



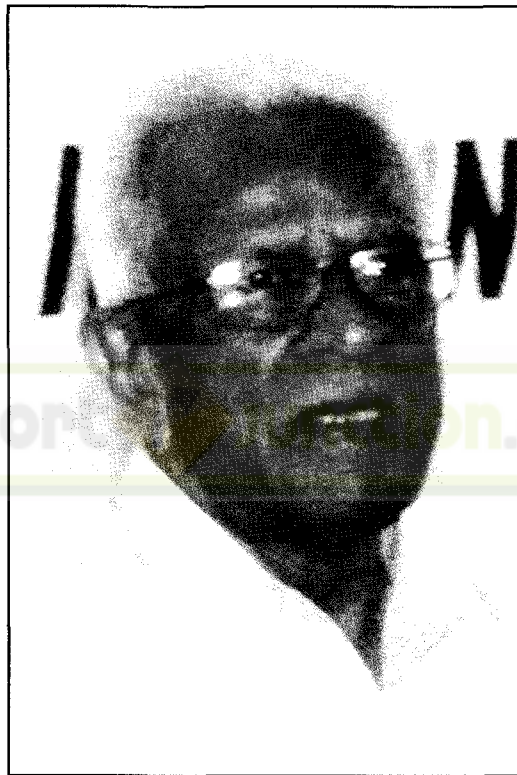
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CCL PRODUCTS (INDIA) LIMITED

ANNUAL REPORT 2003-2004

OUR BELOVED CHAIRMAN



SRI. M.S. NARAYANAN

1928 - 2004

We count ourselves fortunate to have known Sri M S Narayanan. It is not everyday that one comes across a person so illustrious and yet so approachable. In him we found the mentor and guide we had always hoped for. Erudite, experienced, accomplished and beyond all, simple, he set an example we can all only aspire to emulate.



CCL PRODUCTS (INDIA) LIMITED

43RD ANNUAL GENERAL MEETINGThursday, 30th September, 2004

at 9.00 A.M

Duggirala Mandal, 522 330

Guntur Dist

Andhra Pradesh

INDIA

Contents:**Page No. :**

➤ Company Information	2
➤ Notice	3
➤ Directors' Report	6
➤ Report on Management Discussion and Analysis	10
➤ Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo	12
➤ Report on Corporate Governance	15
➤ Auditors' Certificate on Corporate Governance	23
➤ Auditors' Report	24
➤ Balance Sheet	27
➤ Profit & Loss Account	28
➤ Cash Flow Statement	29
➤ Schedules forming part of the Balance Sheet and Profit & Loss Account	30
➤ Notes to Financial Statements	36
➤ Balance Sheet Abstract and Company's General Business Profile	42
➤ Statement under Section 212 of the Companies Act, 1956.	43

Consolidated Financial Statement

➤ Auditors' Report on Consolidated Financial Statements	45
➤ Consolidated Balance Sheet	46
➤ Consolidated Profit & Loss Account	47
➤ Consolidated Cash Flow Statement	48
➤ Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account	49
➤ Notes on Consolidated Financial Statements	54

**Associated Coffee Merchants (International) Limited, (ACMIL) UK,
(Subsidiary Company)**

➤ Company Information	61
➤ Directors' Report	62
➤ Auditors' Report	64
➤ Balance Sheet	65
➤ Profit & Loss Account	66
➤ Cash Flow Statement	67
➤ Notes to the Financial Statements	70
➤ Proxy Form and Attendance Slip	81



CCL PRODUCTS (INDIA) LIMITED

Company Information

Board of Directors:

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, Chairman & Managing Director

Auditors

M. Anandam & Co.,
 7 'A', Surya Towers
 Sardar Patel Road
 Secunderabad – 500 003.

Internal Auditors

Ramesh & Co.,
 H.No: 6-3-661/B/1
 Sangeeth Nagar,
 Somajiguda
 Hyderabad – 500 082.

Company Secretary

Mrs. C. Sirisha

Bankers

State Bank of India
 Canara Bank
 ICICI Bank Ltd.
 Exim Bank

Registered office & Factory:

Duggirala Mandal, Guntur Dist - 522 330
 Andhra Pradesh, India
 Ph: 08644 277294 Fax: 08644 277295
 www.cclproductsindia.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. B N Jayasimha - Chairman
 Mr. I J Rao
 Mr. N Balakrishna Iyer
 Mrs. C Shantha Prasad

Shareholders' / Investors' Grievance Committee

Mr. B N Jayasimha
 Mr. I J Rao
 Mr. C Rajendra Prasad

Remuneration Committee

Mr. B N Jayasimha
 Mr. N Balakrishna Iyer
 Mr. C Rajendra Prasad



CCL PRODUCTS (INDIA) LIMITED

Notice

Notice is hereby given that the 43rd Annual General Meeting of the Company will be held on Thursday, the 30th of September, 2004 at 9:00 AM 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 Audited Profit and Loss Account for the financial year ended 31st of March, 2004 and the Balance Sheet as on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To confirm interim dividend for the financial year 2003-04.
3. To appoint a director in place of Mr. Jonathan T Feuer, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Ian Breminer, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mrs. C Shantha Prasad, who retires by rotation and being eligible, offers herself 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 RE-APPOINT Mr. C RAJENDRA PRASAD AS MANAGING DIRECTOR OF THE COMPANY.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: -

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 consent of the Members of the Company be and is hereby accorded to re-appoint Mr. C Rajendra Prasad as the Managing Director of the Company for a period of Five years with effect from 01.04.2004 on such remuneration as stated below:

- | | |
|---------------|---|
| a) Salary | : Rs. 60,000/- per month & other perquisites as per the service rules of the company. |
| b) Commission | : Remuneration by way of commission will be allowed in addition to salary but the aggregate amount of salary and commission shall not exceed 5% of net profit of the company calculated in terms of Section 349 & 350 of Companies Act, 1956. |

By order of the Board of Directors

Sd/-

C Sirisha

Company Secretary

Place: Hyderabad

Date : 10.08.2004



CCL PRODUCTS (INDIA) LIMITED

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 9.00 AM OF 28.09.2004) AT THE REGISTERED OFFICE OF THE COMPANY.***
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business items is annexed hereto.
4. The Register of Members and Share Transfer Books will be closed from 28.09.2004 to 30.09.2004 (both days inclusive).
5. The details of the directors retiring by rotation and eligible for re-appointment are given below, as per Clause 49 sub Clause VI (A) of the Listing Agreement entered into with the Stock Exchanges.

1. Mr. Jonathan T Feuer

Mr. Feuer is the President of L.M.Zuckerman & Co., Inc. in New York, an importer and manufacturer's representative specializing exclusively in the trade of soluble coffee. Mr. Feuer joined the firm in 1977 advancing to President and CEO in 1990. The firm is privately held.

During the past 28 years, the company has been a full member of the Green Coffee Association of New York, the Pacific Coast Coffee Association, the Tea and Coffee Association of Canada and the National Coffee Association of the USA. Mr. Feuer has served in various roles with all of these trade associations, including Committee Member, Directorship and Member of the Executive Committee.

Most notably, Mr. Feuer has served as the Treasurer of the National Coffee Association of the USA for 8 years from 1996 until 2004. During this time, the membership increased by 100%, the budget of the Association increased by 50% and the reserves increased from 20% to 78% of annual operating budget. The Association is the leading trade association serving North America, and represents the industry and government in all international forums such as International Coffee Organisation (ICO). Mr. Feuer continues to serve on the Executive Committee of the NCA.

Mr. Feuer is on the Board of Super Continental Private Ltd., a soluble coffee manufacturer in Singapore since 1996. A former director of Asian Coffee Ltd. (presently Tata Coffee Ltd.), Mr. Feuer is on the Board of CCL Products (India) Ltd. since its inception of Instant Coffee Unit in 1994.

In addition, Mr. Feuer has served as Director of various charitable organisations. As a member of the Investment Committee of a New York based religious organisation, responsibility included to oversee of USD 125 million per annum investment fund. Mr. Feuer has served as Board member and President of the Holt-Elwell Memorial Foundation from 1988 to 1996, which has owned and operated a summer camp for boys since 1903.

Mr. Feuer travels widely to South America, Southeast Asia, Europe and India in connection with the soluble coffee business.



CCL PRODUCTS (INDIA) LIMITED

2. Mr. Ian Breminer

Mr. Ian Breminer is one of the Foreign Collaborators of your Company. He has been associated with the coffee industry for the past 30 years. At present he is the Managing Director of Complete Coffee Limited, UK.

Positions held:

1985/86	-	Vice-Chairman of The Coffee Trade Federation Ltd., UK
1988	-	Co-ordinator of 6 th International Coffee Congress in Brighton, UK
1991/92	-	Vice-Chairman of The Coffee Trade Federation Ltd., UK
1993/94	-	Chairman of The Coffee Trade Federation Ltd., UK
1994/95	-	Chairman of CECA (Commerce of European Coffee Associations)
1996/97	-	Chairman of CECA for a further period of 2 years
1998/99	-	Chairman of CECA for a further period of 2 years
1999	-	Acting President of European Coffee Federation.

He was awarded 'Coffee Man of the year' by Tea & Coffee Trade Journal and Medalla de Merito Cafetero 'Manuel Mejia' for the services rendered by him to the Colombian Coffee Industry.

3. Mrs. C Shantha Prasad

Mrs. C Shantha Prasad is a Post Graduate in Anthropology from Delhi University. She is associated with the Company since the inception of the Instant Coffee Unit.

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

Item No: 7

TO RE-APPOINT Mr. C RAJENDRA PRASAD AS MANAGING DIRECTOR OF THE COMPANY.

The term of Mr. C Rajendra Prasad, as Managing Director of the Company expired on 31st March, 2004. Considering his rich experience and the remarkable turnaround made under his effective management, the Board reappointed him for a term of another five years in their meeting held on 15th April, 2004. The appointment of Managerial persons is subject to the approval of Members in the general meeting. Hence, the Board commends this resolution for your approval.

None of the Directors except Mr. C Rajendra Prasad, whose re-appointment is proposed herein and Mrs. C Shantha Prasad is interested in this resolution.

By order of the Board of Directors

Place: Hyderabad
Date : 10.08.2004

Sd/-
C Sirisha
Company Secretary



CCL PRODUCTS (INDIA) LIMITED

Directors' Report:

Dear Members,

Your directors take great pleasure in bringing you this report, for the financial year 2003-04.

(Rs. in Lakhs)

Financial Performance :	2003-04	2002-03
Gross Income	7622.20	5933.99
Gross Profit (before Interest, Depreciation & Tax)	3013.14	853.52
Less: Interest	84.09	138.50
Depreciation and other write offs	211.02	186.79
Provision for Taxation	10.00	—
Net Profit	2708.03	528.23
Less: Expenditure related to Previous year	—	2.17
Net profit for the year	2708.03	526.06
Profit / (Loss) b/f	466.55	120.58
Balance available for appropriation	3174.59	646.64
Provision for dividend	266.05	159.63
Provision for dividend tax	34.09	20.45
Transfer to General Reserve	2500.00	—
Net Profit c/f to Balance sheet	374.44	466.56

Mr. M S Narayanan

Your Directors place on record their deepest condolence for the sad and sudden demise of Mr. M S Narayanan, Chairman of the Company. The services rendered by Mr. M S Narayanan to your company will be cherished and remembered.

Dividend:

Your Directors declared and paid an Interim dividend of 20% on the paid-up capital of the company amounting to Rs. 266.05 lakhs in their meeting held on 15th April, 2004 as against 12% of final dividend declared in the year 2002-03, which was amounted to 159.63 lakhs. In view of expansion envisaged, the Board of Directors decided not to recommend any final dividend and also decided to treat the interim dividend as final dividend.



CCL PRODUCTS (INDIA) LIMITED

Operations:

Your company has achieved a record turnover of Rs. 7622.20 lakhs for the year ended 31st March, 2004 with a net profit of Rs. 2708.03 lakhs.

This net profit of Rs. 2708.03 lakhs includes provisions made in the earlier years to the tune of Rs. 747.21 lakhs, in view of the Orders withdrawn by the Customs and Central Excise Department in some of the pending cases.

We are happy to inform you that your company has got the permission from National Stock Exchange of India Limited facilitating trading of our shares with effect from 07.06.2004 in the said Exchange.

Pursuant to the special resolution passed by the Members in the last annual general meeting, your company has applied for de-listing permission from Calcutta, Madras and Hyderabad Stock Exchanges. Accordingly, your company has received the de-listing permission from the Hyderabad and Madras Stock Exchanges and the Calcutta Stock Exchange confirmation is yet to be obtained.

Subsidiary Company :

During the financial year, your company has made further investment of Rs. 278.40 lakhs, thereby making Associated Coffee Merchants (International) Limited, UK (ACMIL) as its subsidiary company by increasing the stake from 49% to 74.9%. The Financial Statements and other relevant particulars of your subsidiary company are forming part of this Annual Report.

Expansion:

Your company is in the process of setting up of an expansion project into Freeze Dried Coffee at Duggirala. All necessary arrangements have been made and financial tie up is expected to complete by October, 2004. The Commercial production is expected to commence by October / November, 2005.

Employees Welfare:

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

Service to the Community:

Your company has responded to social welfare causes and philanthropic activities in the areas of education, sports, cultural and natural calamities. Your company donated Rs. 23.56 lakhs for the above said causes during the year under review.

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 Balance sheet.

Directors:

Mr. Jonathan T Feuer, Mr. Ian Breminer and Mrs. C Shantha Prasad, Directors 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.



CCL PRODUCTS (INDIA) LIMITED

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. -

- i. That in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii. That 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 2003-04 and of the profit or loss of the company for that period;
- iii. That 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. That the directors had prepared the annual accounts on a going concern basis.

Management Discussion & Analysis

Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Management Discussion & Analysis is set out in the Annexure-I, as an addition to this report.

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 outgoings is given as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is enclosed herewith as Annexure-II to this report.

Statutory Auditors:

M/s. M. Anandam & Co., Chartered Accountants, Secunderabad, the auditors of the company retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Internal Auditors:

Your Board of Directors has appointed M/s. Ramesh & Co., Chartered Accountants, Hyderabad as Internal Auditors. The Internal Auditors are submitting their reports on quarterly basis.

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 as remuneration for any part of the financial year. Hence the provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 are not applicable.

Corporate Governance:

In pursuant to the provisions of clause 49 of the listing agreement entered into with the stock exchanges, the report of the Code of Corporate Governance is enclosed forming part of the Annual Report. The certificate dated 10th August, 2004 from the Auditors of your company regarding compliance of conditions of corporate governance is annexed to the report.