May/June. Due to growth in organized marketing and consumer preference quality teas will have good demand from the domestic markets. Teas with good quality will continue to sell well at a premium while Medium/Plainer varieties of CTC will sell in line with quality largely depending on export demand. Decline in the availability of good Orthodox teas will push up their prices and demand for quality teas in CTC and best Orthodox Tea shall continue to show a positive growth.

Price movement of tea in the coming months will depend on crops from North India and Kenya. By the end February 2013 Kenya has cropped 29.3 million kgs more over same period last year. If the same trend continues it will impact exports from India to Pakistan and Egypt negatively. North India expects a better crop over last year in the current year. However improved internal consumption will readily absorb good and medium quality teas and keep Indian auction prices on a steady level. Unlike 2012 outlook for tea prices in 2013 is expected to be bullish for good quality teas.

**E. Internal Control Systems and their adequacy**

The Company has adequate system of internal controls which are commensurate with its size and nature of operations. They have been designed to provide reasonable assurance with regard to recording and providing reliable financial information, complying with applicable statutes, safeguarding of assets from unauthorized use or losses, authorization of transactions and adherence to corporate policies.

The internal controls are duly checked for their adequacy by carrying out regular and exhaustive internal audits. The Company has appointed leading Firm's of Chartered Accountants to carry out the internal audit of the Company's various Divisions. The audit is carried out through an internal audit plan, which is reviewed each year in consultation with the Audit Committee which reviews of adequacy of internal control checks in the system and covers all significant areas of Company's operations.

The Company's Audit Committee reviews reports submitted by the Internal auditors. Suggestions for improvement are considered by the Audit Committee. The Management keeps the Audit Committee apprised periodically on the implementation status in respect of actionable items.

## **F. Financial and Operational Performance**

The operating results showed a substantial improvement with the top-line crossing ₹ 598.08 Crs. The operating profit of ₹123.08 Crs was 29% higher than the previous year's figure of ₹95.04 Crs. The Profit after Tax at ₹ 93.69 Crs Vs ₹ 78.85 Crs in the previous year was 19% higher.

The Instant Coffee Division continued to maintain its upward trend of turnover and profitability due to higher volume of production and sale as compared to the previous year. This was attributed to operating efficiencies of all the production facilities; superior procurement of coffee at advantageous rates and building up customer relationships.

The Plantations reflected significant improvement over the previous year, driven to a great extent by the surge in unit realizations in Coffee & Pepper. There were pressures on Tea operations which were impacted by severe drought conditions.

## **G. Material Developments in Human Resources/Industrial Relations front and number of people employed**

The manpower strength of the Company as on 31st March, 2013 was 6373 permanent employees including 157 Management staff across different locations.

Our efforts at Tata Coffee to build workforce capabilities through competency development for the management team and skill development to improve the skill levels of the workers and supervisors at our various estates, continued through the year. During this period, the second phase of the competency development exercise was implemented through Potential Development Centres (PDCs) and Skill Mapping was implemented as a pilot study in four selected estates. Based on the success of the pilot study, the Company intends to cover all the other estates through this initiative. 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 behavioural needs of the workforce have been addressed through deployment of internal and external faculty.

During the period FY13, the permanent workers at the ICD unit at Theni have formed a Union which is awaiting recognition by the Company management. Further the Union placed forth their demands which were amicably resolved. Harmonious industrial relations prevailed at all the other units of the Company during 2012-13 and there was no labour unrest reported from any of the units.

## **H. Cautionary Statement**

Any statements made in this analysis relating to Company's objectives, expectations, estimates, projections, etc. may be considered as "forward looking statements" within the meaning of applicable securities, laws and regulations. Actual results may differ from such estimates, projections, etc. whether expressed or implied. Factors which could make a significant difference to the Company's operations include climatic conditions, market price in the domestic and overseas markets, changes in Government regulations and tax laws, economic conditions affecting demand/supply and other environmental factors over which the Company does not have any control.

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of Tata Coffee Limited

We have examined the compliance of conditions of Corporate Governance by Tata Coffee Limited (the Company) for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement (amended) of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the guidance note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to 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 statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

**For N.M. RAIJI & CO**  
*Chartered Accountants*

**For SNB ASSOCIATES**  
*Chartered Accountants*

**J. M. GANDHI**  
*Partner*  
Membership No.: 37924  
(Firm's Registration No.: 108296W)

**S. LAKSHMANAN**  
*Partner*  
Membership No.: 20045  
(Firm's Registration No.: 015682N)

Place: Bangalore  
Date: 13th May, 2013

## AUDITORS' REPORT TO THE MEMBERS OF TATA COFFEE LIMITED

### INDEPENDENT AUDITORS' REPORT

#### 1. Report on the Financial Statements

We have audited the accompanying financial statements of TATA COFFEE LIMITED ('the Company'), which comprise the Balance Sheet as at March 31, 2013, Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### 2. Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

#### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, and the financial statements give the information required by the Act in the manner so required and give a true and

fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- ii) In the case of the Statement of Profit and Loss of the profit for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 5. Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement of the matters specified in paragraph 4 and 5 of the said order.
- ii) Further to our comments in the Annexure referred to in Paragraph 5(i) above, as required by section 227(3) of the Act, we report that;
  - a. we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt herewith comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - e. on the basis of the written representations received from the Directors and taken on records by the Board of Directors, none of the Directors is disqualified, as at the balance sheet date, from being appointed as a Director in terms of section 274 (1) (g) of the Companies Act, 1956;
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

#### For SNB ASSOCIATES

Chartered Accountants  
(Firm's Registration No.: 015682N)

#### J. M. GANDHI

Partner  
Membership No.: 37924

Place: Bangalore  
Date: 13th May, 2013

#### For N.M. RAIJI & CO

Chartered Accountants  
(Firm's Registration No.: 108296W)

#### S. LAKSHMANAN

Partner  
Membership No.: 20045

Place: Bangalore  
Date: 13th May, 2013

**ANNEXURE TO THE AUDITORS' REPORT OF TATA COFFEE LIMITED**

[Referred to in paragraph 5 of the Auditors' report of even date to the Members of Tata Coffee Limited on the financial statements for the year ended March 31, 2013]

- i. a. The Company is maintaining proper records showing full particulars, including quantitative details and the situation of its fixed assets;
- b. A major portion of fixed assets has been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed have been properly dealt with in the books of account.
- c. The assets disposed of during the year are not significant and therefore do not affect the going concern assumption.
- ii. a. The management has conducted physical verification of inventory at reasonable intervals. In our opinion and according to the information and explanations given to us, the procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- b. In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account;
- iii. In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to/from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations provided to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v. In our opinion, and according to the information and explanations given to us, there are no contracts and

arrangements, the particulars of which need to be entered in the register maintained under Section 301 of the Companies Act, 1956.

- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has a system of internal audit, which is commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government under Section 209(1) (d) of the Companies Act, 1956 for maintenance of Cost records in respect of Coffee, Coffee products and tea and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) As per the records of the Company and information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, investor education & protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise-duty, cess and other applicable statutory dues. No undisputed amount was outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (b) As at the Balance Sheet date, the following are the details of disputed Income Tax, Excise Duty, Customs Duty, Service Tax, Sales Tax and Cess that have not been deposited with the concerned authorities;

Nature of dues	Relevant Financial Year	Disputed amount (In Lakhs)	Forum where dispute is pending
Central Income Tax	2003-04	8.34	Karnataka High Court
	2004-05	1.91	Karnataka High Court

- x. The Company has neither accumulated losses at the end of the financial year nor incurred cash losses during the year and in the immediately preceding financial year.

- xi. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xii. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit/nidhi/mutual benefit fund/society.
- xiv. The Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. On the basis of the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. During the year, the Company has taken the term loans. In our opinion and according to the information and explanation given to us the term loans have been applied for the purposes for which they were obtained.
- xvii. On the basis of our examination of the books of account and the information and explanation given to us, in our opinion, the funds raised by the Company on short-term basis have not been used for long-term investment.
- xviii. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- xix. To the best of our knowledge and belief and according to the information and explanations given to us, for the debentures outstanding necessary security has been created as per the terms of the issue.
- xx. The Company has not raised any money by public issues during the year.
- xxi. To the best of our knowledge and according to the information and explanations given to us, having regard to the nature of the Company's business, no material fraud on or by the Company was noticed or reported during the year.

**For SNB ASSOCIATES**

*Chartered Accountants*  
(Firm's Registration No.: 015682N)

**J. M. GANDHI**

*Partner*  
Membership No.: 37924

Place: Bangalore  
Date: 13th May, 2013

**For N.M. RAIJI & CO**

*Chartered Accountants*  
(Firm's Registration No.: 108296W)

**S. LAKSHMANAN**

*Partner*  
Membership No.: 20045

Place: Bangalore  
Date: 13th May, 2013



**TATA COFFEE LIMITED**
**BALANCE SHEET**

	Note	As at 31st March, 2013		As at 31st March, 2012	
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Equity and Liabilities</b>					
<b>Shareholders' Funds</b>					
Share Capital	2.02	<b>1,867.70</b>		1,867.70	
Reserves and Surplus	2.03	<b>50,577.64</b>		43,858.02	
			<b>52,445.34</b>		45,725.72
<b>Non-Current Liabilities</b>					
Long-term Borrowings	2.04	<b>4,411.87</b>		2,416.80	
Deferred Tax Liabilities (Net)	2.05	<b>721.79</b>		1,056.00	
Other Long-term Liabilities	2.06	<b>168.20</b>		149.02	
Long-term Provisions	2.07	<b>2,390.48</b>		1,521.10	
			<b>7,692.34</b>		5,142.92
<b>Current Liabilities</b>					
Short-term Borrowings	2.08	<b>5,530.66</b>		1,662.27	
Trade Payables	2.09	<b>2,913.73</b>		1,237.80	
Other Current Liabilities	2.10	<b>6,814.42</b>		6,811.41	
Short-term Provisions	2.11	<b>4,431.62</b>		5,086.13	
			<b>19,690.43</b>		14,797.61
<b>TOTAL</b>			<b>79,828.11</b>		65,666.25
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Fixed Assets					
Tangible Assets	2.12	<b>23,460.61</b>		22,873.52	
Intangible Assets	2.12	<b>751.29</b>		38.86	
Capital work-in-progress		<b>5,384.91</b>		228.67	
Non-current Investments	2.13	<b>14,563.44</b>		14,564.09	
Long-term Loans and Advances	2.14	<b>1,999.76</b>		4,180.77	
Other non-current assets	2.15	<b>8.49</b>		19.03	
			<b>46,168.50</b>		41,904.94
<b>Current Assets</b>					
Inventories	2.16	<b>15,920.44</b>		12,395.28	
Trade Receivables	2.17	<b>4,959.95</b>		4,434.72	
Cash & Bank Balances	2.18	<b>2,355.33</b>		1,407.05	
Short-term Loans and Advances	2.19	<b>10,189.22</b>		5,416.91	
Other Current Assets	2.20	<b>234.67</b>		107.35	
			<b>33,659.61</b>		23,761.31
<b>TOTAL</b>			<b>79,828.11</b>		65,666.25

Notes forming part of financial statements

 N. S. SURYANARAYANAN  
*Company Secretary*

 S. SANTHANAKRISHNAN  
*Director*

 HAMEED HUQ  
*Managing Director*

 R. K. KRISHNA KUMAR  
*Chairman*

Per our report of even date

 For SNB ASSOCIATES  
*Chartered Accountants*

 For N.M. RAJI & Co  
*Chartered Accountants*

 Place: Bangalore  
 Date: 13th May, 2013

 S. LAKSHMANAN  
*Partner*  
 Membership No. 20045

 J. M. GANDHI  
*Partner*  
 Membership No. 37924



## STATEMENT OF PROFIT AND LOSS

	Note	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Income</b>					
Revenue from Operations	2.21	59,807.97		50,851.78	
Other Income	2.22	2,220.69		805.42	
<b>Total Revenue</b>			<b>62,028.66</b>		<b>51,657.20</b>
<b>Expenses</b>					
Cost of Material Consumed	2.23	18,968.95		14,886.27	
Purchase of Stock in Trade	2.24	3,137.25		2,974.78	
Change in Inventories of Finished Goods/ Work-in-progress/stock-in-trade	2.25	(1,584.39)		(976.79)	
Employee Benefits Expense	2.26	12,049.14		10,933.87	
Finance Costs	2.27	454.97		732.02	
Depreciation and amortization expense		1,477.76		1,324.11	
Other Expenses	2.28	13,451.30		12,205.77	
<b>Total Expenses</b>			<b>47,954.98</b>		<b>42,080.03</b>
<b>Profit before exceptional items and taxes</b>			<b>14,073.68</b>		<b>9,577.17</b>
<b>Exceptional items</b>	2.29		<b>(958.78)</b>		<b>838.57</b>
<b>Profit before tax</b>			<b>13,114.90</b>		<b>10,415.74</b>
<b>Tax expenses</b>					
Current tax		4,188.00		2,907.99	
Excess Tax provision written back		(108.15)		(96.19)	
Deferred tax		(334.21)	3,745.64	(281.34)	2,530.46
<b>Net Profit for the Year</b>			<b>9,369.26</b>		<b>7,885.28</b>
Earning Per Share - Basic & Diluted			<b>50.16</b>		<b>42.22</b>
Weighted average number of shares (Face value of ₹ 10 each)			<b>18,677,037</b>		<b>18,677,037</b>

Notes forming part of financial statements

N. S. SURYANARAYANAN  
Company Secretary

S. SANTHANAKRISHNAN  
Director

HAMEED HUQ  
Managing Director

R. K. KRISHNA KUMAR  
Chairman

Per our report of even date

For SNB ASSOCIATES  
Chartered Accountants

For N.M. RAJJI & Co  
Chartered Accountants

Place: Bangalore  
Date: 13th May, 2013

S. LAKSHMANAN  
Partner  
Membership No. 20045

J. M. GANDHI  
Partner  
Membership No. 37924

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31st March, 2013		Year ended 31st March, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>A. Cash Flow from Operating Activities:</b>				
Profit Before Tax as per P&L Account		<b>13,114.90</b>		10,415.74
Adjustments for:				
Depreciation	<b>1,477.76</b>		1,324.11	
Provision for doubtful debts/advances/impairment	-		10.49	
Investment and Interest Income	<b>(2,171.15)</b>		(728.13)	
Interest/finance Charges	<b>454.97</b>		732.02	
Profit on sale of Investments	-		(1,112.66)	
Investments in Joint Venture - winding up	<b>0.65</b>		-	
Unrealised foreign exchange (gain)/loss	<b>13.55</b>		69.49	
(Profit)/loss on sale of fixed assets	<b>10.75</b>		(28.04)	
Excess provision written back	<b>(157.75)</b>	<b>(371.22)</b>	(50.87)	216.41
<b>Operating Profit Before Working Capital Changes:</b>		<b>12,743.68</b>		10,632.15
<b>Working Capital Changes:</b>				
Decrease/(Increase) in Trade Receivables, Loans and Advances	<b>(5,018.67)</b>		(998.86)	
Decrease/ (Increase) in Inventories	<b>(3,525.15)</b>		137.09	
Increase/(Decrease) in Trade Payables , Liabilities & Provisions	<b>4,742.81</b>	<b>(3,801.01)</b>	1,191.78	330.01
<b>Cash Generated from Operations:</b>		<b>8,942.67</b>		10,962.16
Direct taxes paid		<b>(3,517.74)</b>		(1,864.98)
<b>Net Cash Flows from/(used in) Operating Activities</b>		<b>5,424.93</b>		9,097.18
<b>B. Cash Flow from Investing Activities:</b>				
Purchase of fixed assets and changes in capital work-in-progress	<b>(5,806.63)</b>		(2,010.78)	
Sale of fixed assets	<b>109.21</b>		135.03	
Capital Advances	<b>(453.22)</b>		(1,984.04)	
Sale/(purchase) of Investments (Net)	-		1,118.80	
Other deposits	-		(0.55)	
Investment and Interest Income received	<b>2,043.84</b>		765.11	
<b>Net Cash Flows from/(used in) Investing Activities</b>		<b>(4,106.80)</b>		(1,976.43)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31st March, 2013		Year ended 31st March, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>C. Cash Flow from Financing Activities:</b>				
NCDs issued/(repaid) during the period	(3,104.17)		(3,104.17)	
Proceeds from/(repayment of) short-term borrowings	3,868.40		(4,003.46)	
Proceeds from/(repayment of) long-term borrowings	2,785.75		2,347.31	
Interim Dividends paid	(1,085.35)		-	
Dividends & dividend tax paid	(2,387.76)		(1,085.35)	
Interest and finance charges paid	(500.33)		(786.77)	
<b>Net Cash from/(Used In) Financing Activities</b>		<b>(423.46)</b>		<b>(6,632.44)</b>
<b>D. Net Increase /( Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>894.67</b>		<b>488.31</b>
<b>Cash and Cash Equivalents</b>				
Opening Balance		<b>1,310.01</b>		<b>821.70</b>
Closing Balance		<b>2,204.68</b>		<b>1,310.01</b>

**Note:** Previous year's figures have been regrouped/rearranged wherever necessary to conform to this year's classification.

### Notes forming part of financial statements

N. S. SURYANARAYANAN  
Company Secretary

S. SANTHANAKRISHNAN  
Director

HAMEED HUQ  
Managing Director

R. K. KRISHNA KUMAR  
Chairman

Per our report of even date

For SNB ASSOCIATES  
Chartered Accountants

For N.M. RAIJI & Co  
Chartered Accountants

Place: Bangalore  
Date: 13th May, 2013

S. LAKSHMANAN  
Partner  
Membership No. 20045

J. M. GANDHI  
Partner  
Membership No. 37924

**NOTES ON ACCOUNTS****2.01 SIGNIFICANT ACCOUNTING POLICIES**

I. The presentation of the accounts is based on the revised Schedule VI of the Companies Act, 1956. All assets and liabilities are classified into current and non-current generally based on criteria of realization/settlement within twelve months period from the Balance Sheet date.

**II. Statement of Profit and Loss**

- a) All income and expenses are accounted on accrual basis.
- b) Sales are recognized on transfer of property in goods together with risks and rewards i.e. delivery as per terms of sale or on completion of auction in case of auction sale. In the case of Rosewood sale, income is recognized on completion of auction sale and confirmation of receipt of money by the auctioneer. Export incentives are estimated and accrued on completion of export sales.
- c) The sale value of own timber and value added timber products are credited to revenue. Capital profits on such sale, including capital profit on value added timber products determined at estimated market value of actual timber input, are transferred to General Reserve No.II through Appropriation account.
- d) Depreciation on Fixed Assets is provided at the rates stated in Schedule XIV of the Companies Act, 1956, on written down value method except that Fixed Assets at Instant Coffee Division, Anamallais, Corporate Office and certain Fixed Assets at the Curing Works under the straight-line method. Leasehold improvements are being depreciated over the lease period. In respect of certain assets, depreciation has been provided at the rates arrived at based on its estimated useful life or as per the Rates prescribed in Schedule XIV whichever is higher. Increase/decrease in value of Fixed Assets due to Foreign exchange fluctuation is depreciated over the balance residual life of the Asset.
- e) The benefits for Employees/Executive Directors are provided in accordance with the revised AS 15 and are dealt with in the following manner.
  - Contribution to Provident Fund and Defined Contribution Superannuation Funds are accounted on accrual basis.
  - Gratuity, defined post Retirement Benefits, Leave encashment, and post retirement health scheme liabilities are determined by actuarial valuation done at the end of the year and charge is debited to the Statement of Profit and Loss.
- f) Transactions in foreign currency are recorded using the spot rate at the beginning of each fortnight and exchange differences resulting from settled transactions are taken in the Statement of Profit and Loss. Monetary items covered by Forward Cover are stated at Forward Cover rates, while those not covered by Forward Cover are restated at the rates prevailing at the year-end. The resulting Exchange differences are dealt with, in the Statement of Profit and Loss. Premium or discount on forward contracts is amortized over the life of the contract. However, in terms of para 46 and 46A of AS 11 issued by the Institute of Chartered Accountants of India, the exchange difference relating to long-term foreign currency monetary items in so far as it relates to acquisition of depreciable capital assets are adjusted to the cost of the assets and in other cases such differences are accumulated in 'Foreign currency monetary item Translation Difference Account'.  
Gain or loss on hedging instruments in respect of effective portion of cash flow hedges of highly probable transactions are recognized in the hedging reserve account. The portion of the gain or loss on the hedging instruments if determined to be an ineffective cash flow hedge is recognized in the Statement of Profit and Loss.
- g) Deferred tax is recognized using the liability method, on all timing differences to the extent that it is possible that a liability or asset will crystallize. As at the Balance Sheet date, unless there is evidence to the contrary, deferred tax assets pertaining to business loss are only recognized to the extent of virtual certainty of future taxable profits.

**III. Balance Sheet**

- a) Assets and Liabilities are recorded at cost to the Company.
- b) Fixed Assets are stated at cost less depreciation. Interest on qualifying assets (i.e. Assets that take substantial time to be ready for intended use) is capitalized at the applicable borrowing cost on the funds used for acquiring such assets. Rollover charges, and exchange differences, relating to foreign currency borrowings attributable to Fixed Assets are capitalized. The Fixed Assets are tested for impairment and wherever required, provision is made.
- c) Investments of long-term nature are stated at cost. A provision for diminution in value is made to recognize a decline, other than temporary. Current investments are stated at lower of cost and market value.
- d) Valuation of Stock is dealt as under: -

- Raw Materials and Stores & Spares	At weighted average cost.
- Coffee, Instant Coffee, Tea, Pepper, Plywood and Trading Stock	At lower of cost and net realizable value.
- Work-in-Progress	At lower of cost and net realizable value.
- Cardamom and Other Produces	At since realized/estimated realizable value.

## NOTES ON ACCOUNTS

### 2.02 Share Capital

#### AUTHORISED

2,50,00,000 (2,50,00,000) Equity Shares of ₹10/- each

#### ISSUED, SUBSCRIBED AND PAID-UP

1,86,77,037 (1,86,77,037) Equity Shares of ₹10/- each, fully paid

As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
2,500.00	2,500.00
2,500.00	2,500.00
1,867.70	1,867.70
1,867.70	1,867.70

#### Details of Shareholders holding more than 5% shares:

#### Name of Shareholder

Tata Global Beverages Limited - Holding Company  
Kotak Mahindra Prime Limited

As at 31st March, 2013		As at 31st March, 2012	
No. of Shares	% Holding	No. of Shares	% Holding
10735982	57.48%	10735982	57.48%
Less than 5%		1051134	5.63%

#### Reconciliation of number of shares:

Number of shares as at 01.04.2012  
Add: Shares issued during the year  
Number of shares as at 31.03.2013

As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
1,86,77,037	1,86,77,037
-	-
1,86,77,037	1,86,77,037

**TATA COFFEE LIMITED**
**NOTES ON ACCOUNTS**

	As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
<b>2.03 Reserves and Surplus</b>		
<b>Capital Subsidy Reserve</b>		
Balance as on 01.04.2012	30.10	30.10
Less : Transferred to General Reserve No. 1	(30.10)	-
<b>Capital Subsidy Reserve</b>	-	30.10
<b>Capital Redemption Reserve</b>	10.41	10.41
<b>Debenture Redemption Reserve</b>		
Balance as on 01.04.2012	1,357.44	2,418.43
Less: Amount transferred to Surplus in Statement of Profit and Loss	(1,357.44)	(1,060.99)
<b>Debenture Redemption Reserve</b>	-	1,357.44
<b>Securities Premium Account</b>	14,424.27	14,424.27
<b>Hedging Reserve</b>		
Balance as on 01.04.2012	(100.36)	(27.39)
Add: Movement for the year	116.18	(72.97)
<b>Hedging Reserve</b>	15.82	(100.36)
<b>Foreign Currency Monetary Item Translation Difference Account</b>		
Balance as on 01.04.2012	-	-
Add: Movement for the year	(41.63)	-
<b>Foreign Currency Monetary Item Translation Difference Account</b>	(41.63)	-
<b>General Reserve I</b>		
Balance as on 01.04.2012	11,075.50	10,283.47
Add: Transferred from Surplus in Statement of Profit and Loss	950.00	792.03
Add: Transferred from Capital Subsidy Reserve	30.10	-
<b>General Reserve I</b>	12,055.60	11,075.50
<b>General Reserves II</b>		
Balance as on 01.04.2012	6,242.06	5,876.62
Add: Transferred from Surplus in Statement of Profit and Loss	251.95	365.44
<b>General Reserves II</b>	6,494.01	6,242.06
<b>Amalgamation Reserves</b>	832.53	832.53
<b>Surplus in Statement of Profit and Loss</b>		
Balance as on 01.04.2012	9,986.07	4,585.04
Add: Net Profit for the year	9,369.26	7,885.28
Amount available for appropriation	19,355.33	12,470.32
<b>Less: Appropriation</b>		
Interim and Proposed Dividend	(2,334.63)	(2,054.47)
Provision for Tax on Dividend	(389.56)	(333.29)
Transferred from Debenture Redemption Reserve	1,357.44	1,060.99
Transferred to General Reserve I/General Reserve II	(1,201.95)	(1,157.48)
<b>Net Surplus</b>	16,786.63	9,986.07
<b>Total Reserves and Surplus</b>	50,577.64	43,858.02

## NOTES ON ACCOUNTS

	As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
<b>2.04 Long-term Borrowings</b>		
<b>Secured</b>		
7% Secured Redeemable Non-Convertible Debentures	-	3,104.17
Less: Current Maturities of Long-term borrowing shown under Other Current Liabilities	-	(3,104.17)
	-	-
<b>Loan from Banks</b>		
ECB Term Loan	5,430.00	2,416.80
Less: Current Maturities of Long-term borrowing shown under Other Current Liabilities	(1,018.13)	-
<b>Total Long-term Borrowings</b>	<b>4,411.87</b>	<b>2,416.80</b>

### Details of Borrowings:

- (1) The 7% Non-Convertible Debentures were redeemable at par in three equal instalments at the end of 4th, 5th and 6th years from the date of allotment i.e. 29.12.2006. Accordingly, all the three instalments have been redeemed. The Debentures were secured by a charge on the part of the Land and Factory located at Theni.
- (2) The ECB Term Loan is secured by first ranking exclusive charge over the land, building and plant & machinery of a coffee estate and a *pari-pasu* charge over immovable and movable fixed assets situated at the Theni Plant. The Loan is repayable in sixteen equal quarterly instalments commencing from August, 2013.

	As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
<b>2.05 Deferred Tax Liabilities (Net)</b>		
<b>Deferred Tax Liability</b>		
Depreciation	1,396.00	1,252.00
	1,396.00	1,252.00
<b>Deferred Tax Asset</b>		
Provision for doubtful debts/advances	97.00	93.00
Employee Benefits	459.89	103.00
Other Timing Differences	117.32	-
	674.21	196.00
<b>Net Deferred Tax Liabilities</b>	<b>721.79</b>	<b>1,056.00</b>
<b>2.06 Other Long-term Liabilities</b>		
Deposits	168.20	149.02
	168.20	149.02
<b>2.07 Long-term Provisions</b>		
Employee Benefits	2,390.48	1,521.10
	2,390.48	1,521.10

**NOTES ON ACCOUNTS**

	As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
<b>2.08 Short-term Borrowings</b>		
<b>Secured</b>		
<b>Loan from Banks</b>		
Cash Credit Facilities #	5,530.66	1,662.27
	<b>5,530.66</b>	<b>1,662.27</b>
<p># Cash Credit Facility is secured by hypothecation of Coffee crop, inventories, finished/semi-finished goods/receivables of the company. Part of the Cash Credit funding is also secured by deposit of title deeds of a coffee estate.</p>		
<b>2.09 Trade Payables</b>		
Due to Micro & Small Enterprises \$	25.56	35.46
Others	2,888.17	1,202.34
	<b>2,913.73</b>	<b>1,237.80</b>
<p>\$ Includes amounts due beyond a period of 30 days of ₹ 12.28 Lakhs and Interest paid/payable ₹ 0.25 Lakhs</p>		
<b>2.10 Other Current Liabilities</b>		
Current Maturities of Long-term Borrowings	1,018.13	3,104.17
Security Deposits/Advances from Customers	1,862.24	774.88
Unclaimed Dividends	150.65	97.04
Interest Accrued but not due	10.60	55.96
Employee Benefits	1,484.97	1,058.62
Other Payables	2,287.83	1,720.74
	<b>6,814.42</b>	<b>6,811.41</b>
<b>2.11 Short-term Provisions</b>		
Employee Benefits	882.33	1,017.10
Taxation less advance payment	1,910.44	1,681.27
Proposed Dividend	1,400.78	2,054.47
Tax on Dividend	238.07	333.29
	<b>4,431.62</b>	<b>5,086.13</b>



## NOTES ON ACCOUNTS

### 2.12 Fixed Assets

₹ in Lakhs

	COST					DEPRECIATION					NET BOOK VALUE	
	As at 01.04.2012	Additions	Deductions	Adjustments	As at 31.03.2013	As at 01.04.2012	For the Year	Deductions	Adjustments	Up to 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>TANGIBLE</b>												
Freehold Land and Development	7,593.83	-	-	(644.22)	<b>6,949.61</b>	-	-	-	-	-	<b>6,949.61</b>	7,593.83
Leasehold Land and Development	185.89	-	-	644.26	<b>830.15</b>	0.16	-	-	-	<b>0.16</b>	<b>829.99</b>	185.73
Buildings	5,938.26	201.31	(7.41)	(0.01)	<b>6,132.15</b>	1,947.53	181.08	(6.58)	6.30	<b>2,128.33</b>	<b>4,003.82</b>	3,990.73
Water and Sanitary Installations	937.46	44.85	(23.46)	0.41	<b>959.26</b>	444.55	35.27	(19.38)	2.47	<b>462.91</b>	<b>496.35</b>	492.91
Electrical Installations	1,243.67	114.47	(26.48)	(0.01)	<b>1,331.65</b>	526.15	67.55	(24.60)	11.19	<b>580.29</b>	<b>751.36</b>	717.52
Plant & Equipment	17,201.63	1,324.01	(186.85)	73.60	<b>18,412.39</b>	8,226.42	930.43	(161.60)	24.68	<b>9,019.93</b>	<b>9,392.46</b>	8,975.21
Furniture & Fixtures	689.90	38.85	(42.18)	(99.60)	<b>586.97</b>	526.59	24.64	(39.62)	(63.71)	<b>447.90</b>	<b>139.07</b>	163.31
Computers	396.20	64.45	(150.09)	0.59	<b>311.15</b>	304.00	36.03	(149.04)	2.29	<b>193.28</b>	<b>117.87</b>	92.20
Office Equipment	189.61	21.38	(61.02)	24.08	<b>174.05</b>	134.98	5.59	(59.73)	18.14	<b>98.98</b>	<b>75.07</b>	54.63
Motor Vehicles	1,069.11	323.20	(163.49)	0.89	<b>1,229.71</b>	461.66	143.91	(80.47)	(0.40)	<b>524.70</b>	<b>705.01</b>	607.45
<b>Total Tangibles</b>	<b>35,445.56</b>	<b>2,132.52</b>	<b>(660.98)</b>	-	<b>36,917.09</b>	<b>12,572.04</b>	<b>1,424.50</b>	<b>(541.03)</b>	<b>0.96</b>	<b>13,456.48</b>	<b>23,460.61</b>	<b>22,873.52</b>
<b>INTANGIBLE</b>												
Capitalised Software	120.33	764.73	-	-	<b>885.06</b>	81.47	53.26	-	(0.96)	<b>133.77</b>	<b>751.29</b>	38.86
<b>Total Intangibles</b>	<b>120.33</b>	<b>764.73</b>	-	-	<b>885.06</b>	<b>81.47</b>	<b>53.26</b>	-	<b>(0.96)</b>	<b>133.77</b>	<b>751.29</b>	<b>38.86</b>
<b>Total</b>	<b>35,565.89</b>	<b>2,897.25</b>	<b>(660.98)</b>	-	<b>37,802.15</b>	<b>12,653.51</b>	<b>1,477.76</b>	<b>(541.03)</b>	-	<b>13,590.25</b>	<b>24,211.90</b>	<b>22,912.38</b>
Previous Year	34,277.70	1,814.47	(526.28)	-	<b>35,565.89</b>	11,748.70	1,324.11	(419.30)	-	<b>12,653.51</b>	<b>22,912.38</b>	

#### Capital Work-in-Progress

5,384.91

Previous Year

228.67

a) The following assets are jointly owned/held with the Holding 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)

b) The depreciation for the following assets are worked on the basis of useful life mentioned below:

Vending Machine	- 7 Years
Spraying & Pruning Machineries in Tea Plantation	- 5 Years
Spraying Tankers in Tea Plantation	- 9 Years

**TATA COFFEE LIMITED**
**NOTES ON ACCOUNTS**

	Face Value of each	Nos	As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
<b>2.13 NON-CURRENT INVESTMENTS</b>				
<b>LONG-TERM</b>				
<b>Trade Investment (Fully Paid)</b>				
<b>Investments in Equity Instruments</b>				
<b>(a) Quoted</b>				
Tata Chemicals Limited.....	10	1,60,000	<b>424.21</b>	424.21
Joonktolle Tea & Industries Limited (1,078 Shares allotted on demerger of Cochin Malabar Estates & Industries Limited) ##	10	12,602	<b>6.62</b>	6.42
			<b>430.83</b>	430.63
<b>(b) Unquoted</b>				
Chembra Peak Estates Limited.....	10	3,481	<b>0.41</b>	0.41
Wartyhully Estates Limited .....	10	24,748	<b>0.92</b>	0.92
Southern Scribe Instruments Private Limited .....	100	7,280	<b>7.28</b>	7.28
The Cochin Malabar Estates & Industries Limited ## .....	10	-	-	0.20
			<b>8.61</b>	8.81
<b>Subsidiaries</b>				
Consolidated Coffee Inc.....	USD 0.01	300	<b>14,065.36</b>	14,065.36
Alliance Coffee Limited .....	10	50000	<b>45.51</b>	45.51
			<b>14,110.87</b>	14,110.87
<b>Joint Venture</b>				
Tata Coffee (Uganda) Limited (Dissolved during the year).....	UGX 50,000	50	-	0.65
			-	0.65
<b>Other Investments (Fully Paid)</b>				
<b>Investments in Equity Instruments</b>				
<b>(a) Quoted</b>				
IDBI Bank .....	10	16160	<b>13.13</b>	13.13
			<b>13.13</b>	13.13
<b>(b) Unquoted</b>				
Ritspin Synthetics Ltd .....	10	1,00,000	-	-
(Net of Provision for Diminution ₹10 Lakhs)				
Coorg Orange Growers Co-Operative Society Ltd. * .....	100	4	-	-
Tata Coffee Co-operative Stores Limited * .....	5	20	-	-
Coorg Cardamom Co-operative Marketing Society Limited *....	100	1	-	-
			-	-
* Represent Amount less than ₹ 1,000 .....				
	Total		<b>14,563.44</b>	14,564.09
			-	-
			<b>14,563.44</b>	14,564.09
<b>Total cost of Investments</b>				
Quoted .....			<b>443.96</b>	443.76
Unquoted .....			<b>14,119.48</b>	14,120.33
<b>Aggregate Amount</b>				
			<b>14,563.44</b>	14,564.09
<b>Market value of quoted investments</b>				
			<b>547.81</b>	591.51

## During the year Cochin Malabar Estates & Industries Limited got demerged and in lieu of this, 1,078 Shares of Joonktolle Tea & Industries Limited have been allotted.

## NOTES ON ACCOUNTS

	As at 31st March, 2013		As at 31st March, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>2.14 Long-term Loans, Advances and Deposits</b>				
(Unsecured, considered good unless otherwise stated)				
Capital Advances		<b>453.22</b>		2,032.96
Deposits				
- Considered Good .....	<b>1,470.77</b>		1,793.90	
- Considered Doubtful .....	<b>3.84</b>		3.84	
	<b>1,474.61</b>		1,797.74	
Less: Provision for Doubtful Deposits .....	<b>3.84</b>		3.84	
		<b>1,470.77</b>		1,793.90
Prepaid Expenses .....		<b>23.28</b>		8.94
Employee Loans and Advances .....		<b>52.28</b>		11.82
MAT credit Entitlement .....		-		332.94
Other Advances				
- Considered Good .....	<b>0.21</b>		0.21	
- Considered Doubtful .....	<b>12.34</b>		12.31	
	<b>12.55</b>		12.52	
Less: Provision for Doubtful Advances .....	<b>12.34</b>	<b>0.21</b>	12.31	0.21
		<b>1,999.76</b>		4,180.77
<b>2.15 Other Non-current Assets</b>				
Deposits given as Lien to Govt. Authorities .....		8.49		19.03
		<b>8.49</b>		<b>19.03</b>
<b>2.16 Inventories</b>				
<b>Stores and Spare Parts</b>		<b>1,286.09</b>		1,308.55
<b>Raw Material</b>				
Tea .....	-		-	
Coffee .....	<b>3,076.99</b>		1,150.41	
Others .....	-		-	
		<b>3,076.99</b>		1,150.41
<b>Raw Material (In Transit)</b>				
Tea .....	-		-	
Coffee .....	<b>667.11</b>		630.47	
Others .....	-		-	
		<b>667.11</b>		630.47
<b>Finished Goods</b>				
Tea .....	<b>355.52</b>		315.30	
Coffee .....	<b>6,236.21</b>		5,682.07	
Instant Coffee .....	<b>1,457.03</b>		941.36	
Others .....	<b>1,263.69</b>		623.36	
		<b>9,312.45</b>		7,562.09
<b>Finished Goods (In Transit)</b>				
Tea .....	-		-	
Coffee .....	-		-	
Instant Coffee .....	<b>1,219.28</b>		1,314.22	
Others .....	-		-	
		<b>1,219.28</b>		1,314.22

## NOTES ON ACCOUNTS

	As at 31st March, 2013		As at 31st March, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>2.16 Inventories (Contd.)</b>				
<b>Work-in-Progress</b>				
Tea .....	-		-	
Coffee .....	19.71		-	
Others .....	-		111.82	
		19.71		111.82
<b>Stock-in-Trade</b>				
Tea .....	-		-	
Coffee .....	-		-	
Others .....	338.81		317.72	
		338.81		317.72
		15,920.44		12,395.28
<b>2.17 Trade Receivables</b>				
<b>Over six months from the date they were due for payment:</b>				
Unsecured				
- Considered Good .....	582.10		36.73	
- Considered Doubtful .....	295.52		296.86	
	877.62		333.59	
Less: Provision for Doubtful Debts.....	295.52		296.86	
		582.10		36.73
<b>Other Debts - Considered Good</b>				
Secured .....	267.87		1,188.21	
Unsecured .....	4,109.98		3,209.78	
		4,377.85		4,397.99
		4,959.95		4,434.72
<b>2.18 Cash and Bank Balances</b>				
<b>(a) Cash and Cash equivalents</b>				
(i) Balances with Banks				
- in current accounts.....	432.68		165.69	
- in deposit accounts with original maturity less than 3 months.....	1,765.00		1,135.78	
(ii) Cash on hand.....	6.96		7.12	
(iii) Remittances in transit.....	0.04		1.42	
		2,204.68		1,310.01
<b>(b) Other Bank balances</b>				
(i) Unclaimed Dividend Account .....	150.65		97.04	
		150.65		97.04
		2,355.33		1,407.05

## NOTES ON ACCOUNTS

	As at 31st March, 2013		As at 31st March, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>2.19 Short-term Loans and Advances</b>				
<b>Advances</b>				
Considered Good .....	2,871.04		1,771.22	
Considered Doubtful .....	78.71		78.71	
	2,949.75		1,849.93	
Less: Provision for Doubtful Advances .....	78.71		78.71	
		2,871.04		1,771.22
Inter Corporate Deposits .....		7,100.00		3,400.00
<b>Other Deposits</b>				
Considered Good .....	218.18		245.69	
Considered Doubtful .....	38.00		38.00	
	256.18		283.69	
Less: Provision for Doubtful Deposits .....	38.00	218.18	38.00	245.69
		10,189.22		5,416.91
<b>2.20 Other Current Assets</b>				
Interest Accrued .....		234.67		107.35
		234.67		107.35

## NOTES ON ACCOUNTS

	For the Year ended 31st March, 2013		For the Year ended 31st March, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>2.21 Revenue from Operations</b>				
<b>Sale of Products</b>				
Tea .....		6,816.23		5,529.99
Coffee .....		12,725.31		11,825.56
Instant Coffee .....		30,078.66		23,983.57
Others .....		4,229.62		4,443.60
		<u>53,849.82</u>		<u>45,782.72</u>
<b>Sale of Traded Goods</b>		3,196.52		2,963.55
<b>Sale of Services</b>		430.09		343.19
<b>Other Operating Revenues</b>				
Sale of Scrap/waste .....	81.71		97.75	
Liabilities no longer required written back.....	156.42		49.09	
Provision for debts and advances write back .....	1.33		1.78	
Export Incentives.....	1,942.92		1,562.68	
Miscellaneous Income .....	225.27		202.00	
		<u>2,407.65</u>		<u>1,913.30</u>
		59,884.08		51,002.76
Less: Excise Duty .....		76.11		150.98
		<u>59,807.97</u>		<u>50,851.78</u>
<b>2.22 Other Income</b>				
Dividend Income from Investments in Subsidiary .....		1,102.45		-
Dividend income from Other Non-Current Investments.....		16.79		36.49
Interest Income on Deposits .....		1,051.90		691.64
Rent Received (Net) .....		49.55		49.25
Profit on Sale of Fixed Assets (Net) .....		-		28.04
		<u>2,220.69</u>		<u>805.42</u>
<b>2.23 Cost of Material Consumed</b>				
<b>Materials Consumed</b>				
Coffee .....	15,186.03		11,504.57	
Packing Materials .....	3,361.03		2,843.25	
Others .....	421.89	18,968.95	538.45	14,886.27
		<u>18,968.95</u>		<u>14,886.27</u>
<b>2.24 Purchase of Traded Goods</b>				
Tea .....	55.20		41.27	
Coffee .....	-		-	
Others .....	3,082.05	3,137.25	2,933.51	2,974.78
		<u>3,137.25</u>		<u>2,974.78</u>

## NOTES ON ACCOUNTS

	For the Year ended 31st March, 2013		For the Year ended 31st March, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>2.25 Changes in Inventories of Finished Goods/Work-in-progress/ Stock-in trade</b>				
<b>Stock as at 1st April</b>				
Tea.....	302.39		457.03	
Coffee.....	7,915.35		6,962.66	
Others .....	1,088.12	9,305.86	909.38	8,329.07
<b>Stock as at 31st March</b>				
Tea.....	355.52		302.39	
Coffee.....	8,912.52		7,915.35	
Others .....	1,622.21	10,890.25	1,088.12	9,305.86
		(1,584.39)		(976.79)
<b>2.26 Employee Benefits Expense</b>				
Salaries, Wages and Bonus.....	9,858.88		8,464.20	
Contribution to Provident Fund and other Funds .....	1,601.38		1,778.51	
Workmen and Staff Welfare.....	588.88		691.16	
		12,049.14		10,933.87
<b>2.27 Finance Costs</b>				
Interest expense .....	361.18		639.93	
Bank Charges .....	93.79		92.09	
	454.97		732.02	
<b>2.28 Other Expenses</b>				
Contract/Processing Charges .....	1,231.55		1,372.43	
Consumption of Stores and Spare Parts.....	2,601.88		1,949.29	
Power and Fuel .....	3,983.25		3,471.28	
Repairs to Plant and Machinery.....	265.98		314.33	
Repairs to Buildings.....	436.08		399.52	
General Repairs .....	77.00		117.39	
Rent .....	53.58		60.37	
Rates & Taxes .....	241.83		174.47	
Advertisement and Sale Charges .....	161.10		129.91	
Selling Expenses .....	879.74		861.09	
Excise Duty and Cess.....	32.52		30.82	
Freight .....	1,021.65		970.58	
Insurance .....	193.09		137.36	
Exchange Fluctuation (Net).....	248.38		830.53	
Provision for Doubtful Debts and Advances .....	-		10.49	
Miscellaneous Expenses .....	2,012.92		1,375.91	
Loss on sale of fixed assets .....	10.75		-	
	13,451.30		12,205.77	

## NOTES ON ACCOUNTS

	For the Year ended 31st March, 2013		For the Year ended 31st March, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>2.29 Exceptional Items</b>				
<b>Income</b>				
Profit on sale of Long-term Trade Investments.....	-	-	1,112.66	1,112.66
<b>Expenditure</b>				
Provision for Contractual Obligations for Retired and Continuing Directors.....	(958.78)	(958.78)	(274.09)	(274.09)
		(958.78)		(274.09)
		(958.78)		838.57

**2.30 Disclosure Regarding Derivative instruments:**

- i. The Company uses foreign currency hedges to manage its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The Company does not use derivative instruments for speculative purposes.
- ii. The following are outstanding Currency Option contracts and other Hedging instruments, which have been designated as Cash Flow Hedges as per the provisions of Hedge Accounting in Accounting Standard-30.

Foreign Currency	31st March, 2013			31st March, 2012		
	No. of Contracts	Notional amount of Forward contracts	Fair Value Gain/ (Loss)	No. of Contracts	Notional amount of Forward contracts	Fair Value Gain/(Loss)
U.S Dollar	Nos.	\$ mm	₹ Lakhs	Nos.	\$ mm	₹ Lakhs
Option Contracts				1	0.80	(93.32)
Forward Cover	28	3.65	41.10	64	9.40	(52.22)
Packing Credit Foreign Currency/Buyers Credit	22	9.72	31.24	7	2.58	(16.25)
Total			72.34			(161.79)
MTM recognized in Hedge Reserve Account			15.82			(100.36)
MTM recognized in Statement of Profit and Loss			56.52			(61.43)

The Foreign Currency exposures that are not hedged by a derivatives instrument or otherwise, aggregates to USD 10.00 million towards payable (Previous year USD 4.75 million) and USD 5.60 million (Previous year USD 7.29 million) towards receivables as at the Balance Sheet date.

**2.31 Disclosure as per AS 15 - Retirement Benefits:**
**Post Retirement Employee Benefits:**

The Company operates defined contribution schemes like provident fund and defined contribution 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 ₹759.37 Lakhs (Previous year : ₹746.40 Lakhs) has been charged to the Statement of Profit and Loss towards defined contribution schemes.



## NOTES ON ACCOUNTS

### a) Description of Plan

#### 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. Under the plan the eligible employees are entitled to Gratuity under a defined benefit plan.

#### 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.

#### iii) Post Retirement Medical Benefit:

The Company's retired staff/sub-staff, Junior Officers and Management staffs are covered by a medical insurance policy. The Medical Insurance scheme is a defined benefit plan and is non-funded. Hence, there are no plan assets attributable to the obligation.

### b) Principal actuarial assumptions:

Particulars	Gratuity		Post Retirement Benefit	Medical	
	2013	2012	2013	2013	2012
Discount Rate	8.00%	8.65%	8.16%	8.16%	8.50%
Rate of Return on Plan Assets	9.40%	9.40%	-	-	-
Salary Escalation	8.00%	7.00%	5.00%	-	-
Pension Escalation	-	-	3.20%	-	-
Annual increase in Healthcare Costs	-	-	-	8.00%	8.00%

### c) Amounts recognized in the Balance Sheet are as follows:

₹ in Lakhs

Particulars	Gratuity		Post Retirement Benefit	Medical	
	2013	2012	2013	2013	2012
Present value of obligation	4,144.14	3,467.55	-	-	-
Fair Value of Plan Assets	3,454.25	2,539.48	-	-	-
Unfunded obligation	689.89	928.07	1,232.87	915.06	983.25
Net Liability	689.89	928.07	1,232.87	915.06	983.25

### d) Amounts recognized in the Statement of Profit and Loss are as follows:

₹ In Lakhs

Particulars	Gratuity		Post Retirement Benefit	Medical	
	2013	2012	2013	2013	2012
Current service Cost	235.65	320.83	1,232.87	23.41	32.40
Interest Cost	277.40	224.81	-	70.35	74.07
Expected return on Plan Assets	(314.89)	(215.75)	-	-	-
Net actuarial loss/(gain) recognized during the year	491.73	598.78	-	(131.91)	(24.49)
Total included in employee Benefit	689.89	928.67	1,232.87 \$\$	(38.15)	81.98
Sensitivity					
Effect of 1% decrease	-	-	-	(9.43)	(45.56)
Effect of 1% increase	-	-	-	10.27	51.33

\$\$ Before adjusting provision for contractual obligation of ₹274.09 Lakhs. (Refer Note 2.43)

## NOTES ON ACCOUNTS

**e) Reconciliation of opening and closing balances of the present value of the obligations:**

₹ In Lakhs

Particulars	Gratuity		Post Retirement Benefit	Medical	
	2013	2012		2013	2012
Opening defined benefit obligation	3,467.55	2,598.96	-	983.25	925.80
Current service Cost	235.65	320.23	1,232.87	23.41	32.40
Interest Cost	277.40	224.81	-	70.35	74.07
Net actuarial loss/(gain) recognized during the year	501.77	627.34	-	(131.91)	(24.49)
Liabilities assumed on Transfer of Employees					
Benefit Paid	(338.23)	(303.79)	-	(30.04)	(24.53)
Closing Defined Benefit Obligation	4,144.14	3,467.55	1,232.87	915.06	983.25

**f) Reconciliation of opening and closing balances of the fair value of plan assets:**

₹ in Lakhs

Particulars	Gratuity	
	2013	2012
Opening fair value of Plan Assets	2,539.48	2,287.86
Expected Return on Plan Assets	314.89	215.75
Actuarial gain/(loss)	10.04	28.56
Contribution by employer	928.08	311.10
Assets acquired on Transfer of Employee		
Benefits Paid	(338.23)	(303.79)
Closing Fair value of Plan Assets	3,454.25	2,539.48
Actual return on Plan Assets	302.68	244.31

**2.32**

- a) The Company has exercised the option provided under Para 46 / 46A of AS 11 issued by the Institute of Chartered Accountants of India. Accordingly exchange difference arising on long-term Foreign currency monetary item is capitalized/ amortised over the life of the monetary item. Due to this change, profit for the year is higher by ₹214.74 Lakhs.
- b) The Company has ascertained the liability in respect of Post Retirement Benefits for its Retired/Continuing Whole-time Directors by using the principles as stated in AS 15 issued by the Institute of Chartered Accountants of India and made provision accordingly. Due to this, profit for the year is lower by ₹ 958.78 lakhs

**2.33 Contingent Liabilities:**

Estimated amounts of contracts remaining to be executed on capital account and not provided for

**Claims under adjudication not acknowledged as debts:**

	As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
i) Demands raised by Income Tax, Excise & Sales Tax Authorities.....	1,215.84	2,615.42
ii) Labour disputes under adjudication .....	1,588.95	1,505.42
iii) Claims by Customers/Suppliers.....	296.06	239.42
iv) For Bank & other Guarantees .....	1,647.42	1,664.25
	809.87	896.57

## NOTES ON ACCOUNTS

	As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
<b>2.34 Selling expenses includes:</b>		
Tata Brand Equity .....	130.54	100.84
<b>2.35 Auditors' Remuneration includes:</b>		
Audit Fees.....	30.00	25.00
Taxation Matters .....	5.00	5.00
Other Services (incl. Service Tax).....	30.43	22.07
Reimbursement of Expenses.....	4.56	1.87
	<b>69.99</b>	<b>53.94</b>
<b>2.36 Basic &amp; Diluted Earnings Per Share:</b>		
Earnings Per Share has been computed as under:		
a) Profit After Taxation (₹ Lakhs) .....	9,369.26	7,885.28
b) Weighted Average Number of Equity Shares.....	1,86,77,037	1,86,77,037
c) Basic & Diluted Earnings Per Share (₹) (a)/(b) .....	50.16	42.22
d) Nominal value of Share (₹) .....	10.00	10.00

### 2.37 Value of Materials consumed and Stores & Spares consumed:

	Materials		Stores & Spares	
	Value ₹ in Lakhs	% of Total Consumption	Value ₹ in Lakhs	% of Total Consumption
Imported	12,883.04 (8,133.78)	68% (55%)	9.61 (125.14)	2% (6%)
Indigenous	6,085.91 (6,752.49)	32% (45%)	2,592.27 (1,824.15)	98% (94%)
	18,968.95 (14,886.27)	100% (100%)	2,601.88 (1,949.29)	100% (100%)

(Figures in brackets relate to Previous Year)

	As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
<b>2.38 Amount remitted in Foreign Currencies on account of Dividends:</b>		
No. of Shareholders .....	1	1
No. of Shares held in lakhs .....	7.58	7.58
Net Dividend remitted.....	121.28	37.90
Year .....	2011-12 (Final) & 2012-13 (Interim)	2010-11 (Final)
<b>2.39 C.I.F. Value of Imports:</b>		
Raw materials .....	13,582.63	7,985.32
Spare Parts & Components.....	27.42	273.60
Capital goods.....	3,406.37	146.41

**NOTES ON ACCOUNTS**

	<b>As at 31st March, 2013 ₹ in Lakhs</b>	As at 31st March, 2012 ₹ in Lakhs
<b>2.40 Earnings in Foreign Currency:</b>		
a) FOB Value of Exports..... (Includes Exports through third parties and Export Houses in case of 100% EOU)	<b>37,793.70</b>	31,692.65
b) Dividend earned in foreign currency - Net of Tax.....	<b>937.09</b>	-
<b>2.41 Expenditure in Foreign Currency:</b>		
a) Travelling expenses .....	<b>22.25</b>	37.46
b) Professional Charges.....	<b>24.18</b>	174.23
c) Others .....	<b>62.18</b>	10.83
<b>2.42 Pre-operative revenue expenses capitalized:</b>		
Staff cost and allowances .....	<b>147.51</b>	18.95
Interest .....	<b>110.76</b>	1.84
Others .....	<b>219.41</b>	27.44
<b>Total .....</b>	<b>477.68</b>	48.23
<b>2.43 Movement in Provision for future payment under contractual obligation:</b>		
Opening balance .....	<b>260.09</b>	-
Provision created during the year .....	<b>14.00</b>	274.09
Less: Utilization/adjustment during the year.....	<b>(274.09)</b>	(14.00)
Closing balance.....	<b>-</b>	260.09

## NOTES ON ACCOUNTS

### 2.44 Segmental Reporting:

The Company's operations predominantly relate to Coffee and Other Produce comprising of growing of Coffee, Pepper, Tea and other plantation crops and conversion of Coffee into Value added products such as Roast and Ground Coffee and Instant Coffee. The Company is also in the business of Curing operations of Coffee and trading of items required for Coffee plantations. Accordingly the revenue from Coffee and Other produce, Trading and curing (others) comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of geographical locations of the customers. The accounting principles consistently used for the preparation of Financial statements are also applied to record Income and Expenditure in individual segments. These are set out on the note as significant accounting policies. Fixed assets used in Company's business and liabilities contracted have been identified to the reportable segments. Inter unit transfers have been made at market prices.

#### PRIMARY SEGMENT

₹ in Lakhs

	COFFEE AND OTHER PRODUCE		TEA		ESTATE SUPPLIES DIVISION		OTHERS		TOTAL	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
<b>SEGMENT REVENUES</b>										
EXTERNAL SALES	49,586.15	42,115.02	6,816.23	5,529.99	4,275.12	4,213.13	572.68	548.69	61,250.18	52,406.83
Less: INTER-SEGMENT SALES					1,186.57	1,288.78	296.87	284.67	1,483.44	1,573.45
Add: Un-Allocated Income									41.23	18.40
<b>TOTAL REVENUE</b>	<b>49,586.15</b>	<b>42,115.02</b>	<b>6,816.23</b>	<b>5,529.99</b>	<b>3,088.55</b>	<b>2,924.35</b>	<b>275.81</b>	<b>264.02</b>	<b>59,807.97</b>	<b>50,851.78</b>
<b>SEGMENT RESULTS</b>	<b>12,653.79</b>	<b>10,417.87</b>	<b>483.07</b>	<b>(111.78)</b>	<b>58.05</b>	<b>37.37</b>	<b>166.85</b>	<b>190.73</b>	<b>13,361.76</b>	<b>10,534.19</b>
UNALLOCATED CORPORATE INCOME										
NET OF EXPENSES									1,166.89	(225.00)
<b>OPERATING PROFITS</b>									<b>14,528.65</b>	<b>10,309.19</b>
INTEREST EXPENSE									(454.97)	(732.02)
EXCEPTIONAL INCOME/(EXPENSE)									(958.78)	838.57
<b>PROFIT BEFORE TAX</b>									<b>13,114.90</b>	<b>10,415.74</b>
<b>INCOME TAXES</b>										
CURRENT TAX									(4,188.00)	(2,907.99)
EXCESS TAX PROVISION WRITTEN BACK									108.15	96.19
DEFERRED TAX									334.21	281.34
<b>PROFIT AFTER TAXATION</b>									<b>9,369.26</b>	<b>7,885.28</b>
<b>OTHER INFORMATION</b>										
SEGMENT ASSETS	47,194.65	38,352.90	6,469.72	6,151.57	403.83	398.72	270.27	337.82	54,338.47	45,241.01
UNALLOCATED COMMON ASSETS									25,489.64	20,425.24
<b>TOTAL ASSETS</b>									<b>79,828.11</b>	<b>65,666.25</b>
SEGMENT LIABILITIES	(12,899.81)	(7,989.53)	(1,004.35)	(967.50)	(263.48)	(113.21)	(122.19)	(100.91)	(14,289.84)	(9,171.15)
UNALLOCATED LIABILITIES									(13,092.93)	(10,769.38)
<b>TOTAL LIABILITIES</b>									<b>(27,382.77)</b>	<b>(19,940.53)</b>
<b>CAPITAL EMPLOYED</b>	<b>34,294.84</b>	<b>30,363.37</b>	<b>5,465.37</b>	<b>5,184.07</b>	<b>140.35</b>	<b>285.51</b>	<b>148.08</b>	<b>236.91</b>	<b>52,445.34</b>	<b>45,725.72</b>
<b>CAPITAL EXPENDITURE</b>	<b>4,486.32</b>	<b>1,390.05</b>	<b>517.05</b>	<b>490.85</b>	<b>0.22</b>	<b>0.53</b>	<b>803.04</b>	<b>129.35</b>	<b>5,806.63</b>	<b>2,010.78</b>
<b>DEPRECIATION</b>	<b>1,115.69</b>	<b>1,013.23</b>	<b>241.07</b>	<b>232.95</b>	<b>0.23</b>	<b>0.16</b>	<b>120.77</b>	<b>77.77</b>	<b>1,477.76</b>	<b>1,324.11</b>
<b>NON-CASH EXPENSES</b>	<b>3.29</b>	<b>10.48</b>	<b>2.15</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>5.96</b>	<b>-</b>	<b>11.40</b>	<b>10.49</b>
<b>OTHER THAN DEPRECIATION</b>										

The Previous Years figures are regrouped wherever necessary.

## NOTES ON ACCOUNTS

Geographical revenues are segregated based on the locations of the customers who are invoiced or in relation to which the revenues is otherwise recognized. The Company's exports are made to two major geographical areas in the world. In India its home country the Company sells Coffee, Pepper, Tea, Roast, Ground Coffee and Instant Coffee. The Plantation and Manufacturing facilities of the company are located in India. The Trading and Curing (others) are carried out exclusively in India.

The following table shows the distribution of the Company's sales by geographical locations:

<b>Secondary (Geographical) Segments</b>	₹ in Lakhs	
	<b>Current Year</b>	Previous year
CIS Countries *	<b>11,516.81</b>	17,871.76
Rest of the World *	<b>26,823.61</b>	13,820.89
India	<b>21,467.55</b>	19,159.13
<b>TOTAL</b>	<b>59,807.97</b>	50,851.78

\* includes Direct Exports and Exports through third parties and through export houses.

### 2.45 Related Party Transactions:

In accordance with Accounting Standard 18, the disclosures required are given below:

₹ in Lakhs											
Sl. No.	Nature of transaction	Subsidiaries		Holding Company		Key Management Personnel		Fellow Subsidiaries		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1.	Sale of Goods	-	-	1,470.62	1,114.04	-	-	-	-	1,470.62	1,114.04
2.	Sale of Goods - 000 Sunty LLC	-	-	-	-	-	-	2,863.12	3,988.47	2,863.12	3,988.47
3.	Purchase of Goods	-	-	55.20	41.28	-	-	-	-	55.20	41.28
4.	Remuneration	-	-	-	-	303.94	276.81	-	-	303.94	276.81
5.	Receiving of Services	-	-	13.00	12.83	-	-	-	-	13.00	12.83
6.	Interest Payment	-	-	154.63	270.28	-	-	-	-	154.63	270.28
7.	Dividend Received - Consolidated Coffee Inc.	1,102.45	-	-	-	-	-	-	-	1,102.45	-
8.	Outstanding at the year end										
	Credit	(4.72)	19.56	88.56	182.95	-	-	-	-	83.84	202.51
	Debit	-	-	-	-	-	-	693.65	1,010.95	693.65	1,010.95

## NOTES ON ACCOUNTS

### Names of related parties and description of relationship

1. Holding Company	Tata Global Beverages Limited
2. Subsidiaries/JVs	Consolidated Coffee Inc., Eight O Clock Coffee Company Alliance Coffee Limited Tata Coffee (Uganda) Ltd. { wound up during the year }
3. Associates	The Rising Beverages Company LLC
4. Key Management Personnel	Mr. Hameed Huq, Managing Director Mr. M. Deepak Kumar, Executive Director
5. Fellow Subsidiary(s)	OOO Sunty LLC

Comparative figures relating to the previous year have been reclassified wherever necessary to conform to the classification adopted this year.

### Notes forming part of financial statements

N. S. SURYANARAYANAN <i>Company Secretary</i>	S. SANTHANAKRISHNAN <i>Director</i>	HAMEED HUQ <i>Managing Director</i>	R. K. KRISHNA KUMAR <i>Chairman</i>
Per our report of even date			
For SNB ASSOCIATES <i>Chartered Accountants</i>		For N.M. RAIJI & Co <i>Chartered Accountants</i>	
S. LAKSHMANAN <i>Partner</i> Membership No. 20045		J. M. GANDHI <i>Partner</i> Membership No. 37924	
Place: Bangalore Date: 13th May, 2013			

**CONSOLIDATED  
FINANCIAL  
STATEMENTS**



## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Tata Coffee Limited

1. We have audited the accompanying consolidated financial statements of Tata Coffee Limited ("the Company") and its subsidiaries and associate, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Consolidated Financial Statements

Management of the company is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21 "Consolidated Financial Statements", and Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and presentation 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiary and associate as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

5. Other Matter

We did not audit the financial statements of one of the subsidiaries, whose financial statements reflect total assets (net) of ₹ 47665.85 Lakhs as at March 31, 2013, total revenues of ₹ 109927.42 Lakhs and net cash inflows amounting to ₹ 867.42 Lakhs for the year ended 31st March 2013, and one associate company whose share of net loss of ₹ 850.27 lakhs for the year ended 31st March 2013 is considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion in so far as it relates to the amounts included in respect of this entity is based solely on the report of the other auditors. Our opinion is not qualified in respect of this matter.

**For N.M.RAJI & CO**  
Chartered Accountants

**J.M.GANDHI**  
Partner  
Membership No.: 37924  
(Firm's Registration No.: 108296W)

Place: Bangalore  
Date: 13th May, 2013

**For SNB ASSOCIATES**  
Chartered Accountants

**S.LAKSHMANAN**  
Partner  
Membership No.: 20045  
(Firm's Registration No.: 015682N)

Place: Bangalore  
Date: 13th May, 2013

## CONSOLIDATED BALANCE SHEET

	Note	As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital .....	2.02	1,867.70	1,867.70
Reserves and Surplus .....	2.03	60,432.74	49,374.25
		<b>62,300.44</b>	<b>51,241.95</b>
<b>Minority Interest (CCI)</b>		<b>23,793.20</b>	19,474.29
<b>Non-Current Liabilities</b>			
Long-term Borrowings .....	2.04	73,646.28	69,039.21
Deferred Tax Liabilities .....	2.05	9,530.57	9,610.30
Other Long-term Liabilities .....	2.06	629.76	632.29
Long-term Provisions .....	2.07	2,390.48	1,521.10
		<b>86,197.09</b>	<b>80,802.90</b>
<b>Current Liabilities</b>			
Short-term Borrowings .....	2.08	15,503.67	1,662.27
Trade Payables .....	2.09	6,669.22	11,025.70
Other Current Liabilities .....	2.10	14,506.03	15,471.71
Short-term Provisions .....	2.11	5,923.83	4,365.81
		<b>42,602.75</b>	<b>32,525.49</b>
<b>TOTAL</b>		<b>214,893.48</b>	<b>184,044.63</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets .....	2.12	28,707.76	28,812.82
Intangible Assets .....	2.12	111,950.98	105,683.13
Capital work-in-progress .....		6,747.88	771.96
Non-current Investments .....	2.13	11,748.36	452.57
Long-term Loans and Advances .....	2.14	2,004.80	4,214.82
Other non-current assets .....	2.15	8.49	289.66
		<b>161,168.27</b>	<b>140,224.96</b>
<b>Current Assets</b>			
Current investments .....	2.13	78.60	70.75
Inventories .....	2.16	23,799.58	21,798.60
Trade Receivables .....	2.17	12,342.24	10,785.83
Cash & Bank Balances .....	2.18	5,494.76	3,026.91
Short-term Loans and Advances .....	2.19	11,971.40	8,030.23
Other Current Assets .....	2.20	38.63	107.35
		<b>53,725.21</b>	<b>43,819.67</b>
<b>TOTAL</b>		<b>214,893.48</b>	<b>184,044.63</b>

N. S. SURYANARAYANAN  
Company Secretary

S. SANTHANAKRISHNAN  
Director

HAMEED HUQ  
Managing Director

R. K. KRISHNA KUMAR  
Chairman

Per our report of even date

For SNB ASSOCIATES  
Chartered Accountants

For N.M. RAJJI & Co  
Chartered Accountants

Place: Bangalore  
Date: 13th May, 2013

S. LAKSHMANAN  
Partner  
Membership No. 20045

J. M. GANDHI  
Partner  
Membership No. 37924

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Income</b>					
Revenue from Operations .....	2.21	169,735.40		154,899.69	
Other Income .....	2.22	1,126.09		808.65	
<b>Total Revenue</b>			<b>170,861.49</b>		<b>155,708.34</b>
<b>Expenses</b>					
Cost of Material Consumed.....	2.23	69,819.87		75,810.06	
Purchase of Stock-in-Trade .....	2.24	3,137.25		2,974.78	
Change in Inventories of Finished Goods/ Work-in-progress .....	2.25	(540.91)		(2,716.71)	
Employee Benefits Expenses .....	2.26	22,203.33		20,749.02	
Finance Costs .....	2.27	5,290.89		4,621.50	
Depreciation and Amortizations {net of amount drawn from Revaluation Reserve ₹ 277.95 Lakhs} (Previous Year - ₹ 226.79 Lakhs)		3,986.06		3,700.15	
Other Expenses.....	2.28	43,554.34		38,903.65	
<b>Total Expenses</b>			<b>147,450.83</b>		<b>144,042.45</b>
<b>Profit before exceptional items and taxes</b>			<b>23,410.66</b>		<b>11,665.89</b>
<b>Exceptional items .....</b>	2.29		<b>(1,248.70)</b>		<b>(1,672.73)</b>
<b>Profit before tax.....</b>			<b>22,161.96</b>		<b>9,993.16</b>
<b>Tax expenses</b>					
Current tax .....		6,700.76		2,682.13	
Excess Tax Provision/Charge written back.....		(797.22)		(96.19)	
Deferred tax.....		446.63		(946.64)	
			<b>6,350.17</b>		<b>1,639.30</b>
<b>Profit after Taxation before Minority Interest</b>			<b>15,811.79</b>		<b>8,353.86</b>
Share of Associate's Loss - Rising Beverages Company Minority Interest			<b>(850.27)</b>		
Minority Interest in CCI .....			<b>(3,338.95)</b>		<b>(234.86)</b>
<b>Net Profit</b>			<b>11,622.57</b>		<b>8,119.00</b>
Earning Per Share - Basic & Diluted.....			<b>62.23</b>		<b>43.47</b>
Weighted average number of shares (face value of ₹ 10 each)			<b>18,677,037</b>		<b>18,677,037</b>

N. S. SURYANARAYANAN  
Company Secretary

S. SANTHANAKRISHNAN  
Director

HAMEED HUQ  
Managing Director

R. K. KRISHNA KUMAR  
Chairman

Per our report of even date

For SNB ASSOCIATES  
Chartered Accountants

For N.M. RAIJI & Co  
Chartered Accountants

Place: Bangalore  
Date: 13th May, 2013

S. LAKSHMANAN  
Partner  
Membership No. 20045

J. M. GANDHI  
Partner  
Membership No. 37924

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

	Year ended 31st March, 2013 ₹ in lakhs	Year ended 31st March, 2012 ₹ in lakhs
<b>A. Cash Flow from Operating Activities:</b>		
Profit Before Tax as per Consolidated Statement of P&L	22,161.96	9,993.16
Adjustments for:		
Depreciation & Amortizations	3,986.06	3,700.15
Provision for doubtful debts/advances	(21.75)	(35.61)
Profit on sale of Investments	-	(1,112.66)
Investment in Joint Venture winding up	0.65	-
Investment and Interest Income	(1,076.54)	(730.47)
Interest/Finance charges	5,290.89	4,621.50
Unrealized foreign exchange (gain)/loss	13.55	69.49
(Profit)/loss on sale of fixed assets	95.28	(28.92)
Excess provision written back	(157.75)	(50.87)
<b>Operating Profit Before Working Capital Changes:</b>	<b>30,292.35</b>	<b>16,425.77</b>
<b>Working Capital Changes</b>		
Decrease/(Increase) In Trade Receivables, Loans & Advances	(4,227.77)	1,299.04
Decrease/(Increase) In Inventories	(1,393.51)	1,432.75
Increase/(Decrease) In Trade Payables, Liabilities & Provisions	(3,406.33)	1,504.81
<b>Cash Generated from Operations:</b>	<b>21,264.74</b>	<b>20,662.37</b>
Direct taxes paid	(4,205.52)	(1,325.77)
<b>Net Cash From Operating Activities</b>	<b>17,059.22</b>	<b>19,336.60</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of fixed assets and changes in capital work-in-progress	(6,766.25)	(2,949.32)
Sale of fixed assets	108.56	318.16
Capital Advances	(453.22)	(1,984.04)
Sale/(Purchase) of Investments	(11,908.20)	1,117.33
Other deposits	-	(0.55)
Investment and Interest Income	941.39	765.99
<b>Net Cash flows from/( used in) Investing Activities</b>	<b>(18,077.72)</b>	<b>(2,732.43)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31st March, 2013 ₹ in lakhs	Year ended 31st March, 2012 ₹ in lakhs
<b>C. Cash Flow from Financing Activities:</b>		
NCDs Issued/(repaid) during the period	(3,104.17)	(3,104.17)
Proceeds from/(Repayment of) short-term borrowings	3,868.40	(4,003.46)
Proceeds from/(Repayment of) long-term borrowings	11,834.32	(2,622.25)
Dividend & dividend tax paid	(4,541.07)	(1,085.35)
Interest and Finance Charges paid	(5,276.89)	(4,676.11)
<b>Net Cash Flows from/(used in) Financing Activities:</b>	<b>2,780.59</b>	(15,491.34)
<b>D. Net Increase/Decrease In Cash and Cash Equivalents (A+B+C)</b>	<b>1,762.09</b>	<b>1,112.83</b>
<b>Cash and Cash Equivalents</b>		
Opening Balance	2,929.87	1,858.55
Forex gain/(loss) on translation of cash & cash equivalents	652.15	(41.51)
Closing Balance	<b>5,344.11</b>	<b>2,929.87</b>

**Note:** -Previous Year figures have been regrouped/rearranged wherever necessary to conform to this year's classification.

N. S. SURYANARAYANAN  
Company Secretary

S. SANTHANAKRISHNAN  
Director

HAMEED HUQ  
Managing Director

R. K. KRISHNA KUMAR  
Chairman

Per our report of even date  
For SNB ASSOCIATES  
Chartered Accountants

For N.M. RAJJI & Co  
Chartered Accountants

Place: Bangalore  
Date: 13th May, 2013

S. LAKSHMANAN  
Partner  
Membership No. 20045

J. M. GANDHI  
Partner  
Membership No. 37924

**CONSOLIDATED NOTES ON ACCOUNTS****2.01 Notes on Consolidated Financial Statements**

- I. The presentation of the accounts is based on the revised Schedule VI of the Companies Act, 1956. All assets and liabilities are classified into current and non-current generally based on criteria of realization/settlement within twelve months period from the Balance Sheet date.

**II. Basis of Consolidation**

## a) Basis of Preparation

The Consolidated financial statements are prepared in accordance with Accounting Standard 21 'Consolidated Financial Statements', Accounting Standard 23 'Accounting for Associates in Consolidated Financial Statements' and Accounting Standard 27 'Financial Reporting of Interest in Joint Ventures' issued by the Companies (Accounting Standards) Rules, 2006

- i) The financial statements of the Holding Company and all subsidiaries are prepared according to uniform accounting policies, in accordance with generally accepted accounting policies in India.
- ii) The financial statements of the Holding Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances, intra-group transactions and unrealized profits or losses thereon have been fully eliminated.
- iii) Company's interest in the Joint Venture is accounted for using proportionate consolidation method.
- iv) The financial statements of the Subsidiaries and Joint Ventures used in consolidation are drawn up to the same reporting date as that of the Holding Company.
- v) The excess value of the consideration given over the net value of the identifiable assets acquired in the subsidiary companies is recognized as "Goodwill" under fixed assets and is not being amortized. Certain intangible assets, which are appearing in the Subsidiary books, as at the date of acquisition, are included in Goodwill, as the same do not qualify as Intangibles under Accounting Standard 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India. Subsequent to the acquisition, the subsidiary has revalued these assets and this revaluation has been ignored for the purpose of consolidation. To the extent the subsidiary has provided depreciation on the revalued portion of these assets, an equivalent amount has been considered as Impairment of Goodwill.

## b) Subsidiaries included in Consolidation

<b>Name of the Enterprise</b>	<b>Country of Incorporation</b>	<b>Nature of Business</b>	<b>Shareholding/Controlling Interest</b>
Alliance Coffee Limited	India	Marketing Instant Coffee Powder	100%
Consolidated Coffee Inc.	USA	Investment	50.08%
Eight 'O' Clock Coffee Company	USA	Roasted Coffee Beans and R&G Powder	50.08%

## c) Associates included in Consolidation

<b>Name of the Enterprise</b>	<b>Country of Incorporation</b>	<b>Nature of Business</b>	<b>Shareholding/Controlling Interest</b>
The Rising Beverages Company LLC	USA	Health Drinks	47.30%

**III. SIGNIFICANT ACCOUNTING POLICIES**

## i) Statement of Profit and Loss

- a) All income and expenses are accounted on accrual basis.
- b) Sales are recognized on passing of property in goods together with risks and rewards i.e. delivery as per terms of sale or on completion of auction in case of auction sale. In the case of Rosewood sale, income is recognized on completion of auction sale and confirmation of receipt of money by the auctioneer. Export incentives are estimated and accrued on completion of export sales. In the case of a subsidiary, sales are recognized when risk of loss and title have transferred to the customer, which is typically upon receipt of the product by the customer. Provisions for sales returns and other allowances are recorded based on the past experience.
- c) The sale value of own timber and value added timber products are credited to revenue. Capital profits on such

## CONSOLIDATED NOTES ON ACCOUNTS

sale, including capital profit on value added timber products determined at estimated market value of actual timber input, are transferred to General Reserve No.II through Appropriation account.

- d) Depreciation on Fixed Assets is provided at the rates stated in Schedule XIV of the Companies Act, 1956, on written down value method, except that Fixed Assets at Instant Coffee Division, Anamallais, Corporate Office and certain Fixed Assets at the Curing Works under the straight-line method. Leasehold improvements are being depreciated over the lease period. In respect of certain assets, accelerated depreciation has been provided considering its estimated useful life or as per the rates prescribed in Schedule XIV whichever is higher.

Depreciation in respect of assets held by the foreign subsidiary is provided over the useful life of the asset.

- e) The Employee benefits are provided in accordance with the revised AS 15 and are dealt with in the following manner.
- Contribution to Provident Fund and Defined Contribution Superannuation Funds are accounted on accrual basis.
  - Gratuity, defined post Retirement Benefits, Leave encashment and post retirement health scheme liabilities are determined by actuarial valuation done at the end of the year and charge is debited to the Statement of Profit and Loss.

- f) Transactions in foreign currency are recorded using the spot rate at the beginning of each fortnight and exchange differences resulting from settled transactions are taken in the Statement of Profit and Loss. Current Assets and Liabilities covered by Forward Cover are stated at Forward Cover rates, while those not covered by Forward Cover are restated at the rates prevailing at the year-end. The resulting Exchange differences are dealt with, in the Statement of Profit & Loss. Premium or discount on forward contracts is amortized over the life of the contract.

Gain or loss on hedging instruments in respect of effective portion of cash flow hedges are recognized in the hedging reserve account. The portion of the gain or loss on the hedging instruments if determined to be an ineffective cash flow hedge is recognized in the Statement of Profit & Loss.

The income and expenditure of overseas subsidiaries are translated at the average month-end exchange rates. Year-end balances of all assets and liabilities are translated at the year-end exchange rates. Exchange differences arising on re-translation at year-end exchange rates, of the net investment in foreign undertakings, are taken to reserves.

- g) Deferred tax is recognized using the liability method, on all timing differences to the extent that it is possible that a liability or asset will crystallize. As at the Balance Sheet date, unless there is evidence to the contrary, deferred tax assets pertaining to business loss are only recognized to the extent of virtual certainty of future taxable profits.
- h) The costs incurred for obtaining financing are deferred and amortized using the effective interest method over the life of the related financing agreements and charged to interest expenses.

### ii) Balance Sheet

- a) Assets and Liabilities are recorded at cost to the Company.
- b) Fixed Assets are carried at cost of acquisition less depreciation. Impairment loss, if any, ascertained as per the Accounting Standard 28 (Impairment of Assets) of the Institute of Chartered Accountants of India is recognized. Cost of acquisition includes borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. Rollover charges, and exchange differences, relating to foreign currency borrowings attributable to Fixed Assets are also capitalized.
- c) Investments of long-term nature are stated at cost. A provision for diminution in value is made to recognize a decline, other than temporary. Current investments are stated at lower of cost and market value.
- d) Valuation of Stock is dealt as under: -

- Raw Materials and Stores & Spares	At weighted average cost and in one subsidiary on FIFO basis.
- Coffee, Instant Coffee, Tea, Pepper, Plywood and Trading Stock.	At lower of cost and net realizable value.
- Work-in-Progress	At lower of cost and net realizable value.
- Cardamom and Other Produces	At since realized/estimated realizable value.

**CONSOLIDATED NOTES ON ACCOUNTS**

	As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
<b>2.02 Share Capital:</b>		
<b>AUTHORISED</b>		
2,50,00,000 (2,50,00,000) Equity Shares of ₹10/- each	2,500.00	2,500.00
	<b>2,500.00</b>	<b>2,500.00</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
1,86,77,037 (1,86,77,037) Equity Shares of ₹10/- each, fully paid	1,867.70	1,867.70
	<b>1,867.70</b>	<b>1,867.70</b>

**Details of Shareholder holding more than 5% shares as at 31st March, 2013:**

Name of Shareholder	As at 31st March, 2013 No. of Shares % Holding	As at 31st March, 2012 No. of Shares % Holding
Tata Global Beverages Limited	1,07,35,982 57.48%	1,07,35,982 57.48%
Kotak Mahindra Prime Limited	Less than 5%	10,51,134 5.63%

**Reconciliation of number of shares:**

	As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
Number of Shares as at 01.04.2012	1,86,77,037	1,86,77,037
Add: Shares issued during the year	-	-
Number of Shares as at 31.03.2013	<b>1,86,77,037</b>	<b>1,86,77,037</b>



## CONSOLIDATED NOTES ON ACCOUNTS

	As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
<b>2.03 Reserves and Surplus:</b>		
<b>Capital Subsidy Reserve</b>		
Balance as on 01.04.2012	30.10	30.10
Less : Transferred to General Reserve No. 1	(30.10)	-
<b>Capital Subsidy Reserve</b>	-	30.10
<b>Capital Redemption Reserve</b> .....	10.41	10.41
<b>Revaluation Reserve</b>		
Balance as on 01.04.2012 .....	801.16	1,027.95
Add/(Less): Additions/(Deductions) during the year .....	208.25	(226.79)
<b>Revaluation Reserve</b> .....	1,009.41	801.16
<b>Debenture Redemption Reserve</b>		
Balance as on 01.04.2012 .....	1,357.44	2,418.43
Less: Amount transferred to Surplus .....	(1,357.44)	(1,060.99)
<b>Debenture Redemption Reserve</b> .....	-	1,357.44
<b>Securities Premium Account</b> .....	14,424.27	14,424.27
<b>Exchange Fluctuation Reserve</b>		
Balance as on 01.04.2012 .....	2,392.98	(168.98)
Add: Addition during the year .....	1,267.64	2,561.96
<b>Exchange Fluctuation Reserve</b> .....	3,660.62	2,392.98
<b>Hedging Reserve</b>		
Balance as on 01.04.2012 .....	(710.09)	(897.44)
Add/(Less): Movement on cancellation of Forwards and Options .....	725.86	187.35
<b>Hedging Reserve</b> .....	15.77	(710.09)
<b>Foreign Currency Monetary Item Translation Difference Account</b>		
Balance as on 01.04.2012 .....	-	-
Add: Movement for the year .....	(41.63)	-
<b>Foreign Currency Monetary Item Translation Difference Account</b> .....	(41.63)	-
<b>General Reserve Number I</b>		
Balance as on 01.04.2012 .....	11,075.50	10,283.47
Add: Transferred from Surplus .....	950.00	792.03
Add: Transferred from Capital Subsidy Reserve .....	30.10	-
<b>General Reserve Number I</b> .....	12,055.60	11,075.50
<b>General Reserve Number II</b>		
Balance as on 01.04.2012 .....	6,242.07	5,876.62
Add: Transferred from Surplus .....	251.95	365.45
<b>General Reserve Number II</b> .....	6,494.02	6,242.07

## CONSOLIDATED NOTES ON ACCOUNTS

	As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
<b>2.03 Reserves and Surplus (Contd.):</b>		
<b>Amalgamation Reserves .....</b>	<b>832.53</b>	832.53
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Balance as on 01.04.2012 .....	<b>12,917.88</b>	7,283.13
Add: Net Profit after tax transferred from Statement of Profit and Loss.....	<b>11,622.57</b>	8,119.00
Amount available for appropriation .....	<b>24,540.45</b>	15,402.13
<b>Less : Appropriation</b>		
Proposed Dividend .....	<b>(2,334.63)</b>	(2,054.47)
Provision for Tax on Dividend.....	<b>(389.57)</b>	(333.29)
Transfer from Debenture Redemption Reserve .....	<b>1,357.44</b>	1,060.99
Transfer to General Reserve No. I and General Reserve No. II .....	<b>(1,201.95)</b>	(1,157.48)
<b>Net Surplus in the Statement of Profit and Loss .....</b>	<b>21,971.74</b>	12,917.88
<b>Total Reserve and Surplus</b>	<b>60,432.74</b>	49,374.25
<b>2.04 Long-term Borrowings:</b>		
<b>Secured</b>		
7% Secured Redeemable Non-Convertible Debentures .....	-	3,104.17
Less: Current Maturities of Long-term borrowing shown under Other Current Liabilities (a).....	-	(3,104.17)
	-	-
<b>Loan from Banks</b>		
ECB Term Loan (b)/Senior Debt - Rabo Bank .....	<b>57,355.83</b>	34,402.84
<b>Loan from Others - Unsecured</b>		
Senior Debt (c) - Tata Global Beverages Investments Limited.....	-	26,961.10
<b>Loan from Others - Unsecured</b>		
Tata Global Beverages Investments Limited .....	<b>16,290.45</b>	7,675.27
<b>Total Long-term Borrowings</b>	<b>73,646.28</b>	69,039.21

- (a) The 7% Non-Convertible Debentures were redeemable at par in three equal instalments at the end of 4th, 5th and 6th years from the date of allotment i.e. 29.12.2006. Accordingly, all the three instalments have been redeemed. The Debentures were secured by a charge on the part of the Land and Factory located at Theni.
- (b) The ECB Term Loan are secured by deposit of title deeds of a coffee estate and a charge over the machinery of the expansion project of Freeze Dried Plant at Theni. The Loan is repayable in sixteen equal quarterly instalments commencing from August, 2013.
- (c) Senior Debt are secured by specific security over the assets of overseas subsidiary.

## CONSOLIDATED NOTES ON ACCOUNTS

	As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
<b>2.05 Deferred Tax Liabilities (net):</b>		
<b>Deferred Tax Liability</b>		
Depreciation	12,816.14	11,976.41
Others	(1,539.99)	363.21
	<b>11,276.15</b>	<b>12,339.62</b>
<b>Deferred Tax Asset</b>		
Provision for doubtful debts/advances	111.66	114.87
Other Assets	518.04	752.37
Employee Benefits	998.56	803.48
Others	117.32	1,058.60
	<b>1,745.58</b>	<b>2,729.32</b>
<b>Net Deferred Tax Liabilities</b>	<b>9,530.57</b>	<b>9,610.30</b>
<b>2.06 Other Long-term Liabilities:</b>		
Deposits	629.76	632.29
	<b>629.76</b>	<b>632.29</b>
<b>2.07 Long-term Provisions:</b>		
Employee Benefits	2,390.48	1,521.10
	<b>2,390.48</b>	<b>1,521.10</b>
<b>2.08 Short-term Borrowings:</b>		
<b>Secured</b>		
<b>Loan from Banks</b>		
Working Capital Facilities #	5,530.66	1,662.27
<b>Unsecured</b>		
<b>Loan from Others - Tata Global Beverages Investment Limited</b>	9,973.01	-
	<b>15,503.67</b>	<b>1,662.27</b>
# Working Capital/Cash Credit facility is secured by hypothecation of Coffee crop, inventories, finished/semi-finished goods/receivables of the Company. Part of the Cash Credit funding is also secured by deposit of title deeds of a coffee estate.		
<b>2.09 Trade Payables:</b>		
Due to Micro & Small Enterprises (\$)	25.56	35.46
Other Trade Payables	6,643.66	10,990.24
<b>Total Trade Payables</b>	<b>6,669.22</b>	<b>11,025.70</b>

\$ Includes amounts due beyond a period of 30 days of ₹ 12.28 Lakhs and Interest paid/payable ₹ 0.25 Lakhs.

**CONSOLIDATED NOTES ON ACCOUNTS**

	<b>As at 31st March, 2013 ₹ in lakhs</b>	As at 31st March, 2012 ₹ in lakhs
<b>2.10 Other Current Liabilities:</b>		
Current Maturities of Long-term Borrowings	<b>2,375.67</b>	3,104.17
Security Deposits from Customers	<b>1,862.24</b>	774.88
Unpaid Dividends	<b>150.65</b>	97.04
Interest Accrued but not due	<b>29.06</b>	55.96
Employee Benefits	<b>1,484.97</b>	1,058.62
Other Payables	<b>8,603.44</b>	10,381.04
	<b>14,506.03</b>	15,471.71
<b>2.11 Short-term Provision:</b>		
Employee Benefits	<b>882.33</b>	1,017.10
Taxation less advance payment	<b>3,402.65</b>	960.95
Proposed Dividend	<b>1,400.78</b>	2,054.47
Tax on Dividend	<b>238.07</b>	333.29
	<b>5,923.83</b>	4,365.81

## CONSOLIDATED NOTES ON ACCOUNTS

### 2.12 Fixed Assets:

₹ in lakhs

	COST					DEPRECIATION					NET BOOK VALUE	
	As at 01.04.2012	Additions/	Deductions/ Adjustments *	Adjustments	As at 31.03.2013	As at 01.04.2012	For the Year <sup>ss</sup>	Deductions/ Adjustments *	Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>TANGIBLE</b>												
Freehold Land and Development	7,593.83	-	-	(644.22)	<b>6,949.61</b>	-	-	-	-	-	<b>6,949.61</b>	7,593.83
Leasehold Land and Development	185.89	-	-	644.26	<b>830.15</b>	0.16	-	-	-	<b>0.16</b>	<b>829.99</b>	185.73
Buildings	7,495.90	201.31	97.66	(0.01)	<b>7,794.86</b>	2,470.98	311.30	26.66	6.30	<b>2,815.24</b>	<b>4,979.62</b>	5,024.92
Water and Sanitary Installations	937.46	44.85	(23.46)	0.40	<b>959.25</b>	444.55	35.27	(19.38)	2.46	<b>462.90</b>	<b>496.35</b>	492.91
Electrical Installations	1,243.67	114.47	(26.48)	(0.01)	<b>1,331.65</b>	526.15	67.55	(24.60)	11.19	<b>580.29</b>	<b>751.36</b>	717.52
Plant & Equipment	27,610.21	1,324.01	39.36	73.60	<b>29,047.18</b>	14,108.88	1,889.77	(314.16)	24.68	<b>15,709.17</b>	<b>13,338.01</b>	13,501.33
Furniture & Fixtures	1,114.16	38.85	(13.02)	(99.60)	<b>1,040.39</b>	669.03	70.79	(30.55)	(63.71)	<b>645.56</b>	<b>394.83</b>	445.13
Computers	772.13	64.45	(110.07)	0.59	<b>727.10</b>	611.76	69.53	(129.20)	2.29	<b>554.38</b>	<b>172.72</b>	160.37
Office Equipment	303.05	21.38	(53.37)	24.08	<b>295.14</b>	219.42	21.52	(54.21)	18.14	<b>204.87</b>	<b>90.27</b>	83.63
Motor Vehicles	1,069.11	323.20	(163.49)	0.89	<b>1,229.71</b>	461.66	143.91	(80.46)	(0.40)	<b>524.71</b>	<b>705.00</b>	607.45
<b>Total Tangibles</b>	<b>48,325.41</b>	<b>2,132.52</b>	<b>(252.87)</b>	<b>-</b>	<b>50,205.05</b>	<b>19,512.59</b>	<b>2,609.64</b>	<b>(625.91)</b>	<b>0.96</b>	<b>21,497.28</b>	<b>28,707.76</b>	<b>28,812.82</b>
<b>INTANGIBLE</b>												
Goodwill on Consolidation	93,097.70	-	6,280.01	-	<b>99,377.71</b>	3,286.20	626.30	214.44	-	<b>4,126.94</b>	<b>95,250.77</b>	89,811.50
Brands/Trademarks	20,348.00	-	1,372.60	-	<b>21,720.60</b>	4,611.37	886.69	294.28	-	<b>5,792.34</b>	<b>15,928.26</b>	15,736.63
Capitalized Software	874.22	770.05	50.97	-	<b>1,695.24</b>	739.22	141.38	43.65	(0.96)	<b>923.29</b>	<b>771.95</b>	135.00
<b>Total Intangibles</b>	<b>1,14,319.92</b>	<b>770.05</b>	<b>7,703.58</b>	<b>-</b>	<b>1,22,793.55</b>	<b>8,636.79</b>	<b>1,654.37</b>	<b>552.37</b>	<b>(0.96)</b>	<b>10,842.57</b>	<b>1,11,950.98</b>	<b>1,05,683.13</b>
<b>Total</b>	<b>1,62,645.33</b>	<b>2,902.57</b>	<b>7,450.71</b>	<b>-</b>	<b>1,72,998.60</b>	<b>28,149.38</b>	<b>4,264.01</b>	<b>(73.54)</b>	<b>-</b>	<b>32,339.85</b>	<b>1,40,658.74</b>	<b>1,34,495.95</b>
Previous Year	1,44,441.48	3,248.38	14,955.47	-	<b>1,62,645.33</b>	23,107.49	3,925.99	1,115.90	-	<b>28,149.38</b>	<b>1,34,495.95</b>	
Capital Work-in-Progress											<b>6,747.88</b>	
Previous Year											<b>771.96</b>	

\* Adjustments represents the increase/decrease in value consequent to exchange fluctuation.

<sup>ss</sup> includes impairment of Goodwill

- a) The following assets are jointly owned/held with the Holding Company :-
- Freehold Land ₹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)
- b) The depreciation for the following assets are worked on the basis of useful life mentioned below:
- Vending Machine - 7 Years
  - Spraying & Pruning Machineries in Tea Plantation - 5 Years
  - Spraying Tankers in Tea Plantation - 9 Years

## CONSOLIDATED NOTES ON ACCOUNTS

	Face Value of each ₹	Nos.	As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
<b>2.13 Investments:</b>				
<b>NON-CURRENT INVESTMENTS</b>				
<b>Trade Investments (Fully Paid)</b>				
<b>(a) Investment in Equity Instruments</b>				
<b>Quoted</b>				
Tata Chemicals Limited .....	10	1,60,000	<b>424.21</b>	424.21
Joonktolle Tea & Industries Limited (1,078 Shares allotted on demerger of Cochin Malabar Estates & Industries Limited) ##	10	12,602	<b>6.62</b>	6.42
			<b>430.83</b>	430.63
<b>Unquoted</b>				
Chembra Peak Estates Limited .....	10	3,481	<b>0.41</b>	0.41
Wartyhully Estates Limited.....	10	24,748	<b>0.92</b>	0.92
Southern Scribe Instruments Private Limited .....	100	7,280	<b>7.28</b>	7.28
The Cochin Malabar Estates & Industries Limited ##	10	-	-	0.20
			<b>8.61</b>	8.81
<b>Associate</b>				
The Rising Beverages Company LLC.....			<b>12,145.07</b>	-
Net diminution in investments in associates under equity method.....			<b>(849.28)</b>	-
			<b>11,295.79</b>	-
<b>Other Investments (Fully Paid)</b>				
<b>Investment in Equity Instruments</b>				
<b>(a) Quoted</b>				
IDBI Bank.....	10	16,160	<b>13.13</b>	13.13
			<b>13.13</b>	13.13
<b>(b) Unquoted</b>				
Ritspin Synthetics Ltd.....	10	1,00,000	-	-
(Net of Provision for Diminution ₹10 Lakhs)				
Coorg Orange Growers Co-Operative Society Ltd. *	100	4	-	-
Tata Coffee Co-operative Stores Limited * .....	5	20	-	-
Coorg Cardamom Co-operative Marketing Society Limited * .....	100	1	-	-
			-	-
* Represent Amount less than ₹ 1,000 .....			<b>11,748.36</b>	452.57

## CONSOLIDATED NOTES ON ACCOUNTS

	Face Value of each ₹	Nos.	As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
<b>2.13 Investments (Contd.):</b>				
<b>Total Cost of Investments</b>				
Quoted .....			<b>443.96</b>	443.76
Unquoted .....			<b>11,304.40</b>	8.81
<b>Aggregate Amount</b> .....			<b>11,748.36</b>	452.57
<b>Market value of quoted investments</b> .....			<b>547.81</b>	591.51
<b>Current Investments</b>				
<b>Investment in Mutual Funds</b>				
<b>Quoted</b>				
HSBC Ultra Short term Fund (Weekly Dividend)	10	780717	<b>78.60</b>	70.75
<b>Total Current Investments</b>			<b>78.60</b>	70.75

## During the year Cochin Malabar Estates & Industries Limied got demerged in lieu of this, 1,078 shares of Joonktolle Tea & Industries Limited have been allotted.

		As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
<b>2.14 Long-term Loans, Advances and Deposits:</b>			
(Unsecured, considered good unless otherwise stated)			
Capital Advances .....		<b>453.22</b>	2,061.96
Security Deposit			
- Considered Good .....	<b>1,470.82</b>	1,793.97	
- Considered Doubtful .....	<b>3.84</b>	3.84	
Less: Provision for Doubtful Deposits .....	<b>3.84</b>	3.84	
		<b>1,470.82</b>	1,793.97
Prepaid Expenses .....	<b>23.28</b>	8.94	
Employee Loans and Advances .....	<b>52.28</b>	11.82	
Taxes receivable .....	-	332.94	
Other Advances			
- Considered Good .....	<b>5.20</b>	5.19	
- Considered Doubtful .....	<b>12.34</b>	12.31	
Less: Provision for Doubtful Advances .....	<b>12.34</b>	12.31	
		<b>5.20</b>	5.19
		<b>2,004.80</b>	4,214.82
<b>2.15 Other Non-current Assets:</b>			
Deposits given as Lien to Govt. Authorities .....	<b>8.49</b>	19.03	
Deferred Financing .....	-	270.63	
<b>Total</b>		<b>8.49</b>	289.66

## CONSOLIDATED NOTES ON ACCOUNTS

	As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
<b>2.16 Inventories:</b>		
<b>Stores and Spare Parts</b>	<b>1,286.09</b>	2,009.03
<b>Raw Material</b>		
Tea .....	-	-
Coffee .....	<b>4,357.41</b>	2,211.05
Others .....	-	-
	<b>4,357.41</b>	2,211.05
<b>Raw Material (In Transit)</b>		
Tea .....	-	-
Coffee .....	<b>667.11</b>	630.47
Others .....	-	-
	<b>667.11</b>	630.47
<b>Finished Goods</b>		
Tea .....	<b>355.52</b>	315.30
Coffee .....	<b>12,834.93</b>	13,324.27
Instant Coffee .....	<b>1,457.03</b>	941.36
Others .....	<b>1,263.69</b>	623.36
	<b>15,911.17</b>	15,204.29
<b>Finished Goods (In Transit)</b>		
Tea .....	-	-
Coffee .....	-	-
Instant Coffee .....	<b>1,219.28</b>	1,314.22
Others .....	-	-
	<b>1,219.28</b>	1,314.22
<b>Work-in-Progress</b>		
Tea .....	-	-
Coffee .....	<b>19.71</b>	-
Others .....	-	111.82
	<b>19.71</b>	111.82
<b>Stock-in-Trade</b>		
Tea .....	-	-
Coffee .....	-	-
Others .....	<b>338.81</b>	317.72
	<b>338.81</b>	317.72
	<b>23,799.58</b>	21,798.60



## CONSOLIDATED NOTES ON ACCOUNTS

	As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
<b>2.17 Trade Receivables:</b>		
<b>Over six months from the date they were due for payment</b>		
Unsecured		
- Considered Good .....	582.10	36.73
- Considered Doubtful .....	295.52	296.86
	<u>877.62</u>	<u>333.59</u>
Less: Provision for Doubtful Debts.....	295.52	296.86
	<b>582.10</b>	36.73
<b>Other Debts</b>		
Secured - Considered Good .....	267.87	1,188.21
Unsecured - Considered Good .....	11,492.27	9,560.89
Considered Doubtful .....	38.55	56.47
	<u>11,798.69</u>	<u>10,805.57</u>
Less: Provision for Doubtful Debts.....	38.55	56.47
	<u>11,760.14</u>	<u>10,749.10</u>
	<b>12,342.24</b>	<u>10,785.83</u>
<b>2.18 Cash and Bank Balances:</b>		
<b>(a) Cash and Cash equivalents.....</b>		
(i) Balances with Banks		
- in current accounts .....	3,571.57	1,785.05
- in deposit accounts with original maturity less than 3 months	1,765.00	1,135.78
(ii) Cash on hand.....	7.50	7.62
(iii) Remittances in transit.....	0.04	1.42
	<b>5,344.11</b>	2,929.87
<b>(b) Other Bank balances</b>		
(i) Unclaimed Dividend Account .....	150.65	97.04
	<u>5,494.76</u>	<u>3,026.91</u>
<b>2.19 Short-term Loans and Advances:</b>		
<b>Advances</b>		
Considered Good .....	4,365.96	4,384.54
Considered Doubtful .....	78.71	78.71
Less: Provision for Doubtful Advances .....	78.71	78.71
	<u>4,365.96</u>	4,384.54
Inter Corporate Deposits .....	<b>7,100.00</b>	3,400.00
<b>Other Deposits</b>		
Considered Good .....	505.44	245.69
Considered Doubtful .....	38.00	38.00
Less: Provision for Doubtful Deposits .....	38.00	38.00
	<u>505.44</u>	245.69
	<b>11,971.40</b>	<u>8,030.23</u>
<b>2.20 Other Current Assets:</b>		
Interest Accrued	38.63	107.35
	<u>38.63</u>	<b>107.35</b>

## CONSOLIDATED NOTES ON ACCOUNTS

	For the Year ended 31st March, 2013 ₹ in lakhs	For the Year ended 31st March, 2012 ₹ in lakhs
<b>2.21 Revenue from Operations:</b>		
<b>Sale of Products</b>		
Tea .....	6,816.23	5,529.99
Coffee .....	1,21,435.77	1,15,711.44
Instant Coffee .....	30,078.66	23,983.57
Others .....	4,229.62	4,443.60
	<u>1,62,560.28</u>	<u>1,49,668.60</u>
<b>Sale of Traded Goods</b>	3,196.52	2,963.55
<b>Sale of Services</b>	430.09	343.19
<b>Other Operating Revenues</b>		
Sale of Scrap/waste .....	81.71	97.75
Liabilities no longer required written back.....	156.42	49.09
Provision for debts and advances write back .....	1.33	1.78
Export Incentives.....	1,942.92	1,562.68
Other Misc. Income.....	1,442.24	364.03
	<u>3,624.62</u>	<u>2,075.33</u>
	<u>1,69,811.51</u>	<u>1,55,050.67</u>
Less: Excise Duty .....	76.11	150.98
	<u>1,69,735.40</u>	<u>1,54,899.69</u>
<b>2.22 Other Income:</b>		
Dividend income from Investments.....	24.64	37.96
Interest Income .....	1,051.90	692.52
Rent Received .....	49.55	49.25
Profit on Sale of Fixed Assets (Net) .....	-	28.92
	<u>1,126.09</u>	<u>808.65</u>
<b>2.23 Cost of Material Consumed:</b>		
<b>Material Consumed</b>		
Coffee .....	61,454.16	67,532.98
Packing Materials .....	7,943.82	7,738.63
Others .....	421.89	538.45
	<u>69,819.87</u>	<u>75,810.06</u>
<b>2.24 Purchase of Traded Goods:</b>		
Tea .....	55.20	41.27
Coffee .....	-	-
Others .....	3,082.05	2,933.51
	<u>3,137.25</u>	<u>2,974.78</u>
<b>2.25 Changes in Inventories of Finished Goods:</b>		
Stock as at 1st April		
Tea .....	302.39	457.03
Coffee .....	15,557.55	12,864.94
Others .....	1,088.12	909.38
	<u>16,948.06</u>	<u>14,231.35</u>
Stock as at 31st March		
Tea .....	355.52	302.39
Coffee .....	15,511.24	15,557.55
Others .....	1,622.21	1,088.12
	<u>17,488.97</u>	<u>16,948.06</u>
	<u>(540.91)</u>	<u>(2,716.71)</u>

## CONSOLIDATED NOTES ON ACCOUNTS

	For the Year ended 31st March, 2013 ₹ in lakhs	For the Year ended 31st March, 2012 ₹ in lakhs
<b>2.26 Employee Benefits Expense:</b>		
Salaries, Wages and Bonus.....	19,717.33	16,976.19
Contribution to Provident Fund and other Funds .....	1,871.34	2,165.27
Workmen and Staff Welfare.....	614.66	1,607.56
	<u>22,203.33</u>	<u>20,749.02</u>
<b>2.27 Finance Costs:</b>		
<b>Interest</b>		
On Fixed Loans.....	4,835.92	3,889.32
On Other Loans.....	361.18	639.93
Bank Charges .....	93.79	92.25
	<u>5,290.89</u>	<u>4,621.50</u>
<b>2.28 Other Expenses:</b>		
Contract/Processing Charges .....	1,231.55	1,372.43
Consumption of Stores and Spare Parts.....	3,082.98	2,564.29
Power and Fuel .....	4,457.89	3,912.47
Repairs to Plant and Machinery .....	343.44	640.17
Repairs to Buildings.....	650.53	559.00
General Repairs .....	365.78	469.73
Rent .....	663.10	566.85
Rates & Taxes .....	335.41	252.94
Advertisement and Sale Charges .....	23,931.99	21,244.61
Selling Expenses .....	2,056.66	2,162.09
Excise Duty and Cess.....	32.52	30.82
Freight .....	4,072.01	3,696.16
Insurance .....	459.86	351.92
Exchange Fluctuation (Net) .....	248.38	830.53
Miscellaneous Expenses .....	1,526.96	249.64
Loss on sale of fixed assets .....	95.28	-
	<u>43,554.34</u>	<u>38,903.65</u>
<b>2.29 Exceptional Items:</b>		
<b>Income</b>		
Profit on sale of Long-term Trade Investments.....	-	1,112.66
	-	<u>1,112.66</u>
<b>Expenditure</b>		
Re-organization costs .....	(289.92)	(2,511.30)
Provision for Contractual Obligations for retired & continuing Directors .....	(958.78)	(274.09)
	<u>(1,248.70)</u>	<u>(1,672.73)</u>

## CONSOLIDATED NOTES ON ACCOUNTS

**2.30** Reference to Note 2.01 Para II a (v) of the Basis of Consolidation an amount of ₹ 626.30 lakhs has been considered as Impairment of Goodwill during the year (Previous year: ₹541.73 lakhs).

**2.31** The Group has entered into forward contracts for hedging highly probable future cash flows. The Mark to Market loss of ₹15.77 lakhs (Previous year: ₹ 710.09 lakhs) on such contracts as at Balance Sheet date is debited to the Hedge Reserve account as per the provisions of Hedge Accounting of Accounting Standard - 30.

**2.32 Disclosures as per revised AS 15 Retirement Benefits – Post Retirement Employee Benefits.**

The Post Retirement defined Employee Benefit Schemes are limited to the Holding Company and the disclosures of the same are covered in Note No. 2.31 of the Standalone Financial Statements.

	As at 31st March, 2013 ₹ in lakhs	As at 31st March, 2012 ₹ in lakhs
<b>2.33 Contingent Liabilities:</b>		
Estimated amounts of contracts remaining to be executed on capital account and not provided for	1,215.84	2,615.42
Claims under adjudication not acknowledged as debts:		
i) Demands raised by Income Tax, Excise & Sales Tax Authorities	1,588.95	1,505.42
ii) Labour disputes under adjudication .....	296.06	239.42
iii) Claims by Customers/Suppliers .....	1,647.42	1,664.25
Contingent Liabilities:		
i) Bank & other Guarantees .....	809.87	896.57
<b>2.34 Selling expenses includes:</b>		
Tata Brand Equity .....	142.09	267.77
<b>2.35 Auditors' Remuneration includes:</b>		
Audit Fees .....	350.37	213.72
Taxation Matters .....	5.00	35.72
Other Services .....	30.43	17.04
Reimbursement of Expenses .....	4.56	1.87
	<b>390.36</b>	<b>268.35</b>
<b>2.36 Basic &amp; Diluted Earnings Per Share:</b>		
Earnings Per Share has been computed as under:		
a) Profit After Taxation (₹ Lakhs) .....	11,622.57	8,119.00
b) Weighted Average Number of Equity Shares .....	18,677,037	18,677,037
c) Basic & Diluted Earnings Per Share (₹) (a)/(b) .....	62.23	43.47
d) Nominal value of share (₹) .....	10.00	10.00
<b>2.37 Disclosure in respect of operating lease:</b>		
Minimum lease payments outstanding:		
Within 1 year .....	698.42	615.12
2 to 5 years .....	2,815.35	2,407.57
Over 5 years .....	758.03	1,276.68
<b>Total</b>	<b>4,271.80</b>	<b>4,299.37</b>
Lease payment recognized in Statement of P&L .....	653.99	510.21
<b>2.38 Pre-operative revenue expenses capitalized:</b>		
Staff cost and allowances .....	147.51	18.95
Interest .....	110.76	1.84
Others .....	219.41	27.44
<b>Total</b>	<b>477.68</b>	<b>48.23</b>
<b>2.39 Movement in provision for future payments under contractual obligation:</b>		
Opening balance .....	260.09	-
Provision created during the year .....	14.00	274.09
Less: Utilization during the year .....	(274.09)	(14.00)
Closing balance	-	260.09

## CONSOLIDATED NOTES ON ACCOUNTS

### 2.40 Segmental Reporting:

The Company's operations predominantly relate to Coffee & Other Produce comprising of growing of Coffee, Pepper, Tea and other plantation crops and conversion of Coffee into Value added products such as Roast and Ground Coffee and Instant Coffee. The Company is also in the business of Curing operations of Coffee and trading of items required for Coffee plantations. Accordingly the revenue from Coffee & Other Produce, Trading and curing (others) comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of geographical locations of the customers. The accounting principles consistently used for the preparation of Financial statements are also applied to record Income and Expenditure in individual segments. These are set out on the note as significant accounting policies. Fixed assets used in Company's business and liabilities contracted have been identified to the reportable segments. Inter unit transfers have been made at market prices.

#### PRIMARY SEGMENT

₹ in Lakhs

	COFFEE AND OTHER PRODUCE		TEA		ESTATE SUPPLIES DIVISION		OTHERS		TOTAL	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
<b>SEGMENT REVENUES</b>										
EXTERNAL SALES	1,59,513.58	1,46,162.93	6,816.23	5,529.99	4,275.12	4,213.13	572.68	548.69	1,71,177.61	1,56,454.74
Less: INTER-SEGMENT SALES					1,186.57	1,288.78	296.87	284.67	1,483.44	1,573.45
Add: Un-Allocated Income									41.23	18.40
<b>TOTAL REVENUE</b>	<b>1,59,513.58</b>	<b>1,46,162.93</b>	<b>6,816.23</b>	<b>5,529.99</b>	<b>3,088.55</b>	<b>2,924.35</b>	<b>275.81</b>	<b>264.02</b>	<b>1,69,735.40</b>	<b>1,54,899.69</b>
<b>SEGMENT RESULTS</b>	<b>27,633.58</b>	<b>13,886.57</b>	<b>483.07</b>	<b>(111.78)</b>	<b>58.05</b>	<b>37.37</b>	<b>166.85</b>	<b>190.73</b>	<b>28,341.55</b>	<b>14,002.89</b>
UNALLOCATED CORPORATE INCOME (NET OF EXPENSES)									360.00	2,284.64
<b>OPERATING PROFITS</b>									<b>28,701.55</b>	<b>16,287.53</b>
INTEREST EXPENSE									(5,290.89)	(4,621.64)
EXCEPTIONAL INCOME/(EXPENSE)									(1,248.70)	(1,672.73)
<b>PROFIT BEFORE TAX</b>									<b>22,161.96</b>	<b>9,993.16</b>
<b>INCOME TAXES</b>										
CURRENT TAX									(6,700.76)	(2,682.13)
EXCESS TAX PROVISION WRITTEN BACK									797.22	96.19
DEFERRED TAX									(446.63)	946.64
<b>NET PROFIT</b>									<b>15,811.79</b>	<b>8,353.86</b>
<b>OTHER INFORMATION</b>										
SEGMENT ASSETS	1,96,370.90	1,70,842.14	6,469.72	6,151.57	403.83	398.72	270.27	337.82	2,03,514.72	1,77,730.25
UNALLOCATED COMMON ASSETS									11,378.76	6,314.38
<b>TOTAL ASSETS</b>									<b>2,14,893.48</b>	<b>1,84,044.63</b>
SEGMENT LIABILITIES	(1,14,316.88)	(1,01,377.36)	(1,004.35)	(967.50)	(263.48)	(113.21)	(122.19)	(100.91)	(1,15,706.91)	(1,02,558.99)
UNALLOCATED LIABILITIES									(13,092.93)	(10,769.40)
<b>TOTAL LIABILITIES</b>									<b>(1,28,799.84)</b>	<b>(1,13,328.39)</b>
<b>CAPITAL EMPLOYED</b>	<b>82,054.02</b>	<b>69,464.78</b>	<b>5,465.37</b>	<b>5,184.07</b>	<b>140.35</b>	<b>285.51</b>	<b>148.08</b>	<b>236.91</b>	<b>86,093.64</b>	<b>70,716.24</b>
<b>CAPITAL EXPENDITURE</b>	<b>5,311.32</b>	<b>2,901.72</b>	<b>517.05</b>	<b>490.85</b>	<b>0.22</b>	<b>0.53</b>	<b>803.04</b>	<b>129.35</b>	<b>6,631.63</b>	<b>3,522.45</b>
<b>DEPRECIATION</b>	<b>3,623.99</b>	<b>3,389.27</b>	<b>241.07</b>	<b>232.95</b>	<b>0.23</b>	<b>0.16</b>	<b>120.77</b>	<b>77.77</b>	<b>3,986.06</b>	<b>3,700.15</b>
<b>NON-CASH EXPENSES OTHER THAN DEPRECIATION</b>	<b>66.07</b>	<b>(35.62)</b>	<b>2.15</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>5.96</b>	<b>-</b>	<b>74.18</b>	<b>(35.61)</b>

The Previous Year figures are regrouped wherever necessary.

## CONSOLIDATED NOTES ON ACCOUNTS

Geographical revenues are segregated based on the locations of the customers who are invoiced or in relation to which the revenues is otherwise recognized.

The following table shows the distribution of the Group's sales by geographical locations:

		₹ in Lakhs	
<b>Secondary (Geographical) Segments</b>		<b>Current Year</b>	Previous Year
CIS Countries *		<b>11,516.81</b>	17,871.76
Rest of the World *		<b>26,823.61</b>	13,820.89
USA		<b>1,09,927.42</b>	1,04,047.91
India		<b>21,467.56</b>	19,159.13
<b>Total</b>		<b>1,69,735.40</b>	1,54,899.69

\* includes Direct Exports and exports through third parties and through export houses.

### 2.41 Related Party Transactions:

In accordance with Accounting Standard 18, the disclosures required are given below:

		₹ in Lakhs							
Sl. No.	Nature of transaction	Holding Company		Key Management Personnel/Relatives*		Fellow Subsidiaries/ Fellow JV's/ Associates		Total	
		Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
1.	Sale of Goods	<b>1,470.62</b>	1,114.04	-	-	-	-	<b>1,470.62</b>	1,114.04
2.	Sale of Goods - 000 Sunty LLC	-	-	-	-	<b>2,863.12</b>	3,988.47	<b>2,863.12</b>	3,988.47
3.	Sale of Goods - TGB Entities	-	-	-	-	<b>2,002.60</b>	2,278.40	<b>2,002.60</b>	2,278.40
4.	Rendering of Services	-	-	-	-	<b>3,696.65</b>	3,533.97	<b>3,696.65</b>	3,533.97
5.	Purchase of Goods	<b>55.20</b>	41.28	-	-	-	-	<b>55.20</b>	41.28
6.	Purchase of Investments	-	-	-	-	<b>12,145.07</b>	-	<b>12,145.07</b>	-
7.	Directors' Remuneration	-	-	<b>303.94</b>	276.81	-	-	<b>303.94</b>	276.81
8.	Receiving of Services	<b>13.00</b>	12.83	-	-	-	-	<b>13.00</b>	12.83
9.	Interest Payment to Tata Global Beverages Investments Ltd	-	-	-	-	<b>1,936.08</b>	1,501.57	<b>1,936.08</b>	1,501.57
10.	Interest Payment	<b>154.63</b>	270.28	-	-	-	-	<b>154.63</b>	270.28
11.	Loan outstanding at the year end - Tata Global Beverages Investments Ltd	-	-	-	-	<b>26,263.46</b>	30,037.28	<b>26,263.46</b>	30,037.28
12.	Outstanding at the year end								
	Credit	<b>88.56</b>	182.95	-	-	<b>435.82</b>	-	<b>524.38</b>	182.95
	Debit	-	-	-	-	-	1,010.95	-	1,010.95

## CONSOLIDATED NOTES ON ACCOUNTS

Names of related parties with whom transactions have taken place and related parties where control exists.

- |                             |   |
|-----------------------------|---|
| 1. Holding Company          | Tata Global Beverages Limited   |
| 2. Key Management Personnel | Mr. Hameed Huq, Managing Director<br>Mr. M Deepak Kumar, Executive Director<br>Mr. Steve Rice<br>Mr. Tom Corcoran |
| 3. Associate                | The Rising Beverages Company LLC  |
| 4. Fellow Subsidiary        | OOO Sunty LLC<br>Tata Global Beverages Investments Ltd.   |

N. S. SURYANARAYANAN  
*Company Secretary*

S. SANTHANAKRISHNAN  
*Director*

HAMEED HUQ  
*Managing Director*

R. K. KRISHNA KUMAR  
*Chairman*

Per our report of even date

For SNB ASSOCIATES  
*Chartered Accountants*

For N.M. RAIJI & Co  
*Chartered Accountants*

Place: Bangalore  
Date: 13th May, 2013

S. LAKSHMANAN  
*Partner*  
Membership No. 20045

J. M. GANDHI  
*Partner*  
Membership No. 37924

**TATA COFFEE LIMITED**
**Subsidiary Companies Financial Highlights - 2012/13**

(₹ in Lakhs)

	Consolidated Coffee Inc. *	Alliance Coffee Ltd
1 Capital	32526.60	5.00
2 Reserves	15139.26	88.32
3 Total Assets	149077.70	98.55
4 Total Liabilities	149077.70	98.55
5 Turnover	109927.42	7.85
6 Profit before Taxation	9293.61	5.64
7 Provision for Taxation	(2604.53)	0.00
8 Profit After Taxation	6689.08	5.64
9 Proposed Dividend		
10 Investment	11,295.79	
Reporting Currency	US Dollars	Indian Rupees
Exchange Rate Used for Conversion :		
- Average Yearly Rates for P & L Items	54.18	
- Year end rates for Balance Sheet Items	54.30	

\* Consolidated figures of Consolidated Coffee Inc. and its wholly-owned Subsidiary Eight O' Clock Holdings & Eight O' clock Coffee Company, USA are based on Accounts drawn up under Indian GAAP.

**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	15	1000	356.70	755	2117			
Balmany	4.10	1	244	219.60	325	1480			
Cannoncadoo	105.95	64	604	198.55	388	1954			
Cottabetta	2.80	3	1071	440.65	668	1516			
Coovercolly	264.70	123	465	218.30	271	1241			
Jumboor	366.90	140	382	0.00	0	0			
Margolly	182.10	66	362	285.10	456	1599			
Nullore	388.00	279	719	77.70	131	1686			
Pollibetta	1.50	2	1333	317.20	625	1970			
Sunticoppa	234.60	96	409	0.00	0	0			
Woshully	3.25	3	923	512.75	600	1170			
Yemmigoondi	50.30	32	636	508.90	875	1719			
<b>COORG</b>	<b>1619.20</b>	<b>824</b>	<b>509</b>	<b>3135.45</b>	<b>5094</b>	<b>1625</b>			
Gubgul	3.60	2	556	125.95	244	1937			
Goorghully	165.77	114	688	225.05	382	1697			
Karadibetta	105.70	43	407	257.30	385	1496			
Merthikhan	84.70	25	295	27.95	29	1038			
Mylemoney	342.10	330	965	78.90	110	1394			
Ubban	198.00	115	581	196.25	314	1600			
<b>HASSAN</b>	<b>899.87</b>	<b>629</b>	<b>699</b>	<b>911.40</b>	<b>1464</b>	<b>1606</b>			
	2519.07	1453	577	4046.85	6558	1621			
<b>Tamil Nadu</b>									
Valparai	311.07	89	286	233.64	242	1036			
<b>TEA</b>									
<b>KARNATAKA</b>									
Merthikhan							117.85	288	2444
Glenlorna							244.92	922	3764
<b>TAMIL NADU</b>									
Pachamalai							301.07	775	2574
Pannimade							423.06	1044	2468
Uralikal							429.65	1077	2507
Velonie							410.89	1017	2475
<b>KERALA</b>									
Malakiparai							529.76	1517	2864
<b>Grand Total</b>	<b>2830.14</b>	<b>1542</b>	<b>545</b>	<b>4280.49</b>	<b>6800.00</b>	<b>1589</b>	<b>2457.20</b>	<b>6640</b>	<b>2702</b>





## PROXY

No. of Shares held :

Regd. Folio No. :

(If Not Dematerialised)

DP ID No. :

(If Dematerialised)

Client ID No. :

(If Dematerialised)

I/We..... of .....  
..... being a Member/Members of  
Tata Coffee Limited, hereby appoint.....  
..... of .....  
..... or failing him/her  
..... of .....  
..... or failing him/her  
..... of .....  
..... as my/our Proxy to vote  
for me/us and on my/our behalf at the 70th Annual General Meeting of the Company to be held on Tuesday, the 2nd July,  
2013 at 11.30 a.m. the Registered Office and at any adjournment thereof.

Sign this ..... day of ..... 2013.

Please affix  
Revenue  
Stamp

Note: An Instrument appointing a Proxy shall be deposited at the Registered Office of the Company not less than forty  
eight hours before the time for holding the meeting.

## TATA COFFEE LIMITED

Registered Office : Pollibetta 571 215, Kodagu, Karnataka

### ATTENDANCE SLIP-CUM-ENTRY PASS

(PLEASE FILL IN THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL)

Name and address of the Shareholder : .....  
.....  
.....

No. of Shares held :

Regd. Folio No. :

(If Not Dematerialised)

DP ID No. :

(If Dematerialised)

Client ID No. :

(If Dematerialised)

I hereby record my presence at the 70th Annual General Meeting of the Company held on Tuesday, the 2nd July, 2013 at  
11.30 a.m. at the Registered Office of the Company at Pollibetta – 571 215, Kodagu, Karnataka.

\* Strike out whichever is not applicable.



# Awards & Achievements

Tata Coffee has won the "Green Business Leadership" National Award for 2012 for the second consecutive year, recognising its continued commitment and actions towards biodiversity conservation and natural resources management.



## Export Awards for 2011-12

- Second largest exporter of value added coffee from India
- Third largest exporter of coffee from India to USA and Canada
- Second largest exporter of coffee from India to Russia and CIS
- Second largest exporter of coffee from India to Far East

## Flavour of India - The Fine Cup Award

Cupping Competition 2012 (Melbourne, Australia)

	SPECIALTY ARABICA	TYPE OF COFFEE	RANK
☉	Mylemoney Estate	MNEB (Sln 795/Catimor mix)	1
☉	Jumboor Estate	MNEB (Sln 795)	4
☉	Margolly Estate	MNEB (Sln 795/HDTX Catimor mix)	6
	ARABICA	REGIONAL RANKING	
☉	Coovercolly Estate	Best of Coorg	
☉	Goorghully Estate	Best of Manjarabad	
☉	Mylemoney Estate	2nd Best of Bababudangiri	
☉	Goorghully Estate	2nd Best of Manjarabad	
	SPECIALTY ROBUSTA	TYPE OF COFFEE	
☉	Cottabetta Estate	RKR (Peredenia)	1
☉	Coovercolly Estate	RKR (S.274)	3
☉	Nullore Estate	RKR (CXR)	5
☉	Karadibetta Estate	RKR (Peredenia/S.274 mixed)	6
	ROBUSTA	REGIONAL RANKING	
☉	Valparai Estate	Best of Anamalais	
☉	Yemmigoondi Estate	Best of Coorg	
☉	Cannoncadoo Estate	2nd Best of Coorg	

**TATA** COFFEE LIMITED

Pollibetta 571 215, Kodagu, Karnataka, India.