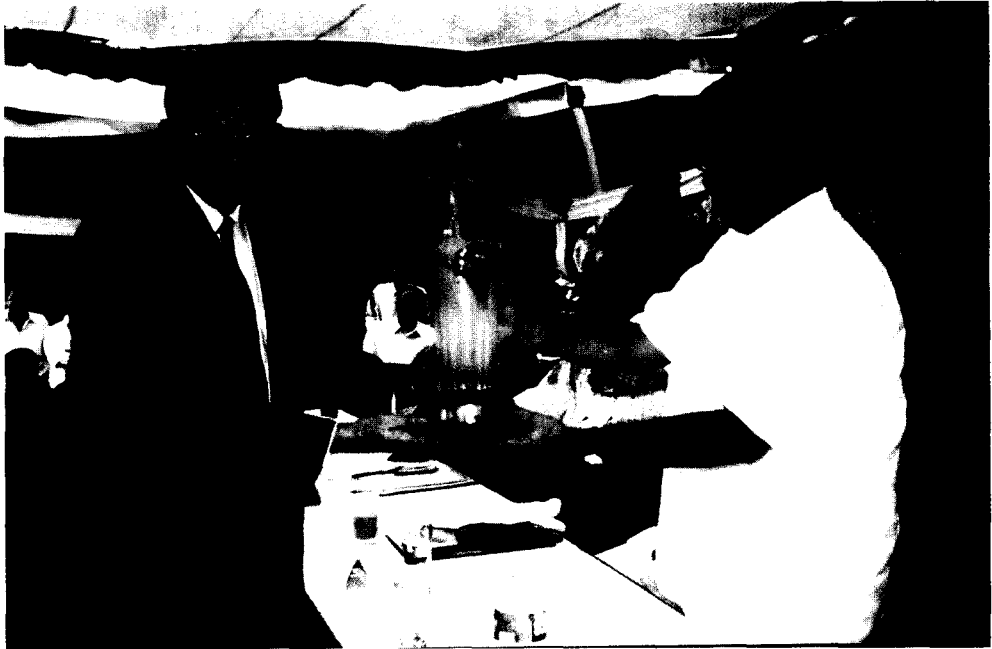


42nd Annual Report
2002 - 2003



CCL PRODUCTS (INDIA) LIMITED



Mr. C. Rajendra Prasad, Managing Director receiving VSEZ Award from the Hon'ble Union Minister of State for Commerce & Industry, Mr. Ch. Vidyasagar Rao for the year 2001-02.



Mr. C. Rajendra Prasad, Managing Director receiving VSEZ Award from the Hon'ble Andhra Pradesh State Major Industries Minister, Mr. K. Vidyadhara Rao for the year 2002-03.

**42nd ANNUAL GENERAL MEETING**

Monday 17th November 2003
at 10.00 A.M.

Duggirala Mandal, - 522 330
Guntur District,
Andhra Pradesh, INDIA

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Company Information

Board of Directors:

Mr. M. S. Narayanan IRS (Retd.), Chairman
 Mr. B. N. Jayasimha IAS (Retd.)
 Mr. I. J. Rao IRS (Retd.)
 Mr. N. Balakrishna Iyer
 Mr. Vipin K. Singal
 Mr. Jonathan T. Feuer
 Mr. Ian Breminer
 Mrs. C. Shantha Prasad
 Mr. C. Rajendra Prasad, Managing Director

Auditors:

M/s. M. Anandam & Co.
 Secunderabad

Bankers:

State Bank of India
 Canara Bank
 Exim Bank Ltd

Registered office & Factory:

Duggirala Mandal, Guntur Dist 522 330
 Andhra Pradesh, India
 Ph: 08644 277294 Fax: 08644 277295
 www.continentalcoffeeindia.com

Registrars & Share Transfer Agent: (Physical & Demat)

Bigshare Services Pvt Ltd
 G-10, Left Wing, Amrutha Ville,
 Somajiguda, Hyderabad 500 082
 Ph: 040 23374967,
 Telefax: 040 23370295

Board Committees

Audit Committee

Mr. M. S. Narayanan – Chairman
 Mr. B. N. Jayasimha
 Mr. I. J. Rao
 Mr. N. Balakrishna Iyer

Shareholders' / Investors' Grievance Committee

Mr. M. S. Narayanan – Chairman
 Mr. B. N. Jayasimha
 Mr. I. J. Rao
 Mr. C. Rajendra Prasad

Remuneration Committee

Mr. M. S. Narayanan – Chairman
 Mr. B. N. Jayasimha
 Mr. N. Balakrishna Iyer
 Mr. C. Rajendra Prasad

**Notice:**

Notice is hereby given that the 42nd Annual General Meeting of the Company will be held on the Monday, 17th of November, 2003 at 10.00 a.m at the Registered office of the Company at Duggirala Mandal, Guntur Dist, 522 330 Andhra Pradesh to transact the following items of business:

Ordinary Business:

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended 31st of March, 2003 and the Balance Sheet as on that date and the Report of the Directors and the Auditors thereon.
2. To declare dividend for the financial year 2002-03.
3. To appoint a director in place of Mr M S Narayanan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr Vipin K Singal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr B N Jayasimha, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business:

7. To consider and if thought fit, to pass the following resolution as *special resolution*

"RESOLVED THAT the equity shares of the Company be delisted from Calcutta, Madras and Hyderabad (Regional) Stock Exchanges in accordance with the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, listing agreement entered into with the respective stock exchanges and all other relevant laws, rules, regulations and guidelines including any statutory modifications or re-enactments thereof for the time being in force and subject to such approvals, permissions and sanctions, such conditions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to agree such terms and conditions which they may consider appropriate and to do all such acts, deeds, matters and things as may, in their absolute discretion deem necessary, proper or desirable and settle any question, difficulty, doubt that may arise in regard to delisting of the equity shares from the above said stock exchanges."

By order of the Board of Directors

Place: Hyderabad
Date : 20.10.2003

C Sirisha
Company Secretary

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the Company.
 2. ***PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING (ON OR BEFORE 10.00 A.M OF 15.11.2003) AT THE REGISTERED OFFICE OF THE COMPANY.***
 3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business under item no. 7 is annexed hereto.
 4. The Register of Members and Share Transfer Books will be closed from 14.11.2003 to 17.11.2003 (both days inclusive).
 5. Dividend, if declared, at the Annual General Meeting, will be paid within 30 days of declaration i.e., on or before 16.12.2003.
 6. The details of the directors retiring by rotation and eligible for reappointment are given below, as per Clause 49 sub Clause VI (A) of the Listing Agreement entered into with the Stock Exchanges.
- I. **Mr M S Narayanan**, did his MA in Political Science & Public Administration, Bachelors degree in Law and Diploma in German. He is well versed with many languages like English, Tamil, Malayalam, Hindi and Bengali and is also well acquainted with Sanskrit, German and Telugu.
- He joined the Indian Revenue Service (IRS) -(Income Tax) in August, 1951 and served in various capacities in the department in the states of Tamil Nadu, West Bengal and Andhra Pradesh. He retired as the Chairman, Central Board of Direct taxes (CBDT) and Ex-Officio – Special Secretary, Ministry of Finance in October, 1986.
- He also served as a member of the Board for Industrial and Financial Reconstruction (BIFR) from January, 1987 to January, 1992.
- He got expertise and familiarity with the financial and taxation matters and is enrolled as an Advocate in the Calcutta High Court.
- II **Mr Vipin K Singal** did his Graduation in Agricultural Engineering from Punjab Agricultural University. He leads Delhi Express Travel Group, engaged in International Air tickets - Business and Leisure, Incentives, Inbound Tourism, Out bound Holidays, Cruises, Distribution of Hotels & Resorts in India, Domestic Tourism and Promotion & Marketing of Eurail in India. He is associated with travel and tourism industry for the last 3 decades.
- Mr. Singal is responsible for the development of the new products, which could be sold in India and is also responsible for contracting with the International suppliers.
- III **Mr B N Jayasimha** joined the Indian Administrative Service (IAS) in April, 1952 and retired as Special Chief Secretary to Government of Andhra Pradesh in 1986. During his service, he worked as Collector and District Magistrate, Secretary to the Governor of Andhra Pradesh, Managing Director of Nizam



Sugar Factory, Vice-Chairman and Managing Director of Andhra Pradesh Industrial Investment Corporation, Chairman and Managing Director of Indo – Nippon Precision Bearings Company, Principal Secretary, Transport and Road & Buildings Department, Principal Secretary, Revenue Department and Special Chief Secretary to the Government of Andhra Pradesh. He was the Vice-Chairman, Central Administrative Tribunal from 1986 to 1991

During his tenure with the Government of India, he was Joint Secretary to the Cabinet, Cabinet Secretariat, Joint Secretary, Department of Industry, Additional Secretary, Department of Civil Supplies, Development Commissioner, Small Scale Industries, Additional Secretary, Ministry of Defence. During his service, he had the experience of working at policy formulations at Government level as well as directly in charge of management of public undertakings-developmental as well as manufacturing.

Explanatory Statement
(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No: 7

The equity shares of your Company are presently listed on Calcutta, Madras and Hyderabad (Regional), Stock Exchanges. The shares of the Company are not being traded on these stock exchanges ever since they are listed. Since the listing expenses, absorbing a sum of Rs.59,500/- annually, are not commensurate with the trading activity, the Board of Directors of your Company proposes to delist the Equity Shares bearing Distinctive Nos from 001 to 13302792 from the aforesaid three stock exchanges in accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. Further, as the equity share capital of the Company is listed and traded at The Stock Exchange, Mumbai, the stock exchange having nation wide terminal, the Company has no intention to give an exit option to those shareholders of the region where the stock exchanges are situated, from which the delisting is sought.

The delisting will come into force from such date as may be agreed to by the said stock exchanges.

Your directors commend this resolution for your approval.

None of the directors is interested in the said resolution.

By order of the Board of Directors

Place: Hyderabad
Date : 20.10.2003

C Sirisha
Company Secretary



Directors' Report:

Dear Members,

Your directors take great pleasure in bringing you this report, for the financial year 2002-03.

	(Rs. in lakhs)	
Financial Performance:	2002-03	2001-02
Gross Sales Turnover	5933.99	5020.16
Gross Profit (before Interest, Depreciation & Tax)	853.52	1746.18
Less: Interest	138.50	200.20
Depreciation and other write offs	186.79	251.72
Provision for Taxation	—	9.70
Net Profit	528.23	1284.56
Less: Expenditure related to Previous year	2.17	102.60
Net profit for the year	526.06	1181.96
Profit / (Loss) b/f	120.58	269.28
Balance available for appropriation	646.64	1451.24
Provision for dividend	159.63	225.66
Provision for dividend tax	20.45	—
Transfer to General Reserve	—	1105.00
Net Profit c/f to Balance sheet	466.56	120.58

Dividend:

Your directors have recommended a dividend of Rs.1.20/- per equity share on the paid up share capital of Rs.13.30 Crores. This will absorb a sum of Rs.180.08 Lakhs including Rs.20.45 Lakhs by way of dividend tax.

Operations:

The raw coffee prices in the international market were extremely low during the current year. In spite of stiff competition from South American Countries, your Company was able to increase its volume by 609.28 MTs and turnover by Rs. 913.82 Lakhs. This was achieved mainly by upgrading our quality and entering into strategic markets with the help of our Marketing Collaborators.

Your Company made an investment of GBP 6,25,286 (equivalent to Rs. 481.44 Lakhs) for acquiring 49% share in Associated Coffee Merchants (International) Limited, UK [ACMIL]. ACMIL is one of the oldest coffee trading companies in UK.



The name of your Company was changed from 'Continental Coffee Limited' to 'COL Products (India) Limited' w.e.f 21.11.2002. Along with this, the Objects Clause of the Memorandum of Association was altered and several activities were included, so that your Company can diversify into different fields to augment bottom line of the Company.

The procedure followed by the Company for alteration of the Objects Clause of the Memorandum of Association and of Change in the name of the Company is mentioned in the Report of the Corporate Governance.

During the current year, your Company is venturing into Real Estate Business.

Capital Expenditure:

During 2002-03, Rs.278.95Lakhs was incurred primarily on infrastructure and modernization of the factory.

Fixed Deposits:

Your Company has not accepted any fixed deposits and as such no amount of principal or interest was outstanding as on the date of the Balance sheet.

Employees Welfare:

Your Company continues to place maximum focus on the welfare of its employees.

Directors:

Mr. M. S. Narayanan, Mr. Vipin K. Singal and Mr. B. N. Jayasimha are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A brief resume of all the three directors is included in the notice calling the Annual General Meeting.

Directors' Responsibility Statement:

In terms of Section 217 (2AA) of the Companies Act, 1956, your directors confirm the following with regard to Annual Accounts, Accounting Policies, maintenance of accounting records etc, that -

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2002-03 and of the profit or loss of the Company for that period;
- iii. the directors had taken proper and sufficient care 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. the directors had prepared the annual accounts on a going concern basis.

Service to the Community:

Your Company have responded to social welfare causes and philanthropic activities in the areas of education, sports, cultural, and natural calamities. Your Company donated around Rs.14 Lakhs for the above said causes during the year under review.



Particulars of Employees:

No employee of the Company is in receipt of Rs.24 lakhs or more per annum or Rs. 2 lakhs per month for any part of the financial year as remuneration. Hence the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

Management Discussion & Analysis

A report on Management Discussion & Analysis as required under Clause 49 of the Listing Agreement forms part of this report and is annexed herewith.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

A statement of particulars of the conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Sec 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is enclosed herewith.

Corporate Governance:

In pursuant to the provisions of clause 49 of the Listing Agreement entered into with the stock exchanges, the report on the Code of Corporate Governance forms part of the Annual Report. The certificate dated 20.10.2003 from the Auditors of your Company regarding compliance of conditions of corporate governance is annexed to the Report on Corporate Governance.

Listing

Originally the shares of your Company were listed at Mumbai, Chennai, Bangalore, Calcutta and Hyderabad (Regional), Stock Exchanges. In line with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and the special resolution passed by you at the Annual General meeting on 19th July, 1999, by making an application on 27.1.2003, the equity share capital of the Company was delisted from the Bangalore Stock Exchange Limited with effect from 27th May, 2003.

The shares of your Company are not being traded on the Chennai, Calcutta and Hyderabad stock exchanges, ever since they are listed. Since the listing expenses, absorbing a sum of Rs.59,500/- p.a, are not commensurate with the trading activity, the Board of Directors of your Company propose to delist the equity shares bearing Distinctive Nos from 001 to 13302792 from the aforesaid stock exchanges subject to your approval, by way of special resolution, in the ensuing Annual General Meeting. This will no way affect the rights or privileges of the shareholders residing in the region where the stock exchanges are situated, from which the delisting is sought as the equity share capital of the Company is listed and actively traded in the Stock Exchange, Mumbai, a stock exchange having nation wide terminal.

ISO 9001:2000

Your Company was accredited with ISO 9001: 2000 under the certificate No: 3289 w.e.f 22.1.2003, by American Quality Assessors India Pvt Ltd under the office of AQA International LLC, USA. The Certificate of Quality System Assessment was issued with the scope of "Manufacture and Supply of Coffee Products including Instant / Soluble Coffee" and further certified that your Company has established a quality management system that is in compliance with the International Quality System Standard ISO 9001 and Q9001-2000.