



CONSOLIDATED COFFEE LIMITED

55th ANNUAL REPORT

1997-98

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**55th
Annual Report
1997-98**

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Consolidated Coffee Limited

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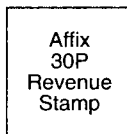
CONSOLIDATED COFFEE LIMITED

Proxy

I/We _____ of _____
_____ in the district of _____ being a member/members of
Consolidated Coffee Limited, hereby appoint _____
_____ of _____
_____ in the district of _____ or failing him
_____ of _____
_____ in the district of _____ or failing him
_____ of _____
_____ in the district of _____ as my/our Proxy to

vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, the 15th September, 1998 and at any adjournment thereof.

Signed this _____ day of _____ 1998.



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.



CONSOLIDATED COFFEE LIMITED



Notice

Notice is hereby given that the 55th Annual General Meeting of the Company will be held at the Registered Office of the Company at Pollibetta on Tuesday, the 15th September, 1998 at 11-30 A.M. to transact the following business:-

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as on that date.
2. To declare a Dividend.
3. To elect Directors in place of Messrs. R. K. Krishna Kumar, D. M. Dasappa and D. S. Seth, who retire by rotation and are eligible for re-appointment.
4. To appoint Auditors for the ensuing year and to fix their remuneration by passing the following resolution, with or without modification, as an Ordinary Resolution:

"RESOLVED that Messrs. Fraser & Ross and Messrs. N. M. Rajji & Company be and are hereby re-appointed Auditors of the Company to hold Office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting of the Company on a total remuneration of Rs. 5,00,000/- plus out-of-pocket, travelling and living expenses, the audit to be carried out at the various locations of the Company by mutual arrangement."

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass with or without modification, the following resolution, as an Ordinary Resolution:

"RESOLVED that pursuant to Section 293(1)(e) of the Companies Act, 1956, and all other enabling provisions of Law, consent of the Company be and is hereby accorded to the Board of Directors, to contribute to Public Charitable Funds or Trusts not directly relating to the business of the Company or welfare of its employees, such sum or sums in any financial year as the Board may think fit, notwithstanding that such contributions may be in excess of the limits laid down in the said Section, provided that the aggregate of all such contributions shall not exceed Rupees One Crore and Fifty Lakhs for the financial year 1998-99."

6. To consider, and if thought fit, to pass with or without modification, the following resolution, as an Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the re-appointment of Mr. M. A. Bopanna as Managing Director of the Company, for a period of three

years with effect from 1st January, 1999, upon the terms and conditions set out in the draft agreement submitted to this Meeting and for identification purposes, signed by a Director, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement in such manner as may be agreed to between the Board of Directors of the Company and Mr. M. A. Bopanna so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, or any amendments thereto."

7. To consider, and if thought fit, to pass with or without modification, the following resolution, as a Special Resolution:

"RESOLVED that pursuant to Section 370 of the Companies Act, 1956, the Board of Directors of the Company be and they are hereby authorised, subject to the prior approval of the Central Government where applicable, to make loans and issue guarantees upto an aggregate amount for all such loans and guarantees not exceeding 60% of the aggregate of the subscribed capital and free reserves of the Company and within this limit, to grant loans and give guarantees to bodies Corporate under the same Management as the Company, upto Rupees Twenty-five Crores.

RESOLVED further that the Board of Directors of the Company be and are hereby authorised to determine the amount and terms and conditions of such loans and guarantees and to decide all or any other matters arising out of or incidental thereto and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf."

The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 1st September, 1998 to Tuesday, the 15th September, 1998, both days inclusive.

A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

By Order of the Board,

P. T. RENGARAJAN
VP (Finance) & Secretary

Registered Office:
Pollibetta, Kodagu
1st June, 1998.

CONSOLIDATED COFFEE LIMITED



NOTES:

1. The Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
2. Instruments appointing Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting along with the *Powers of Attorney or other authority under which they are signed.*
3. Dividend that may be declared by the Company, will be paid on or after 15th September, 1998 to those Members whose names will appear on the Register of Members of the Company as on 15th September, 1998.
4. No deduction of Income-Tax will be made from the dividend payable to the Shareholders since such payment falls under the provisions of Section 115 (o) of the Income-tax Act, 1961.
5. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid Dividends upto 31st March, 1994 have been transferred to the General Reserve Account of the Central Government. Shareholders who have not encashed the Dividend Warrants for the said period, are requested to claim the amount from the Registrar of Companies, Karnataka, Bangalore.

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Explanatory Statement

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

Item No. 5

As per Section 293(1)(e) of the Companies Act, 1956, the Board of Directors shall not, except with the consent of the Company in General Meeting, contribute to Charitable and other Funds not directly relating to the business of the Company or welfare of its employees, any amounts, the aggregate of which will, in any financial year, exceed Rs. 50,000/- or 5% of the Company's average net profits during the immediately preceding three financial years, whichever is greater.

It is proposed to make donations to The Coorg Foundation and other Public Charitable Funds or Trusts during 1998-99 in excess of the said limits. Hence, the proposed resolution in Item No. 5 of the Notice.

Your Board recommends the approval of the Ordinary Resolution in Item No. 5 of the Notice.

None of your Directors has any interest or concern in the Resolution, save and to the extent, that M/s. D. S. Seth, R. K. Krishna Kumar and M. A. Bopanna are Founder-Trustees of The Coorg Foundation, to which donations as aforesaid are proposed to be made.

Item No. 6

The Board of Directors of the Company ("The Board") at its Meeting held on 1st June, 1998, decided to re-appoint, subject to the approval of the Members of the Company, Mr. M. A. Bopanna as Managing Director of the Company for a further period of three years with effect from 1st January, 1999 (ie, the day following the date of expiry of his current tenure), on certain terms and conditions including salary, commission and perquisites within the limits laid down in Schedule XIII of the Companies Act, 1956.

The Agreement to be entered into between the Company of the one part and Mr. M. A. Bopanna of the other part, is proposed to be executed before the expiry of the current tenure of Mr. M. A. Bopanna. The principal terms and conditions of this Agreement are as given below:

- A) **Period of Appointment:** Three years from 1st January, 1999.
- B) **Salary:** Rs. 47,000/- per month, in the scale of Rs. 45,000/- — 60,000/- with authority to the Board to decide the annual increment which will be effective from 1st April each year and will be based on merit and take into account the Company's performance and other relevant factors.

- C) **Perquisites:** Within the overall ceiling of 125% of the annual salary, the Managing Director would be entitled to the following by way of perquisites in such form and manner as the Board of Directors of the Company may decide:-

Furnished accommodation or House Rent Allowance and House Maintenance Allowance in lieu thereof, expenditure on gas, electricity, water and furnishings for the accommodation including maintenance and repairs thereof. Personal Allowance (which will include servant's allowance and educational allowance), Leave Travel Allowance for self and family. Medical expenses and medical Insurance for self and family, Personal Accident Insurance, club fees and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and the Managing Director.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income tax Rules wherever applicable and in the absence of such Rules, perquisites shall be evaluated at actual cost.

Provision for use of Company's car and telephone at residence including payment for local calls and long distance calls shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable and encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration of perquisites aforesaid.

Note — Family for this purpose shall mean the spouse, the dependent children and the dependent parents of the appointee.

- D) **Commission:** Such remuneration by way of commission, in addition to salary and perquisites, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956 ("the Act"). The commission payable to the Managing Director will nevertheless be limited to and range from 6 months to 48 months of his monthly salary. The specific amount payable will be decided by the Board of Directors based on certain performance criteria and will be payable only after the Annual Accounts of the Company have been approved by the Board of Directors and adopted by the shareholders.

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- E) **Minimum Remuneration:** Notwithstanding anything herein, where in any financial year, during the currency of the tenure of Mr. M. A. Bopanna, the Company has no profits or its profits are inadequate, the Company will pay remuneration to Mr. M. A. Bopanna by way of salary and perquisites as specified above.

Mr. M. A. Bopanna will be entitled to leave according to Company's rules applicable to its senior executives.

The terms and conditions of the re-appointment of Mr. M. A. Bopanna as stated above can be altered and varied from time to time by the Board of Directors at its discretion, so as not to exceed the limits specified in Schedule XIII of the Act or any amendments made thereto.

The agreement with Mr. M. A. Bopanna can be terminated by either party by giving six month's notice.

The draft Agreement with the Company and Mr. M. A. Bopanna is available for inspection by the Members of the Company at its Registered Office from 10.00 A.M. to 12 Noon on any working day, except holidays.

This may also be treated as an abstract of the terms of the agreement to be entered into between the Company and Mr. M. A. Bopanna in terms of Section 302 of the Companies Act, 1956.

In compliance with the provisions of Sections 269, 309 and 310 of the Companies Act, 1956, the re-appointment

and the terms of remuneration of Mr. M. A. Bopanna as the Managing Director of the Company are placed before the members of their approval.

Your Board recommends the approval of the Ordinary Resolution in Item No. 6 of the Notice.

None of the Directors of the Company except Mr. M. A. Bopanna is concerned or interested in the resolution.

Item No. 7

At the General Meeting held on 26th June, 1995 the Members had passed a special resolution authorising the Board of Directors of the Company to make loans and issue guarantees upto an aggregate amount for all such loans and guarantees not exceeding 60% of the aggregate of the subscribed capital and free reserves of the Company and within this limit, to grant loans and give guarantees to bodies Corporate under the same Management as the Company, upto 20% of the aggregate of the subscribed capital and free reserves of the Company.

It is now proposed that, considering the likely expansion of your Company's operations, the limit referred to supra be got enhanced to and replaced by Rupees Twenty-five Crores.

Your Board recommends the approval of the Special Resolution in Item No. 7 of the Notice.

None of your Directors has any interest or concern in the resolution.