



## TATA COFFEE



59th Annual Report  
2001 - 2002

**TATA COFFEE**

Fifty-ninth annual report 2001-2002

**Annual General Meeting on  
Monday, 26th August, 2002  
at the Registered Office  
at 11.30 A.M.**

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**Tata Coffee Limited**

Tata Coffee Limited

## Company Information

### Board of Directors

**R. K. Krishna Kumar** (*Chairman*)  
**K. B. Somana**  
**Y. H. Malegam**  
**D. M. Dasappa**  
**Dr. M. A. M. Ramaswamy**  
*(upto 20/08/2001)*  
**M. R. Pai**  
**R. Govindarajan**  
**H.R. Khusrokhan**  
**T. V. Rama Rao**  
*(Representative of Financial Institutions)*  
**A. P. Goel**  
**M. H. Ashraff** (*Managing Director*)

### Auditors

N. M. Raiji & Co.  
 SNB Associates

### Bankers

Corporation Bank  
 Standard Chartered Bank  
 State Bank of India  
 Indian Overseas Bank

### Registered Office

Pollibetta - 571 215  
 Kodagu Karnataka State

### Registrars

Tata Share Registry Ltd.,  
 (Unit: Tata Coffee Limited)  
 Army & Navy Building,  
 148, Mahatma Gandhi Road,  
 Mumbai - 400 001.  
 Telephone: 2873831 Fax No: 2844160  
 E-mail: csg-unit@tatashare.com  
 Website: www.tatashare.com

### Board Committees

#### Audit Committee

Y. H. Malegam - Chairman  
 K. B. Somana  
 R. Govindarajan

#### Shareholders/Investors Grievance Committee

R. K. Krishna Kumar - Chairman  
 M. R. Pai  
 M. H. Ashraff

#### Remuneration Committee

K. B. Somana - Chairman  
 R. K. Krishna Kumar  
 Y. H. Malegam  
 R. Govindarajan  
 H. R. Khusrokhan

## Notice

**NOTICE** is hereby given that the 59th Annual General Meeting of the Company will be held at the Registered Office of the Company at Pollibetta, Kodagu, on Monday, the 26<sup>th</sup> August, 2002 at 11.30 AM to transact the following business: -

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 2002 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr.Y.H.Malegam who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr.K.B.Somana who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

### **SPECIAL BUSINESS:**

To consider and if thought fit to pass with or without modification, the following Resolutions:

6. As an Ordinary Resolution:

"RESOLVED that Mr.R.Govindarajan be and is hereby appointed a Director of the Company liable to retire by rotation".

7. As an Ordinary Resolution:

"RESOLVED that Mr.T.V.Rama Rao be and is hereby appointed a Director of the Company liable to retire by rotation".

8. As an Ordinary Resolution:

"RESOLVED that Mr. A.P.Goel be and is hereby appointed a Director of the Company liable to retire by rotation".

9. As a Special Resolution:

"RESOLVED that in partial modification of the resolution passed at the Annual General Meeting of the Company held on 20<sup>th</sup> August, 2001 relating to the appointment of and remuneration payable to Mr.M.H.Ashraff, Managing Director and pursuant to the provisions of Sections 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof for the time being in force and subject to the approval of the Central Government, if necessary, consent of the Company be and is hereby accorded to the revised terms and conditions of the appointment of Mr. Ashraff for the period 1<sup>st</sup> April, 2001 to 31st March, 2002, including remuneration to be paid to him in the event of inadequacy of profits, as set out in the draft Supplemental Agreement to be entered into between the Company and Mr.Ashraff, a copy of which initialled by a Director of the Company for the purpose of identification, is tabled at the Meeting and is hereby specifically approved with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the said appointment and/or the Supplemental Agreement in such manner and to such extent as may be agreed to between the Board and Mr. Ashraff."

10. As a Special Resolution:

"RESOLVED that in partial modification of the resolution passed at the Annual General Meeting of the Company held on 20<sup>th</sup> August, 2001 relating to the appointment of and remuneration payable to Mr.M.H.Ashraff, Managing Director and pursuant to the provisions of Sections 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof for the time being in force, consent of the Company be and is hereby accorded to the revised terms and conditions of the appointment of Mr. Ashraff for the balance period of his tenure viz. 1<sup>st</sup> April, 2002 to 30<sup>th</sup> September, 2002 including remuneration to be paid to him in the event of absence or inadequacy of profits, as set out in the draft Supplemental Agreement to be entered into between the Company and Mr.Ashraff, a copy of which initialled by a Director of the Company for the purpose of identification, is tabled at the Meeting and is hereby specifically approved with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the said appointment and/or the Supplemental Agreement in such manner and to such extent as may be agreed to between the Board and Mr. Ashraff."

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**Tata Coffee Limited****11. As a Special Resolution:**

"RESOLVED that pursuant to the provisions of Section 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with the provisions of Schedule XIII to the Act including any statutory modification(s) or re-enactment(s) thereof for the time being in force, consent of the Company is hereby accorded to the re-appointment of Mr.M.H.Ashraff as Managing Director of the Company for a further period commencing 1<sup>st</sup> October, 2002 and ending 2<sup>nd</sup> January, 2005 on the terms and conditions including remuneration as set out in the draft Agreement, a copy of which initialled by a Director of the Company for the purpose of identification, is tabled at the Meeting which is hereby specifically approved with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner and to such extent as may be agreed to by the Board and Mr.Ashraff."

**12. As a Special Resolution:**

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or any re-enactment(s) thereof for the time being in force the existing Articles of Association of the Company be and are hereby modified and altered to the extent and in the manner as hereinafter stated:

**(i) The following new Article 11A and the marginal notes thereagainst be inserted after Article 11****Article 11A: Buy-back of Shares**

Notwithstanding anything contained in these Articles, the Company may, subject to the applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto from time to time and any rules and regulations that may be prescribed by the Central Government or any other appropriate authority in this regard, purchase or buy back such of its own shares or securities as the Board may deem fit and proper in the best interest of the Company, subject to such limits, upon such terms and subject to such approvals, as may be necessary.

**(ii) The following new Article 98A and the marginal notes thereagainst be inserted after Article 98****Article 98A: Postal Ballot**

The Company may, and in case of resolutions relating to such business as the Central Government may by notification, declare to be conducted only by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in general meeting of the Company in accordance with the provisions of Section 192A of the Companies Act, 1956 and the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto from time to time."

**13. As an Ordinary Resolution:**

"RESOLVED that pursuant to Section 293(1)(e) of the Companies Act, 1956, and 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 the welfare of its employees, such sum or sums as the Board may deem 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 in any financial year shall not exceed Rupees One Crore and Fifty Lakhs."

By Order of the Board

Registered Office:  
Pollibetta, Kodagu  
12th June, 2002

M.K.C. PAI  
Company Secretary

**NOTES:**

1. The Register of Members of the Company will remain closed from 1<sup>st</sup> August, 2002 to 26<sup>th</sup> August, 2002, 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. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the items of Special Business is annexed hereto.
4. Pursuant to the provisions of Section 205A of the Companies Act, 1956 as it stood prior to its amendment referred to in (5) below, Unclaimed/Unpaid Dividends upto the financial year ended 31<sup>st</sup> March, 1995 have been transferred to the General Revenue 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.
5. Consequent upon amendment to Section 205-A of the Companies Act, 1956, and introduction of Section 205-C by The Companies (Amendment) Act, 1999, which came into force with effect from 31<sup>st</sup> October, 1998, the Company would be obliged to transfer any money lying in the Unpaid Dividend Account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, to the Investor Education and Protection Fund. Members who have not encashed the dividend warrant(s) so far for the financial year ended 31<sup>st</sup> March 1996 or any subsequent financial year are requested to approach the Company.
6. Dividend that may be declared by the Company will be paid within 30 days thereof to those members whose names appear on the Register of Members on 1<sup>st</sup> August, 2002 or to their mandatees. The dividend in respect of Shares held in electronic form will be payable to the beneficial owners of the Shares as on 1<sup>st</sup> August, 2000 as per details furnished by the Depositories for the purpose. In case of resident individual Shareholders, no income tax will be deducted at source provided gross amount of dividend payable during the financial year does not exceed Rs. 1,000/-. In other cases, Declaration in Form 15-G in duplicate duly completed in all respects/requisite tax exemption certificate should be submitted to the Company's Registrars so as to reach them on or before 8<sup>th</sup> August, 2002.
7. Shareholders can, according to their choice make nomination in favour of persons to whom the Shares would devolve in the event of demise of the registered holder. The nomination in order to be effective should be made in the prescribed Form. Shareholders who have not yet opted for nomination but are desirous of doing so may kindly obtain the Form from the Company's Registrars.
8. Reserve Bank of India has introduced the Electronic Clearing Service (ECS), which provides for instant credit of dividend amount to the members bank account electronically without any extra charge and also eliminates delays in postal transit and fraudulent encashment of Cheques. The Company's Registrars have already sent the prescribed Form to all the members to enable them to avail this facility. Members who have not yet availed this facility but are desirous of doing so may kindly obtain the Form from the Company's Registrars. Members who have opted for ECS will be paid dividend for the year 2001-2002 through this facility.

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

Name of the Director	Mr. R.Govindarajan	Mr. T.V.Rama Rao	Mr. K.B.Somana	Mr. Y.H.Malegam	Mr.M.H.Ashraff	Mr. A.P. Goel
Date of Birth	13/04/1936	07/07/1938	20/10/1923	24/09/1933	02/01/1945	20/05/1957
Date of Appointment	07/02/1994	12/06/2002	22/08/1964	22/08/1969	08/08/2000	12/06/2002
Qualifications	B.E,F.I.E,F.I.V, F.I.C.A, M.I.C.C.C. Engg (India)	M.A., L.L.B., A.F.I.I.	B.Sc. (Phys) B.Sc. (Agriculture)	Chartered Accountant	B.Sc	Chartered Accountant
Expertise in specific functional area	Chartered Engineer, Valuer & Arbitrator  Former Executive Director of LIC	Insurance, Legal & General Management Former Executive Director of LIC	Plantations  Former M.D. of Tata Coffee Ltd.;  Former President - UPASI; Ex-Member - Coffee Board	Finance & Accounts	Plantations  Former Executive Director of Tata Tea Ltd.; Former President - UPASI	Finance, Taxation & IT
Chairman/Director of other Companies	Nil	Nil	Conscofe Investments Ltd.	As detailed below	Conscofe Investments Ltd	Watawala Plantations Ltd., Sri Lanka; Tata NYK Transports Systems Ltd.
Chairman/Member of Committees* of the Boards of which he is a Director	Audit Committee Remuneration Committee (Tata Coffee Ltd)	Nil	Audit Committee; Remuneration Committee - Chairman (Tata Coffee Ltd)	As detailed below	Share holders/ Investors Grievance Committee (Tata Coffee Ltd)	Audit Committee Watawala Plantations Ltd., Sri Lanka - Chairman

\* Includes Audit, Remuneration and Shareholders/Investors Grievance Committees.

**Directorships in Companies & Memberships in Committees of Mr. Y.H.Malegam**

Directorship in Companies	Membership in Committees	
Name of the Company	Name of the Committee	Position held
The Antifriction Bearings Corporation Ltd.	-	-
Bayer (India) Ltd.	Audit	Member
Cabot India Ltd.	Audit	Chairman
Escorts Ltd.	-	-
Hindustan Construction Co. Ltd.	-	-
Motor Industries Co. Ltd.	Audit Investor Protection and Shareholders' Grievance	Chairman  Member
National Securities Clearing Corporation Ltd.	-	-
National Stock Exchange of India Ltd.	Audit	Member
Nicholas Piramal India Ltd.	Audit	Member
Siemens Ltd.	Audit	Chairman
Tata Tea Ltd.	Audit	Chairman
Bayer Industries Private Ltd.	-	-
Deloitte Touche Tohmatsu India Pvt. Ltd.	-	-
Tata Coffee Ltd.	Audit Remuneration	Chairman Member
The Clearing Corporation of India Ltd.	-	-

## Explanatory Statement

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

### Item Nos. 6, 7 & 8

The Board at its meetings held on 20<sup>th</sup> August, 2001 appointed Mr.R.Govindarajan as an Additional Director of the Company. Mr.Govindarajan who was earlier on the Board as the representative of Life Insurance Corporation of India (LIC) was appointed in his individual capacity. The Board at its Meeting held on 12<sup>th</sup> June, 2002 appointed Mr.T.V.Rama Rao and Mr.A.P.Goel as Additional Directors of the Company. Mr. Rama Rao has been appointed in his capacity as the representative of the Financial Institutions viz LIC, Unit Trust of India, General Insurance Corporation of India and its subsidiaries. Mr. Goel is the Vice President (Finance) of the Holding Company, M/s Tata Tea Ltd. In terms of Section 260 of the Companies Act, 1956 (the Act), Mr.Govindarajan, Mr. Rama Rao and Mr.Goel hold office till the date of the ensuing Annual General Meeting. Notices u/s 257 of the Act alongwith the requisite deposit has been received from members proposing the appointment of Mr.Govindarajan, Mr. Rama Rao and Mr. Goel as Directors.

None of the Directors except Mr.Govindarajan, Mr. Rama Rao & Mr. Goel is interested in the Resolution.

### Item Nos. 9 & 10

The members at the Annual General Meeting of the Company held on 20<sup>th</sup> August, 2001 had accorded their approval to the appointment of Mr.M.H.Ashraff as Managing Director of the Company for a period of 2 years with effect from 1<sup>st</sup> October, 2000 on the terms and conditions including remuneration as contained in the explanatory statement of the Notice of the said Annual General Meeting. The Board of Directors (the Board), thereafter, at its Meeting held on 30<sup>th</sup> January, 2002, subject to the provisions of the Companies Act, 1956 (the Act) revised the remuneration payable to Mr.Ashraff with effect from 1<sup>st</sup> April, 2001 to provide for payment of Incentive Remuneration not exceeding 150% of his annual salary in addition to the remuneration to which he was entitled, an Abstract of which was forwarded to the members in terms of Section 302 of the Act.

The draft Supplemental Agreements to be entered into between the Company and Mr. Ashraff for the period 01.04.2001 to 31.03.2002 and for the balance period of his tenure viz 01.04.2002 to 30.09.2002 contain the following revised terms of remuneration:

- a) **Salary :** in the scale of Rs.90,000/- to Rs.1,25,000/- per month with authority to the Board to decide the annual increment which will be effective from 1<sup>st</sup> April each year and will be based on merit and take into account the Company's performance.

b) **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 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, 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 and the Managing Director.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per 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 of 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 as per the Rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites as aforesaid.

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

- c) **Incentive Remuneration:** not exceeding 150% of Annual Salary to be paid at the discretion of the Board annually, based on certain performance criteria.

d) **Commission**

Such remuneration by way of Commission, in addition to salary, incentive remuneration 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 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/Remuneration Committee based on certain performance criteria and will be payable only after the Annual Accounts of the Company have been approved by the Board and adopted by the Shareholders.

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**Tata Coffee Limited****e) Minimum Remuneration**

Notwithstanding anything 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 to Mr. Ashraff by way of salary, perquisites and incentive remuneration as specified above.

The other terms and conditions relating to Mr. Ashraff's appointment remain unchanged.

The revised terms of remuneration of Mr. Ashraff are now being placed before the members in terms of Sections 269, 309, 310 & 311 of the Act. As per the provisions of Schedule XIII to the Act, amended with effect from 16.1.2002, the members' approval is sought by way of Special Resolution. The necessary information as required under the amended Schedule XIII for payment of remuneration in the event of absence or inadequacy of profits as applicable to Mr. M.H. Ashraff is furnished in the Annexure.

In view of inadequacy of profits for the financial year 2001-2002, the remuneration payable to Mr. Ashraff for the said financial year as approved by the Remuneration Committee/Board exceeds the ceiling prescribed under Schedule XIII to the Act as it stood prior to the amendment i.e. 16.01.2002. The revised remuneration payable to Mr. Ashraff for the financial year 2001-02, is therefore, subject to the approval of the Central Government for which necessary application is being submitted.

Your Directors recommend the resolution set out in item Nos. 9 and 10 of the Notice convening the Meeting.

This may be treated as an abstract of the variation in the terms of remuneration of Mr. M.H. Ashraff, Managing Director. The draft of the supplemental Agreement to be entered into between Mr. Ashraff and the Company is available for inspection by the members of the Company at its Registered Office from 10 AM to 12 Noon on any working day of the Company, except Saturdays.

None of the Directors of the Company save and except Mr. Ashraff is concerned or interested in the Resolutions.

**Item No.11**

The Board of Directors (the Board) at its meeting held on 12<sup>th</sup> June 2002 re-appointed Mr. M.H. Ashraff as Managing Director of the Company for a further period commencing 1<sup>st</sup> October 2002 and ending 2<sup>nd</sup> January, 2005 on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. Ashraff, the material terms of which are as under:

**a) Mr. M.H. Ashraff shall be the Managing Director of the Company for the period commencing 1<sup>st</sup> October 2002 and ending 2<sup>nd</sup> January, 2005. Subject to the superintendence, control and direction of the Board, the day-to-day management of the Company shall be in the hands of the Managing Director and he shall exercise such powers and perform such duties as may from time to time be lawfully entrusted to and vested in him by the Board.**

**b) Salary :** in the scale of Rs.90,000/- to Rs.1,50,000/- per month with authority to the Board to decide the annual increment which will be effective from 1<sup>st</sup> April each year and will be based on merit and take into account the Company's performance.

**c) Perquisites & Allowances**

Within the overall ceiling of 125% of the Annual Salary, the Managing Director would be entitled to the following by way of perquisites and allowances in such form and manner as the Board may decide:-

Furnished accommodation with expenditure on gas, electricity, water and maintenance and repair thereof or House Rent Allowance and House Maintenance Allowance with expenditure on gas, electricity, water and furnishings thereof, Personal Allowance, Leave Travel Allowance for self and family, Medical expenses and medical insurance for self and family, fees of clubs, Personal Accident Insurance and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board and the Managing Director.

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

Provision for use of Company's car and telephone at residence including payment of local calls and long distance calls shall not be included in the computation of perquisites and allowances 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 as per the Rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites as aforesaid.

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

**d) Incentive Remuneration:** not exceeding 150% of Annual Salary to be paid at the discretion of the Board annually, based on certain performance criteria.

**e) Commission**

Such remuneration by way of Commission, in addition to salary, incentive remuneration, if any and perquisites and allowances, calculated with reference to the net profits of the Company in a particular financial year, which will be linked to performance as



may be determined by the Board of Directors of the Company at the end of each financial year, but not exceeding 1% of the profit after tax of the relevant financial year subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956 (the Act). The exact amount payable will be decided by the Board of Directors/Remuneration Committee 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.

**f) 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 to Mr.Ashraff by way of salary, incentive remuneration, perquisites and allowances as specified above.

**g)** Mr.Ashraff will be entitled to leave according to Company's rules applicable to its senior executives.

**h)** The terms and conditions of the appointment of Mr.Ashraff and/or the Agreement may be altered or varied from time to time by the Board of Directors at its discretion, so as not to exceed the limits specified in Schedule XIII to the Act or any amendments made thereto.

The necessary information as required under Schedule XIII is furnished in the Annexure.

Your Directors recommend the resolution set out in item No. 11 of the Notice convening the Meeting.

The draft Agreement to be entered into between Mr.Ashraff and the Company is available for inspection by the members of the Company at its Registered Office from 10 AM to 12 Noon on any working day of the Company, except Saturdays.

None of the Directors of the Company save and except Mr.Ashraff is concerned or interested in the Resolution.

This may be treated as an abstract of the terms of re-appointment of Mr Ashraff in terms of Section 302 of the Act.

**Item No.12**

In order to bring the Articles of Association in line with the amendments made to the Companies Act, 1956, new Articles 11A & 98A enabling the Company to purchase its own securities and pass resolutions by Postal Ballots respectively are proposed to be inserted in the Articles. The resolution is recommended to the Shareholders for approval.

None of the Directors is concerned or interested in the resolution.

A copy of the Articles of Association is available for inspection by the Members of the Company at its Registered Office from 10.00 AM to 12.00 Noon on any working day of the Company, except Saturdays.

**Item No.13**

As per Section 293(1)(e) of the Companies Act, 1956 ('the Act') 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 the 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.

Members are aware that the Company, in the past, has been making donations/contributions to The Coorg Foundation and other Public Charitable Funds/Trusts. It is proposed to obtain the approval of the members to the resolution set out in Item No.13 of the Notice enabling the Board to make such donations/contributions subject, however, to a limit not exceeding Rupees One Crore and Fifty Lakhs in any Financial Year commencing on and after 1<sup>st</sup> April, 2002 notwithstanding the amount so donated/contributed is in excess of the limits prescribed under Section 293(1)(e) of the Act.

The resolution set out in item No.13 of the accompanying Notice has to be considered accordingly and the Board recommends the same.

None of the Directors of the Company is concerned or interested in the resolution save and except Mr.R.K.Krishna Kumar and Mr.M.H.Ashraff who may be deemed to be interested in their capacity as Trustees of The Coorg Foundation, which is expected to be one of the beneficiaries of the donations/contributions.

By Order of the Board

M.K.C. PAI  
Company Secretary

Registered Office:  
Pollibetta, Kodagu  
12th June, 2002