



01<sup>st</sup> July, 2020

To

The Corporate Relations Department  
Bombay Stock Exchange  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001

Dear Sir,

**Sub: Submission of Annual Report as per Regulation 34 of SEBI(LODR) Regulations, 2015**

**Ref: Our Company Code – 519600**

In terms of Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are herewith enclosing the Annual Report of the Company along with Notice of AGM for the financial year 2019-20, which is being sent to the Members in electronic mode.

The Annual Report along with Notice is also uploaded on the website of the Company and the weblink is <https://www.cclproducts.com/wp-content/uploads/2020/07/Annual-Report-2019-20.pdf>

This is for your information and necessary records.

Regards,

For **CCL Products (India) Limited**

A handwritten signature in blue ink, appearing to read "Sridevi Dasari".

Sridevi Dasari  
Company Secretary & Compliance Officer

Encl: as above

**CCL PRODUCTS (INDIA) LIMITED**

CORPORATE OFFICE

7-1-24/2/D, "Greendale", Ameerpet, Hyderabad - 500016, Telangana, India.

☎ +91 40 2373 0855

REGISTERED OFFICE

Duggirala, Guntur Dist. 522330, A.P., India. | CIN L15110AP1961PLC000874

☎ +91 8644 277294 | ✉ info@continental.coffee | 🌐 www.cclproducts.com 🌐 www.continental.coffee





## OUR MILESTONES

**1993**  
Inception  
of CCL

**1995**

Production  
capacity of  
3600 MTs

**2003**

Enhanced  
capacity to  
6000 MTs

**2007**

2<sup>nd</sup> FD plant  
was setup with  
4500 MTs

**2005**

India's 1<sup>st</sup> Instant  
coffee FD plant  
was setup

**2010**

3000 MTs granulation  
capacity plant at  
Switzerland was setup

**2012**

Vietnam 10000 MTs  
spray dried plant  
was setup

Continental  
Coffee Pvt. Ltd  
was setup

**2014**

Reached a capacity  
of 14000 MTs in  
Spray dried

**2016**

15000 MTs Premix  
plant was setup

**2019**  
5000 MTs  
new FD  
plant at SEZ

**59<sup>TH</sup> ANNUAL GENERAL MEETING**

Friday, 24<sup>th</sup> July, 2020  
at 03.00 P.M.  
through Video Conferencing (VC)/  
Other Audio-Visual Means (OAVM)

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**Company Information****Board of Directors**

Mr. Challa Rajendra Prasad, Executive Chairman  
Mr. Vipin K. Singal  
Mr. K. Chandrahas, IRS (Retd.)  
Mr. K. K. Sarma  
Mr. Kode Durga Prasad, IPS (Retd.)  
Mr. G.V. Krishna Rau, IAS (Retd.)  
Ms. Kulsoom Noor Saifullah  
Ms. Challa Shantha Prasad  
Dr. Lanka Krishnanand  
Mr. Kosaraju Veerayya Chowdary, IRS (Retd.) (w.e.f. 25.06.2019)  
Mr. B. Mohan Krishna, Executive Director  
Mr. Challa Srishant, Managing Director

**Chief Financial Officer**

Mr.V. Lakshmi Narayana

**Company Secretary & Compliance Officer**

Ms. Sridevi Dasari

**Registered Office & Factory**

Duggirala, Guntur Dist. - 522 330  
Andhra Pradesh, India.  
Ph : +91 8644-277294, Fax : +91 8644-277295  
E.mail : info@continental.coffee  
www.cclproducts.com

**CIN No.** L15110AP1961PLC000874

**Registrars & Share Transfer Agent  
(Physical & Demat)**

M/s. Venture Capital & Corporate Investments Pvt. Ltd.  
12-10-167, Bharatnagar Colony  
Hyderabad – 500 018, T.S., India  
Phone : +91 40 2381 8475 / 76  
Fax : +91 40 2386 8024  
E.mail : info@vccipl.com

**Auditors**

M/s.Ramanatham & Rao  
Chartered Accountants  
Ft.no.302, Kala Mansion  
Sarojini Devi Road  
Secunderabad – 500 003, T.S., India.

**Internal Auditors**

M/s. Ramesh & Co.  
Chartered Accountants  
H.No: 6-3-661/B/1  
Sangeeth Nagar, Somajiguda  
Hyderabad – 500 082, T.S., India.

**Bankers**

State Bank of India  
Citi Bank N.A  
ICICI Bank Ltd  
HDFC Bank Ltd

**Secretarial Auditors**

M/s. P. S. Rao & Associates  
Company Secretaries  
Flat No.10, 4<sup>th</sup> Floor, D. No.6-3-347/22/2  
Ishwarya Nilayam, Opp. Sai Baba Temple,  
Dwarakapuri Colony, Punjagutta,  
Hyderabad – 500 082, T.S., India

<b>Board Committees</b>	
<b>Audit Committee</b>	<b>Stakeholders Relationship Committee</b>
Mr. K. Chandrahas - Chairman Mr. Vipin K. Singal Mr. K. K. Sarma Mr. G.V. Krishna Rau Ms. Kulsoom Noor Saifullah Dr. Lanka Krishnanand Mr. Kode Durga Prasad Mr. Kosaraju Veerayya Chowdary (w.e.f. 11.07.2019)	Mr. K. Chandrahas - Chairman Mr. Vipin K. Singal Mr. K. K. Sarma Mr. G.V. Krishna Rau Ms. Kulsoom Noor Saifullah Dr. Lanka Krishnanand Mr. Kode Durga Prasad
<b>Nomination and Remuneration Committee</b>	<b>Corporate Social Responsibility Committee</b>
Mr. G.V.Krishna Rau - Chairman Mr. Vipin K. Singal Mr. K. Chandrahas Mr. K. K. Sarma Ms. Kulsoom Noor Saifullah Ms. Challa Shantha Prasad Dr. Lanka Krishnanand Mr.Kode Durga Prasad	Mr. Vipin K Singal- Chairman Mr. K. Chandrahas Mr. K. K. Sarma Mr. B. Mohan Krishna Mr. G.V. Krishna Rau Ms. Kulsoom Noor Saifullah Mr. Challa Srishant Ms. Challa Shantha Prasad Dr. Lanka Krishnanand Mr. Kode Durga Prasad
<b>Risk Management Committee</b>	
Mr. Challa Srishant- Chairman Mr. Vipin K. Singal Mr. K. Chandrahas Mr. K. K. Sarma Mr. B. Mohan Krishna Mr. G.V. Krishna Rau Ms. Kulsoom Noor Saifullah	Ms. Challa Shantha Prasad Dr. Lanka Krishnanand Mr. Kode Durga Prasad Mr. K. V. L. N. Sarma Ms. Sridevi Dasari Mr.V. Lakshmi Narayana (w.e.f. 11.11.2019)
<b>Management Committee</b>	
Mr. Challa Srishant - Chairman Mr. K. Chandrahas	Mr. Kode Durga Prasad Mr. B. Mohan Krishna

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**NOTICE**

Notice is hereby given that the 59<sup>th</sup> Annual General Meeting of the Members of CCL Products (India) Limited will be held on Friday, 24<sup>th</sup> July, 2020 at 03.00 P.M. through Video Conferencing (VC)/Other Audio-Visual Means (OAVM) to transact the following items of business:

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**Ordinary Business:**

1. To receive, consider and adopt:
  - (a) the audited standalone Financial Statement of the Company for the year 2019-20 together with the Report of the Board of Directors and Auditors thereon; and
  - (b) the audited consolidated Financial Statement of the Company for the year 2019-20.
2. To confirm the first and second interim dividend of ₹ 2/- and ₹ 3/- each, respectively, to the shareholders for the financial year 2019-20.
3. To appoint a director in place of Dr. Lanka Krishnanand (DIN 07576368), who retires by rotation and being eligible, offers himself for re-appointment to the office of Director.
4. To appoint a director in place of Mr. B. Mohan Krishna (DIN 03053172), who retires by rotation and being eligible, offers himself for re-appointment to the office of Director.

**Special Business:**

5. Appointment of Mr. Venkata Krishna Rau Gogineni to the office of Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV to the Companies Act, 2013 and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Venkata Krishna Rau Gogineni (DIN 06775731), who was appointed as an Independent Director at the 54<sup>th</sup> Annual General Meeting of the Company and who holds his office as such upto the 59<sup>th</sup> Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of 5 consecutive years commencing from 22<sup>nd</sup> October, 2019.”

6. Re-appointment of Mr. Challa Rajendra Prasad as an Executive Chairman

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, consent of Members of the Company be and is hereby accorded to the reappointment of Mr. Challa Rajendra Prasad (DIN 00702292) as an Executive Chairman of the Company with effect from 27<sup>th</sup> January, 2020 to hold his office as such upto 31<sup>st</sup> March, 2022, at a monthly remuneration of ₹ 35,00,000/- along with other perquisites as per the Rules of the Company and as per the terms and conditions set out in the employment agreement entered on 24<sup>th</sup> February, 2020.”



“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits of the Company in any financial year during the tenure of Mr. Challa Rajendra Prasad as Executive Chairman, the above mentioned remuneration would be paid as minimum remuneration subject to the provisions of Schedule V to the Companies Act, 2013 or any statutory enactment thereof.”

7. Ratification of Remuneration to Cost Auditors

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 Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. Kapardi & Associates, Cost Accountants, (Registration No. 100231), Hyderabad, appointed as Cost Auditors by the Board of Directors of the Company to conduct the audit of the cost records maintained by the Company for the financial year ending 31<sup>st</sup> March, 2021, amounting to ₹ 1,75,000/- (One Lakh Seventy Five Thousand only) excluding taxes as may be applicable, in addition to reimbursement of all out of pocket expenses, be and is hereby ratified.”

8. Increase of NRI holding in the Company

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and all other applicable rules, regulations, guidelines and laws (including any statutory modifications or re-enactment thereof for the time being in force) and all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any concerned authorities while granting such approvals, permissions, sanctions which may be agreed to, by the Board of Directors of the Company (herein after referred to as the “Board”, which terms shall include a duly authorized committee of Directors, the maximum permitted NRI limit be increased from the existing 10% to 24%, i.e., to permit Non-Resident Individuals (the “NRIs”), to acquire and hold on their own account, equity shares upto an aggregate limit of 24% of the paid up capital of the Company on repatriation basis for the time being provided, however, that the equity shareholding of each NRI shall not exceed such limits as are or as may be prescribed, from time to time, under applicable laws, rules and regulations.”

“FURTHER RESOLVED THAT the Board of Directors of the Company (including duly constituted and authorized committee thereof) be and is hereby authorized to do such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution including intimating the concerned authorities or such other regulatory body and for matters connected therewith or incidental thereto including delegating all or any of the powers conferred herein to any committee of Directors or any Director(s) or officer(s) of the Company.”

By order of the Board of Directors  
**For CCL Products (India) Limited**

Sd/-

**Sridevi Dasari**

Company Secretary & Compliance Officer  
M.No. A29897

Place: Hyderabad  
Date : 15<sup>th</sup> June, 2020



**NOTES FOR MEMBERS:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through Video Conferencing (“VC”) / Other Audio- Visual Means (“OAVM”), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being proposed to be held pursuant to the said MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Attendance Slip and Proxy Form are not attached to this Notice.
3. Statement as required under section 102 of the Companies Act, 2013, in respect of items of special business is annexed hereto.
4. In case you are holding the Company’s shares in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account and to notify any changes with respect to their addresses, email id, ECS mandate etc.

In case you are holding Company’s shares in physical form, please inform Company’s RTA viz. M/s. Venture Capital and Corporate Investments Pvt. Ltd, 12-10-167, Bharat Nagar, Hyderabad - 500 018 by enclosing a photocopy of blank cancelled cheque of your bank account.

5. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. M/s. Venture Capital and Corporate Investments Pvt. Ltd, 12-10-167, Bharat Nagar, Hyderabad -500 018 are the Registrar & Share Transfer Agents (RTA) of the Company. All communications in respect of share transfers, dematerialization and change in the address of the members may be communicated to the RTA.
6. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the RTA/Company.
7. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the meeting.
8. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.

**9. Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):**

Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company’s Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund (“IEPF”) established by the Central Government. Further, pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (‘IEPF Rules’) as amended from time to time, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

The Members/Claimants whose shares, unclaimed dividend have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 which is available on [www.iepf.gov.in](http://www.iepf.gov.in) and on the website of the Company [www.cclproducts.com](http://www.cclproducts.com) along with requisite fee as decided by it from time to time.

Members who have not yet encashed the dividend warrants from the financial year ended 31<sup>st</sup> March 2013 onwards are requested to forward their claims to the Company's Registrar and Share Transfer Agents without any further delay. It is in Members' interest to claim any un-encashed dividends and for future, opt for Electronic Clearing Service, so that dividends paid by the Company are credited to the Members' account on time.

It may be noted that once the unclaimed dividend is transferred to IEPF as above, no claim shall rest with the Company in respect of such amount. It may also be noted that the unclaimed dividend amount which were lying with the Company upto and in respect of the year ended on 31<sup>st</sup> March 2012, have already been transferred to IEPF. The details of the unclaimed dividends are available on the Company's website at [www.cclproducts.com](http://www.cclproducts.com) and on the website of Ministry of Corporate Affairs at [www.mca.gov.in](http://www.mca.gov.in). Members are requested to contact the Company's Registrar and Share Transfer Agent or the Company to claim the unclaimed/unpaid dividends.

10. Members seeking any information or clarification on the accounts are requested to send their queries to the Company, in writing, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
11. Pursuant to the directions/notifications of Securities and Exchange Board of India (SEBI) and Depositories, the demat account holders can operate their accounts if they had already provided Income Tax Permanent Account Number either at the time of opening of the account or at any time subsequently. In case they have not furnished the Income Tax Permanent Account Number to the Depository Participants, such demat account holders are requested to contact their DPs with a photocopy of the PAN Card (with original PAN Card for verification), so that the frozen demat accounts would be available for operation and further consequences of non-compliance with the aforesaid directives would be obviated. SEBI, vide Circular ref.no.MRD/Dop/Cir-05/2009 dated May 20, 2009 made it mandatory to have PAN particulars for registration of physical share transfer requests. Based on the directive contained in the said circulars, all share transfer requests are therefore to be accompanied with PAN details. Members holding shares in physical form can submit their PAN details to the Company / RTA.
12. Members may also note that the Notice of the 59<sup>th</sup> Annual General Meeting is available on the Company's website: [www.cclproducts.com](http://www.cclproducts.com). All documents referred to in the accompanying Notice and the Statement pursuant to Section 102(1) of the Companies Act, 2013 shall be open for inspection in electronic mode by the Members by writing an e-mail to the Company Secretary at [companysecretary@continental.coffee](mailto:companysecretary@continental.coffee).

In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depository Participants. Members may note that the Notice and the Annual Report 2019-20 will also be available on the Company's website at [www.cclproducts.com](http://www.cclproducts.com), on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com).

To support 'Green Initiative', members who have not registered their email addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/ their Depository Participants in respect of shares held in physical/electronic mode, respectively.

13. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
14. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to the Notice.
15. Additional information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Secretarial Standards on general meetings, information in respect

of the Directors seeking appointment/re-appointment at the Annual General Meeting is furnished in the annexure and forms part of the notice. The Directors have furnished the requisite consent / declaration for their appointment / re-appointment.

16. Retirement of Directors by rotation: Dr. Lanka Krishnanand, Non-Executive Director and Mr. B. Mohan Krishna, Executive Director of the Company, retire by rotation at the ensuing AGM and, being eligible, offer themselves for re-appointment.

The Board of Directors recommend the re-appointment of Dr. Lanka Krishnanand and Mr. B. Mohan Krishna, Directors, whose office is liable to retire by rotation

## **E-VOTING**

### **CDSL e-Voting System – For Remote e-voting and e-voting during AGM**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM is being uploaded on the website of the Company at [www.cclproducts.com](http://www.cclproducts.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also hosted on the website of CDSL (agency for providing the e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com)
7. The AGM is being convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

**INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING:**

- (i) The voting period begins on Tuesday, July 21, 2020 at 09.00 hrs and ends on Thursday, July 23, 2020 at 17.00 hrs. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, July 17, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Board of Directors have appointed Mr. M.B. Suneel, Practising Company Secretary, to act as Scrutinizer to conduct and scrutinize the electronic voting process in connection with the ensuing Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.
- (iii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- (iv) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (v) Click on “Shareholders” module.
- (vi) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (vii) Next enter the Image Verification as displayed and Click on Login.
- (viii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (ix) If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

<b>PAN</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA.</li> </ul>
<b>Dividend Bank Details or Date of Birth(DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (vi).</li> </ul>

- (x) After entering these details appropriately, click on “SUBMIT” tab.
- (xi) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



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- (xii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - (xiii) Click on the EVSN for the relevant Company, i.e., CCL Products (India) Limited on which you choose to vote.
  - (xiv) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - (xv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire resolution details.
  - (xvi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - (xvii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
  - (xviii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
  - (xix) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - (xx) Shareholders can also cast their vote using CDSL’s mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING ON THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) by email to the Company Secretary at investors@continental.coffee.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) to the Company Secretary at investors@continental.coffee.
3. The Company Secretary shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM:**

1. Shareholder will be provided facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are advised to join the Meeting through Laptops / IPads for better experience.
3. Further, shareholders will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.

4. Please note that participants connecting from mobile devices or Tablets or through Laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance, i.e., from July 15, 2020 (9.00 a.m. IST) to July 20, 2020 (5.00 p.m. IST), mentioning their name, demat account number/folio number, email id, mobile number at investors@continental.coffee. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance, i.e., from July 15, 2020 (9.00 a.m. IST) to July 20, 2020 (5.00 p.m. IST), mentioning their name, demat account number/folio number, email id, mobile number at investors@continental.coffee. These queries will be replied suitably by the Company vide email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time during the AGM.

#### **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
3. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

#### **(xx) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, non individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [investors@continental.coffee](mailto:investors@continental.coffee), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

**C. General Instructions:**

- i. The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on July, 17, 2020.
- ii. The Scrutinizer, after scrutinising the votes cast at the meeting through remote e-voting and during AGM will, not later than 48 hours from the conclusion of the Meeting, make a consolidated scrutinizer’s report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer’s report shall be placed on the website of the Company [www.cclproducts.com](http://www.cclproducts.com) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchanges.
- iii. The voting result will be announced by the Chairman or any other person authorized by him within two days of the AGM.

**EXPLANATORY STATEMENT  
(PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)**

**Item No. 5**

As the members are aware, Mr. Venkata Krishna Rau Gogineni was appointed as an Independent Director of the Company by the members in their Annual General Meeting held on 20<sup>th</sup> July, 2015 for a period of 5 consecutive years, i.e., from the 54<sup>th</sup> Annual General Meeting till the conclusion of 59<sup>th</sup> Annual General Meeting of the Company. Pursuant to the provisions of Section 149 read with Schedule IV to the Companies Act, 2013, an Independent Director may be reappointed for another term of 5 years, if approved by members by way of Special Resolution. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed that Mr. Venkata Krishna Rau Gogineni be reappointed as an Independent Director of the Company for another term of 5 years. Hence, the appointment of Mr. Venkata Krishna Rau Gogineni shall be effective upon the approval of members in the Meeting.

The Company has received notice in writing under the provisions of Section 160(1) of the Act, from a member of the Company proposing his candidature to the office of Independent Director of the Company. Mr. Venkata Krishna Rau Gogineni is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Venkata Krishna Rau Gogineni that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. In the opinion of the Board, Mr. Venkata Krishna Rau Gogineni fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Venkata Krishna Rau Gogineni is independent of the management and possesses appropriate skills, experience and knowledge.

**Brief profile of Mr. Venkata Krishna Rau Gogineni**

Mr. Venkata Krishna Rau Gogineni did his Masters in Geology from Osmania University, Hyderabad and worked in Geological Survey of India for 4 years from 1978 and joined the Karnataka cadre of I.A.S. In 1982. Being the member of Indian Administrative Services, he served at the Top Management levels of the Organizations and held various responsible positions in the Government of Karnataka and several Public Sector Undertakings, including:

- Deputy Commissioner of Dharwad District
- Chief Secretary of Bellary Zilla Panchayat
- Director Social Welfare
- Commissioner Food and Civil Supplies
- Commissioner Health and Family Welfare
- Executive Director JSYS
- CMD Mysore Paper Mills
- Principal Secretary to Governor of Karnataka
- Principal Secretary Cooperation Department
- Additional Chief Secretary and Development Commissioner cum Agriculture Production Commissioner in Karnataka
- Land and Development Officer under the Ministry of Urban Development, Government of India, New Delhi
- Chairman Coffee Board, Bangalore under the Ministry of Industries and Commerce, Government of India

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Venkata Krishna Rau Gogineni be appointed to the office of Independent Director of the Company.

In the opinion of the Board, Mr. Venkata Krishna Rau Gogineni possesses the integrity, expertise, and proficiency to be appointed to the office of Independent Director of the Company.

Mr. Venkata Krishna Rau Gogineni is the Chairman of Nomination and Remuneration Committee, member of the Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Board of Directors of the Company. He doesn't hold any shares of the Company as on 31<sup>st</sup> March, 2020.

Details of directorships and other details of Mr. Venkata Krishna Rau Gogineni required as per Regulation 36 of the Listing Regulations and Secretarial Standards of Institute of Company Secretaries of India are furnished as annexure to this Notice.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Venkata Krishna Rau Gogineni as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Venkata Krishna Rau Gogineni as an Independent Director, for the approval by the shareholders of the Company.

Hence the special resolution is recommended for your consideration and approval.

Copy of the draft letter for appointment of Mr. Venkata Krishna Rau Gogineni as an Independent Director setting out the terms and conditions would be available for inspection in electronic mode to the Members by writing an e-mail to the Company Secretary at [companysecretary@continental.coffee](mailto:companysecretary@continental.coffee).

Except Mr. Venkata Krishna Rau Gogineni, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

#### **Item No. 6**

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, in their Meeting held on 27<sup>th</sup> January, 2020 reappointed Mr. Challa Rajendra Prasad as the Executive Chairman of the Company to hold the office as such till 31<sup>st</sup> March, 2022. Pursuant to the provisions of Section 196, 197 read with Schedule V of the Companies Act, 2013 any such reappointment shall be subject to the approval of members in their General Meeting.



Hence the resolution is recommended for your consideration and approval.

Except Mr. Challa Srishant, Managing Director and Mr. B. Mohan Krishna, Executive Director and Ms. Challa Shantha Prasad, Director of the Company and Mr. Challa Rajendra Prasad, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Brief profile of Mr. Challa Rajendra Prasad**

Mr. Challa Rajendra Prasad is an Engineer-Technocrat-Entrepreneur having nearly 4 decades of industrial experience and more than 30 years of experience in International Soluble Coffee Industry. CCL Products (formerly known as M/s. Continental Coffee Ltd.) was promoted by Mr. Prasad in 1995.

Mr. Prasad is reckoned as a Pioneer and First Entrepreneur in India to have placed Indian Soluble Coffee in the hard currency world markets.

Mr. Prasad was the Promoter Managing Director of Asian Coffee Ltd., set up in 1989, which was the first Indian non-multinational owned company engaged in the business of producing instant coffee. He was instrumental in Asian Coffee Ltd. achieving the distinction of being the first recipient of assistance in India from the Commonwealth Development Corporation, United Kingdom.

Mr. Prasad has been, in the past, closely associated with two other coffee projects also, one in Singapore and the other in Dunstable, UK.

He has been associated with the Coffee Board of India as a Member and Expert Member for more than 15 years and is also a Member of APSFC.

He is Promoter of the Company and holds 1,32,37,481 shares of the Company as on 31<sup>st</sup> March, 2020.

Details of directorships and other details of Mr. Challa Rajendra Prasad required as per Regulation 36 of the Listing Regulations and Secretarial Standards issued by the Institute of Company Secretaries of India are furnished as annexure to this Notice.

Employment Agreement containing the terms and conditions of the appointment of Mr. Challa Rajendra Prasad would be available for inspection in electronic mode to the Members by writing an e-mail to the Company Secretary at [companysecretary@continental.coffee](mailto:companysecretary@continental.coffee).

#### **Item No. 7**

Pursuant to the recommendation of the Audit Committee, the Board of Directors had at its meeting held on 15<sup>th</sup> June, 2020, approved the reappointment of the Cost Auditors, M/s. Kapardi & Associates, Cost Accountants (Registration No.100231) and remuneration payable to them, as set out in the Resolution under this Item of the Notice.

In accordance with Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors requires ratification by the Shareholders.

Hence the resolution is recommended for your consideration and approval.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

**Item No. 8**

Considering the overwhelming interest of NRIs in the recent past, it is anticipated that the NRIs may further buy the shares of the Company, which in turn may result in breaching the prescribed limit of 10% as per the FDI Policy. NRIs play a crucial role in unlocking Company's value and escalating it to next level by attracting new investments into the Company. In view of the said, and considering various other collateral benefits in the long run, it is proposed to increase the aggregate limit for holding shares by the NRIs on repatriation basis to 24% from the existing 10%.

As per Schedule III of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, the Company shall obtain the approval of its shareholders by way of special resolution to increase the said limits with a prior intimation to Reserve Bank India.

The members are, therefore, requested to consider and accord their approval, for the purpose of increasing the aggregate limits as set out in the resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8.

By order of the Board of Directors  
**For CCL Products (India) Limited**

Sd/-

**Sridevi Dasari**

Company Secretary & Compliance Officer  
M. No. A29897

Place: Hyderabad  
Date : 15<sup>th</sup> June, 2020

**Annexure**
**Details of Directors seeking appointment / re-appointment at the Annual General Meeting (Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards on General Meetings)**

Name of the Director	Dr. Lanka Krishnanand
Date of Appointment including terms and conditions of appointment	He was appointed as a Non-Executive Director in the Annual General Meeting of the Company held on 26.09.2016. Hence no specific terms and conditions.
Date of first appointment on the Board	29.07.2016
Date of Birth	06.03.1962 (AGE: 58)
Expertise in Specific Functional areas and Experience	<p>Dr. Lanka Krishnanand is a Professor in Mechanical Engineering Department, National Institute of Technology (NIT), Warangal.</p> <p>He has written several articles which were published in International Journal of Supply Chain Inventory Management, Procedia Engineering, Journal of Manufacturing Processes, Journal of The Institution of Engineers (India). He has attended several national and international conferences.</p> <p>He has undertaken several projects and few of them are Development of Feature based CAD/CAM with reference of Machining Processes &amp; Evaluation of Sculptured Surfaces, Development of Networked Digital Library as an online learning resource etc.</p>
Educational Qualification	<p>B Tech in Mechanical engineering from VRSEC, Nagarjuna University</p> <p>M. Tech in Industrial engineering from NIT, Calicut, Calicut University</p> <p>Ph. D in Automatic Feature Recognition from NIT, Warangal, Kakatiya University.</p>
Directorships in other Companies	Nil
Membership / Chairmanships of committees of Other Boards (other than the Company)	Nil
Details of Remuneration sought to be paid and the remuneration last drawn by such person	<p>Being a Non-Executive Director, he is entitled to sitting fee for each Meeting of Board / Committee attended by him. Further, he is also entitled to profit based commission, as decided by the Board from time to time. For last drawn remuneration, please refer remuneration details provided in the Report on Corporate Governance.</p> <p>Currently, proposed for reappointment by virtue of retirement by rotation.</p>
Shareholding in the Company as on 31.03.2020	Nil
Relationship between Directors inter-se/ Manager and KMPs	Nil
Number of Meetings of the Board attended during the year	4 of 6

**Details of Directors seeking appointment / re-appointment at the Annual General Meeting (Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards on General Meetings)**

Name of the Director	Mr. B. Mohan Krishna
Date of Appointment including terms and conditions of appointment	He served as Executive Director of the Company for a term of 2 years till 14 <sup>th</sup> February, 2019 and was re-appointed to the office of Executive Director for another term of 5 years w.e.f 14.02.2019 at a monthly remuneration of ₹ 25,00,000 and commission not exceeding 3% of the net profits of the Company computed in terms of Section 197 & 198 of Companies Act, 2013
Date of first appointment on the Board	03.07.2013
Date of Birth	21.01.1981 (AGE: 39)
Expertise in Specific Functional areas and Experience	<p>He has more than 15 years of varied experience in the field of implementation of Civil, Mechanical and Electrical Projects.</p> <p>He is acquainted with the latest technological innovations in the field of Civil Engineering and implementation of Plants.</p> <p>He has hands on experience dealing with various issues involved in obtaining of approvals from various Government Departments and overseeing implementation of the projects on turnkey basis.</p>
Educational Qualification	Civil Engineering from JNTU, Hyderabad
Directorships in other Companies	1) Continental Coffee Private Limited 2) Helical Tubes and Ducts Private Limited 3) CCL Beverages Private Limited
Membership / Chairmanships of committees of Other Boards (other than the Company)	Nil
Details of Remuneration sought to be paid last drawn by such person	N.A. (appointed to the current office of Executive Director, held by him, for a term of 5 years w.e.f 14.02.2019. Currently, proposed for reappointment by virtue of retirement by rotation.
Shareholding in the Company as on 31.03.2020	10,00,000 Shares
Relationship between Directors inter-se/ Manager and KMPs	Mr. B. Mohan Krishna - son-in-law of Mr. Challa Rajendra Prasad, Executive Chairman and Ms. Challa Shantha Prasad, Director and brother-in-law of Mr. Challa Srishant, Managing Director of the Company.
Number of Meetings of the Board attended during the year	6 of 6



**Details of Directors seeking appointment / re-appointment at the Annual General Meeting (Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards on General Meetings)**

Name of the Director	Mr. Venkata Krishna Rau Gogineni
Date of Appointment including terms and conditions of appointment	He was appointed as Independent Director of the Company by members in their meeting held on 20.07.2015 for a term of 5 years and is re-appointed for another term of 5 years subject to approval of members by passing a special resolution. No other specific terms and conditions.
Date of first appointment on the Board	28.10.2014
Date of Birth	30.07.1954 (AGE: 65)
Expertise in Specific Functional areas and Experience	<p>Mr. G.V. Krishna Rau worked in Geological Survey of India for 4 years from 1978 and joined the Karnataka cadre of I.A.S. In 1982. Being the member of Indian Administrative Services served at the Top Management levels of the Organizations and held various responsible positions in the Government of Karnataka and several Public Sector Undertakings, including:</p> <ul style="list-style-type: none"> <li>• Deputy Commissioner of Dharwad District</li> <li>• Chief Secretary of Bellary Zilla Panchayat</li> <li>• Director Social Welfare</li> <li>• Commissioner Food and Civil Supplies</li> <li>• Commissioner Health and Family Welfare</li> <li>• Executive Director JSYS</li> <li>• CMD Mysore Paper Mills</li> <li>• Principal Secretary to Governor of Karnataka</li> <li>• Principal Secretary Cooperation Department</li> <li>• Additional Chief Secretary and Development Commissioner cum Agriculture Production Commissioner in Karnataka</li> <li>• Land and Development Officer under the Ministry of Urban Development, Government of India, New Delhi</li> <li>• Chairman Coffee Board, Bangalore under the Ministry of Industries and Commerce, Government of India.</li> </ul>
Educational Qualification	Masters in Geology from Osmania University, Hyderabad
Directorships in other Companies	Nil
Membership / Chairmanships of committees of Other Boards (other than the Company)	Nil
Details of Remuneration sought to be paid and the remuneration last drawn by such person	<p>Being a Non-Executive Independent Director, he is entitled to sitting fee for each Meeting of Board / Committee attended by him. Further, he is also entitled to profit based commission, as decided by the Board from time to time. For last drawn remuneration, please refer remuneration details provided in the Report on Corporate Governance.</p> <p>Currently, proposed for appointment for a 2<sup>nd</sup> term of 5 years.</p>
Shareholding in the Company as on 31.03.2020	Nil
Relationship between Directors inter-se/ Manager and KMPs	Nil
Number of Meetings of the Board attended during the year	5 of 6

**Details of Directors seeking appointment / re-appointment at the Annual General Meeting (Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards on General Meetings)**

Name of the Director	Mr. Challa Rajendra Prasad
Date of Appointment including terms and conditions of appointment	Having completed the term as Executive Chairman of the Company on 31 <sup>st</sup> March, 2020, he was re-appointed to the office of Executive Chairman for another period of 2 years, i.e., till 31.03.2022 at a monthly remuneration of ₹ 35,00,000.
Date of first appointment on the Board	24.11.1982
Date of Birth	11.06.1952 (AGE: 68)
Expertise in Specific Functional areas and Experience	Mr. Challa Rajendra Prasad is an Engineer-Technocrat-Entrepreneur having nearly 4 decades of industrial experience and more than 30 years of experience in International Soluble Coffee Industry.  Mr. Prasad has been, in the past, also closely associated with two other coffee projects, one in Singapore and the other in Dunstable, UK.
Educational Qualification	Mechanical Engineer
Directorships in other Companies	1) Continental Coffee Private Limited 2) Aries Habitat Private Limited 3) Karafa Private Limited 4) Sri Lakshmipathi Drones Private Limited
Membership / Chairmanships of committees of Other Boards (other than the Company)	Nil
Details of Remuneration sought to be paid last drawn by such person	Proposed remuneration: as mentioned in the Resolution forming part of Notice Last drawn remuneration: refer Report on Corporate Governance.
Shareholding in the Company as on 31.03.2020	1,32,37,481 Shares
Relationship between Directors inter-se/ Manager and KMPs	Mr. Challa Rajendra Prasad – spouse of Ms. Challa Shantha Prasad, Director; father of Mr. Challa Srishant, Managing Director and father -in- law of Mr. B. Mohan Krishna, Executive Director of the Company.
Number of Meetings of the Board attended during the year	6 of 6

**Company Performance**
**Directors' Report**

Your Directors feel delighted to inform that during the year, the SEZ unit of the Company situated at Kuvvakolli Village, Chittoor District in Andhra Pradesh has commenced its commercial operations.

Standalone basis
**Financial Results and Performance of your Company for the year ended 31<sup>st</sup> March, 2020**

(₹ in Lakhs)

Particulars	2020	2019
Revenue from operations	82,265	80,913
Profit for the year after meeting all expenses (before Interest, Depreciation & Tax)	34,067	19,891
Less:		
Interest	1,691	812
Depreciation and other write offs	2,543	1,221
Provision for Taxation	5,940	5,315
Net Profit	23,893	12,543

Turnover of the Company is ₹ 82,265 Lakhs and the net profit of the Company is ₹ 23,893 Lakhs. Profit includes dividend received (₹ 13,111.84 Lakhs for FY 2019-20 and ₹ 2,930.43 Lakhs for FY 2018-19) from Ngon Coffee Company Limited, wholly owned subsidiary of the Company.

Consolidated basis
**Financial Results and Performance of CCL Group for the year ended 31<sup>st</sup> March, 2020**

(₹ in Lakhs)

Particulars	2020	2019
Revenue from operations	113,915	108,142
Profit for the year after meeting all expenses (before Interest, Depreciation & Tax)	29,039	24,882
Less:		
Interest	1,796	846
Depreciation and other write offs	4,712	3,172
Provision for Taxation	5,937	5,375
Net Profit	16,594	15,489

Turnover of the Group is ₹ 1,13,915 Lakhs and the net profit is ₹ 16,594 Lakhs.

**Transfer of amount to General Reserve**

No amount has been transferred to reserves during the year.

**Dividend**

Your Board of Directors have declared first interim dividend @ ₹ 2.00/- per equity share of ₹ 2/- each and second and special interim dividend @ ₹ 3.00/- per equity share of ₹ 2/- each for the year 2019-20. The aggregate of both the interim dividends, i.e., ₹ 5.00/- per equity share be considered as the dividend for the financial year 2019-20. As per 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has framed a Dividend Distribution Policy and the same is herewith annexed as 'Annexure I' to this report. The Dividend Distribution Policy is posted on the website of the Company and the web link is <https://www.cclproducts.com/wp-content/uploads/2019/04/Dividend-Distribution-Policy.pdf>

**Share Capital**

The paid-up Equity Share Capital of the Company as on 31<sup>st</sup> March, 2020 stands at ₹ 2660.56 Lakhs, comprising of 13,30,27,920 equity shares of ₹ 2 each. During the year under review, your Company has neither issued any shares with differential voting rights nor has granted any stock options or sweat equity. The Company has paid listing fee for the financial year 2020-21, to both the stock exchanges, where its shares are listed.

**Subsidiaries**
**Jayanti Pte Limited (Singapore)**

Jayanti Pte Limited is a wholly owned subsidiary of the Company incorporated in Singapore for the purpose of promoting instant coffee projects in various countries. This is only an investment Company, hence no operational performance is reported.

**Continental Coffee SA (formerly Grandsaugreen SA) (Switzerland)**

Continental Coffee SA is a wholly owned subsidiary of the Company incorporated in Switzerland. This is an agglomeration and packing unit. Operational performance of the Company, in brief, is hereunder:

(₹ in Lakhs)

Particulars	2020	2019
Revenue from operations	13,445	3,804
Profit for the year after meeting all expenses (before Interest, Depreciation & Tax)	504	170
Less:		
Interest	3	1
Depreciation and other write offs	100	93
Provision for Taxation	28	30
Net Profit/Loss	373	46

**Ngon Coffee Company Limited (Vietnam)**

Ngon Coffee Company Limited is a wholly owned subsidiary of the Company incorporated in Vietnam. This is an instant coffee manufacturing unit. Operational performance of the Company, in brief, is hereunder:

(₹ in Lakhs)

Particulars	2020	2019
Revenue from operations	26,719	26,146
Profit for the year after meeting all expenses (before Interest, Depreciation & Tax)	7,822	8,524
Less:		
Interest	17	30
Depreciation and other write offs	2,001	1,824
Provision for Taxation	25	50
Net Profit/Loss	5,779	6,620

**Continental Coffee Private Limited**

Continental Coffee Private Limited is a wholly owned subsidiary of the Company, which has been established with an objective of promoting instant coffee brands of the Company in the domestic market. Operational performance of the Company, in brief, is hereunder:

(₹ in Lakhs)		
Particulars	2020	2019
Revenue from operations	7,717	4,921
Profit for the year after meeting all expenses (before Interest, Depreciation & Tax)	(190)	(572)
Less:		
Interest	92	4
Depreciation and other write offs	68	33
Provision for Taxation	(1)	1
Net Profit/Loss	(349)	(610)

### **CCL Beverages Private Limited**

During the year, CCL Beverages Private Limited was incorporated and made wholly owned subsidiary of your Company to implement agglomeration and packing project at Kuvvakolli Village. However, Board of Directors of your Company decided to implement the proposed project under CCL itself.

The statement containing the salient features of the financial statement of subsidiaries as per sub-section (3) of Section 129 of the Companies Act, 2013 in Form AOC-1 is herewith annexed as 'Annexure II' to this report.

### **COVID-19 and its impact**

The impact of COVID-19 on the Company is being closely reviewed with the Management by the Directors from time to time. Your Company had temporarily suspended operations at its Plants and locations as per the directives given by the Central and State Government and keeping in view the safety of work force. After seeking necessary approvals from the Government authorities, and maintaining social distancing norms and utmost safety of employees, operations were commenced at the Plants and other locations. However, dispatches were affected due to restriction on movement of finished product to the ports for exports towards the end of the financial year.

### **Corporate Social Responsibility**

The Company as part of its Corporate Social Responsibility (CSR) initiative, undertook many projects like promotion of education in rural areas, infrastructure and sanitation development, welfare of girl child, facilitating pure drinking water to the identified rural areas in and around the factories situated at Guntur District and Chittoor District of Andhra Pradesh and also women empowerment and youth skill development programmes in rural areas around Hyderabad.

The Company has a Policy on Corporate Social Responsibility (CSR). The Annual Report on CSR activities as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as 'Annexure III' to this report. The CSR Policy is posted on the website of the Company and the web link is <https://www.cclproducts.com/wp-content/uploads/2019/04/csr-policy.pdf>

Further, pursuant to the provisions of Section 135 of the Companies Act, 2013 your Company was required to spend an amount of ₹ 319.41 Lakhs towards CSR Activities.

Your management feels proud to mention that for the financial year ended 31<sup>st</sup> March, 2020, your Company has spent a total amount of ₹ 328.22 Lakhs towards various CSR activities which was in excess of the mandatorily prescribed limit.

### **Internal Control Systems & their adequacy**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business,



including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

### **Statutory Auditors**

The Shareholders in their meeting held on 11<sup>th</sup> July, 2017 (56<sup>th</sup> AGM) appointed M/s. Ramanatham & Rao, Chartered Accountants, Hyderabad, as the Statutory Auditors of the Company, to hold office as such till the conclusion of 61<sup>st</sup> Annual General Meeting.

The Statutory Auditors shall continue to hold the office as such for the ensuing FY.

### **Internal Auditors**

The Board of Directors based on the recommendation of the Audit Committee have re-appointed M/s. Ramesh & Co., Chartered Accountants, Hyderabad, as the Internal Auditors of your Company. The Internal Auditors are submitting their reports on quarterly basis.

### **Cost Auditors**

In accordance with Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014 the Audit Committee has recommended and the Board of Directors had appointed M/s. Kapardi & Associates, Cost Accountants, Hyderabad, being eligible and having sought re-appointment, as Cost Auditors of the Company, to carry out the audit of the cost records of the products manufactured by the Company during the financial year 2020-21 on a remuneration of ₹ 1,75,000/-. The remuneration payable to the cost auditor is required to be placed before the Members in the general meeting for their ratification. Accordingly, a Resolution seeking Members ratification for the remuneration payable to M/s. Kapardi & Associates, Cost Accountants, is included in the Notice convening the Annual General Meeting. The Company is maintaining cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

A Certificate from M/s. Kapardi & Associates, Cost Accountants, has been received to the effect that their appointment as Cost Auditor of the Company, if made, would be in accordance with the limits specified under Section 141 of the Companies Act, 2013 and the Rules framed thereunder.

### **Reporting of Frauds**

During the year under review, there was no instance of fraud, which required the Statutory Auditors to report to the Audit Committee and /or Board under Section 143(12) of the Companies Act, 2013 and the rules made thereunder.

### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. P.S. Rao & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for the FY 2019-20. The Secretarial Audit Report is annexed herewith as 'Annexure IV' to this report.

Further, your Board of Directors would like to inform that the Secretarial Audit Report does not contain any observation or qualification or adverse remark.

### **Compliance with Secretarial Standards on Board and Annual General Meetings**

During the year under review, the Company has complied with secretarial standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

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**Directors & Key Managerial Personnel**

The Board of directors of the Company has an optimum combination of Executive, Non-Executive and Independent Directors with one woman Independent Director.

**Independent and Non-Executive Directors**

During the year, Shareholders approved the appointment of Mr. Kosaraju Veerayya Chowdary, IRS (Retd.) as an Independent Director of the Company for a period of five years commencing on 25<sup>th</sup> June, 2019.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Dr. Lanka Krishnanand, Non-Executive Director of the Company retire by rotation and being eligible, has offered himself for re-appointment.

Mr. Venkata Krishna Rau Gogineni was appointed to the office of Independent Director for a term of 5 years in the 54<sup>th</sup> Annual General Meeting of the Company till the conclusion of 59<sup>th</sup> Annual General Meeting. Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors considered his appointment as Independent Director of the Company for another term of five consecutive years commencing on 22<sup>nd</sup> October, 2019, subject to approval of shareholders. Accordingly, resolution seeking approval of Shareholders for his appointment to the office of Independent Director, forms part of the Notice convening the AGM.

In the opinion of the Board, all the Independent Directors of the Company possess integrity, expertise, and the proficiency justifying their office.

All the Independent Directors have given declarations stating that they meet the criteria of independence as per the provisions of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Whole Time Directors**

Based on the recommendation of Nomination and Remuneration Committee, Mr. Challa Rajendra Prasad was re-appointed as Executive Chairman of the Company upto 31<sup>st</sup> March, 2022 by the Board of Directors of the Company in their meeting held on 27<sup>th</sup> January, 2020 with immediate effect, subject to approval of shareholders in the Annual General Meeting. Accordingly, resolution seeking approval of Shareholders for his appointment forms part of the Notice convening the AGM.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. B. Mohan Krishna, Executive Director of the Company retire by rotation and being eligible, has offered himself for re-appointment.

**Other Key Managerial Personnel**

There are no changes in any other office of Key Managerial Personnel during the year.

**Meetings of the Board**

Six meetings of the Board of Directors were held during the year. The details of the Board and Committee meetings and Independent Directors' meeting are given in the Corporate Governance Report which form part of this Annual Report.

The Company also adopted Governance Guidelines on Board Effectiveness which comprises the aspects relating to Composition of Board and Committees, Terms of Directors, Nomination, Appointment, Development of Directors, Code of Conduct, Effectiveness of Board and Committees, review and their mandates.

**Audit Committee**

The Board has constituted Audit Committee as per the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition, attendance, powers and role of the Audit Committee are included in Corporate Governance Report. All the recommendation made by the Audit Committee were accepted by the Board of Directors.

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**Policy on Director's Appointment and Remuneration and other matters****(a) Procedure for Nomination and Appointment of Directors:**

The Nomination and Remuneration Committee has been formed in compliance with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013. The main object of this Committee is to identify persons who are qualified to become directors and who may be appointed in senior management of the Company, recommend to the Board their appointment/removal and shall carry out evaluation of every Director's performance, recommend the remuneration package of both the Executive and the Non-Executive Directors on the Board and also the remuneration of Senior Management, one level below the Board. The Committee reviews the remuneration package payable to Executive Director(s) and recommends to the Board the same and acts in terms of reference of the Board from time to time.

On the recommendation of the Nomination and Remuneration Committee, the Board has adopted and framed a Remuneration Policy for the Directors, Key Managerial Personnel and other Employees pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

The remuneration determined for Executive/Non-Executive Directors is subject to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors. The Non-Executive Directors are compensated by way of profit sharing Commission and the Non-Executive Directors are entitled to sitting fees for the Board/Committee Meetings. The remuneration paid to Directors, Key Managerial Personnel and all other employees is in accordance with the Remuneration Policy of the Company.

Neither the Managing Director nor any Whole Time Director of the Company received any remuneration or commission from any of its Subsidiaries.

Brief terms of Nomination and Remuneration Policy and other matters provided in Section 178(3) of the Act and Regulation 19 of SEBI Listing Regulations have been disclosed in the Corporate Governance Report, which forms part of this Report.

**(b) Familiarisation/Orientation program for Independent Directors:** A formal familiarization programme was conducted about the amendments in the Companies Act, Rules prescribed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other applicable laws to the Company.

It is the general practice of the Company to notify the changes in all the applicable laws from time to time in Board Meetings conducted.

The details of such familiarization programmes for Independent Directors are posted on the website of the Company and web link is <https://www.cclproducts.com/wp-content/uploads/2019/04/familiarization-programme-for-independentdirectors.pdf>

**Annual Evaluation of Board Performance and Performance of its Committees and of Directors**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and all other Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance

evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

### **Particulars of Loans, Guarantees and Investments**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### **Fixed Deposits**

Your Company has neither accepted nor renewed any fixed deposits from the public within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 and as such no principal or interest was outstanding as on the date of the Balance sheet.

### **Capex**

Your Company has spent the following amounts towards capex during this financial year:

1. At Duggirala plant - for civil works and line balancing of Plant & Machinery ₹ 21.98 crores
2. At SEZ in Kuvvakolli, Chittoor District for establishment of Freeze dried coffee plant ₹ 23.03 crores

### **Directors' Responsibility Statement**

Pursuant to Section 134 (5) of the Companies Act, 2013, your Directors confirm that to the best of their knowledge and belief and according to the information and explanation obtained by them,

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) Such accounting policies as mentioned in the notes to the financial statements have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2019-20 and of the profit or loss of the Company for that period;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts for the year 2019-20 have been prepared on a going concern basis.
- v) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi) That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### **Vigil Mechanism / Whistle Blower Policy**

The Company has a Whistle Blower Policy framed to deal with instance of fraud and mismanagement, if any in the Group. The Policy provides for adequate safeguards against victimization of employees who avail the mechanism and also provides for direct access to the Chairman of the Audit Committee. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company and the web link is <https://www.cclproducts.com/wp-content/uploads/2019/04/whistle-blower-policy.pdf>

**Risk Management**

The Company has constituted a Risk Management Committee and formulated a policy on the Risk Management in accordance with the Companies Act, 2013 and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Risk Management Policy of the Company is posted on the website of the Company and the web link is <https://www.cclproducts.com/wp-content/uploads/2019/04/risk-management-policy.pdf>

**Related Party Transactions and particulars of contracts or arrangements with related parties**

All the related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All the related party transactions are placed before the Audit Committee also and before the Board for approval. Prior omnibus approval of the Audit Committee is obtained as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the transactions which are of foreseen and repetitive nature. The Company has developed a Policy on Related Party Transactions for the purpose of identification and monitoring of such transactions.

None of the transactions with related parties falls under the scope of section 188(1) of the Companies Act, 2013. Particulars of contracts or arrangements with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are provided in 'Annexure V' in Form AOC-2 and forms part of this report.

The policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company and the web link is <https://www.cclproducts.com/wp-content/uploads/2019/04/policy-on-related-party-transactions.pdf>



**Disclosure under Regulation 34(3) read with Schedule V of the Listing Regulations**
**Related Party disclosure as per Schedule V of the Listing Regulations**

S.No	In the accounts of	Particulars	Amount at the year ended 2019-20	Maximum amount outstanding during the year 2019-20
1	CCL Products (India) Limited (Holding Company)	(i) <u>Loans/advances to subsidiaries</u> Continental Coffee Private Limited (Wholly owned subsidiary)	₹ 22.08 Crores (including interest)	₹ 22.08 Crores (including interest)
		(ii) Loans/advances to associates	NA	NA
		(iii) Loans/advances to firms/companies in which Directors are interested	Nil	Nil
2	CCL Products (India) Limited (Holding Company)	Investment by the Loanee in the shares of parent company/ subsidiary company when the company has made a loan or advance	NA	NA

**Policy on Material Subsidiaries**

The Policy on Material Subsidiaries as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as approved by the Board is uploaded on the website of the Company and the web link is <https://www.cclproducts.com/wp-content/uploads/2019/04/policy-on-material-subsiidiary.pdf>

**Extract of Annual Return**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in form MGT 9 is annexed herewith as 'Annexure VI' to this report and the same is uploaded on the website of the Company and the weblink is [www.cclproducts.com](http://www.cclproducts.com).

**Management Discussion & Analysis**

Pursuant to the provisions of Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a report on Management Discussion & Analysis is herewith annexed as "Annexure VII" to this report.

**Change in the nature of business**

There has been no change in the nature of business of the Company during the year under review.

**Transfer of amounts to Investor Education and Protection Fund**

Pursuant to the provisions of Section 124 (5) of the Companies Act, 2013, an amount of ₹ 3,38,825/- pertaining to financial year 2011-12, which remained unclaimed for a period of seven years has been transferred by the Company to the Investor Education and Protection Fund established by the Central Government during the financial year 2019-20.

**Transfer of unclaimed shares to Investor Education and Protection Fund**

Pursuant to the provisions of Section 124 of the Companies Act, 2013, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more upto and including the financial year 2011-12 were transferred by the Company in the name of Investor Education and Protection Fund during the financial year 2019-20 and the statement containing such details as may be prescribed is placed on the website of the Company.

**Particulars of Employees**

The information required pursuant to Section 197 of the Companies Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed herewith as "Annexure VIII" to this report.

**Business Responsibility Report**

A Business Responsibility Report as per Regulation 34 of the Listing Regulations, detailing various initiatives taken by the Company on the environmental, social and governance front forms an integral part of this Annual Report.

**Corporate Governance**

The Company has been making every endeavor to bring more transparency in the conduct of its business. As per the requirements of Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Corporate Governance for the year 2019-20 along with Certificate from P.S. Rao & Associates, Company Secretaries, are annexed herewith, forming part of this Annual Report.

**Human Resources**

Your Company considers its Human Resources as the key to achieve its objectives. Keeping this in view, your Company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and conducive work environment propels them to achieve higher levels of performance. The unflinching commitment of the employees is the driving force behind the Company's vision. Your Company appreciates the spirit of its dedicated employees.

**Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Work place:**

Your Company strongly supports the rights of all its employees to work in an environment, free from all forms of harassment. The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The policy aims to provide protection to Employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where Employees feel secure. The Company has also constituted an Internal Committee, known as Anti Sexual Harassment Committee to address the concerns and complaints of sexual harassment and to recommend appropriate action.

The Company has not received any complaint on sexual harassment during the year.

**Energy conservation, technology absorption and foreign exchange earnings and outgo**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as 'Annexure IX' to this report.

**Significant and material orders passed by the regulators or courts**

There are no significant or material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**Material Changes and Commitments**

There were no material changes and commitments affecting the financial position of the Company that have occurred between the end of the Financial Year 2019-20 and the date of the report.

**Green initiative in Corporate Governance**

The Ministry of Corporate Affairs (MCA) has undertaken green initiative in Corporate Governance by allowing paperless compliances by the Companies and permitted the service of Annual Reports and documents to the shareholders through electronic mode subject to certain conditions and the Company continues to send Annual Reports and other communications in electronic mode to the members who have registered their email addresses with the Company/RTA.

**Acknowledgments**

Your Directors take this opportunity to express their sincere appreciation to the shareholders, customers, bankers, suppliers and other business associates for the excellent support and cooperation extended by them.

Your Directors gratefully acknowledge the ongoing co-operation and support provided by the Central and State Governments, Stock Exchanges, SEBI, RBI and other Regulatory Bodies.

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

**For and on behalf of the Board  
CCL Products (India) Limited**

Sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292

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**Annexure I****DIVIDEND DISTRIBUTION POLICY****In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015****INTRODUCTION**

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

CCL Products (India) Limited (the "Company") being one of the top five hundred listed companies as per the criteria mentioned above, the Company has approved and adopted this Dividend Distribution Policy (the "Policy") at its meeting held on 01<sup>st</sup> February, 2017, being the effective date of the Policy.

**OBJECTIVE**

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion, modernisation or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs.

The objective of this policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes.

The Board of Directors will refer to the policy while declaring/recommending dividends on behalf of the Company. Through this policy, the Company would endeavour to maintain a consistent approach to dividend pay-out plans.

**DEFINITIONS**

The terms referred to in the policy will have the same meaning as defined under the Act and the Rules made thereunder, and the SEBI Regulations.

**PARAMETERS / FACTORS TO BE CONSIDERED BEFORE DECLARING DIVIDEND**

The dividend pay-out decision of the Board depends upon the following financial parameters and internal and external factors:

**1. FINANCIAL PARAMETERS AND INTERNAL FACTORS:**

The financial parameters and internal factors which would be considered while declaration / recommendation of dividend by the Board are as follows:

- i) Operating cash flow of the Company
- ii) Profit earned during the year
- iii) Profit available for distribution
- iv) Earnings Per Share (EPS)
- v) Working capital requirements
- vi) Capital expenditure requirement

- vii) Business expansion and growth
- viii) Likelihood of crystalization of contingent liabilities, if any
- ix) Additional investment in subsidiaries and associates of the Company
- x) Upgradation of technology and physical infrastructure
- xi) Creation of contingency fund
- xii) Acquisition of brands and business
- xiii) Cost of Borrowing
- xiv) Past dividend payout ratio / trends

## **2. EXTERNAL FACTORS**

Certain external factors could compel the Board of the Company to reflect on the dividend payout for any financial year of the Company. Some of the external factors affecting the Company's dividend payment are:

- i) Economic Environment
- ii) Dividend payout ratios across Industries.
- iii) Statutory provisions and guidelines
- iv) Capital Markets
- v) Inflation rate
- vi) Industry outlook for future years
- vii) Taxation

### **PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

The Company presently has only 1 (one) class of shares, i.e. Equity Shares. Hence, the parameters which are required to be adopted in case of different classes of shares do not apply to the Company. This Policy is subject to need based review and the Board shall consider and specify requisite parameters to be adopted with respect to different class(es) of shares, as and when issued.

### **CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. When Company's liquidity is jeopardized for any reason, impairing its ability to pay the dividend.
- iv. In the event of loss or inadequacy of profits.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.

The Company will take a decision on the dividend distribution keeping all external and internal factors in view and duly adopting a judicious balance between directly rewarding the shareholders through dividend declaration on the one hand and increasing shareholder's wealth in future through appropriate retention of projects and its realisation for sustainable growth, on the other.



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**HOW THE RETAINED EARNINGS WILL BE UTILISED**

The Company shall endeavour to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

The retained earnings of the Company may be used in any of the following ways:

1. Capital expenditure for working capital;
2. Organic and/or inorganic growth;
3. Investment in new business(es) and/or additional investment in existing business(es);
4. Declaration of dividend;
5. Capitalization;
6. Buy back of shares;
7. General corporate purposes, including contingencies;
8. Correcting the capital structure;
9. Such other criteria as the Board may deem fit from time to time; or
10. Any other usage as permitted under applicable laws / regulations.

**CONFLICT IN POLICY**

In the event of a conflict between this policy and the statutory provisions, the statutory provisions shall prevail.

**MODIFICATION OF THE POLICY**

The Board is authorised to change or amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Act, the Regulations, or any other applicable law.

The modifications, if any, made to the policy shall be disclosed on the website and in the Annual Report.

**DISCLOSURES**

The Company shall make appropriate disclosures as required under the Listing Regulations and the Companies Act, 2013.

The Policy shall be disclosed in the Company's Annual Report and on the website ([www.cclproducts.com](http://www.cclproducts.com)) of the Company.

In case, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes along with the rationale in its Annual Report and on its website.

**REVIEW OF POLICY:**

The Policy may be amended, as and when deemed fit. The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/ Acts /Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**AMENDMENTS TO THE POLICY**

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

In case of any amendment(s), clarification(s), circular(s) etc., issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendments, clarification(s), circular(s) etc., shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**DISCLAIMER**

This policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities

**For and on behalf of the Board  
CCL Products (India) Limited**

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

Sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292

**Annexure - II**
**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Account Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint ventures**

**Part “A”: Subsidiaries**
**SUBSIDIARY COMPANIES FINANCIAL HIGHLIGHTS – 2019-20**

Sl No	Particulars	Continental Coffee Private Limited	CCL Beverages Private Limited	Jayanti Pte. Ltd.	Continental Coffee SA	Ngon Coffee Company Ltd
1	Capital	7,00,00,000	1,00,000	2,17,79,131	1,11,00,000	5,30,00,00,00,000
2	Reserves	(19,28,80,425)	(1,00,000)	(2,15,76,869)	(36,96,765)	2,48,02,01,33,280
3	Total Assets	40,10,88,889	30,04,73,225	2,10,103	1,58,47,278	7,84,16,45,11,048
4	Total Liabilities	40,10,88,889	30,04,73,225	2,10,103	1,58,47,278	7,84,16,45,11,048
5	Turnover	77,17,07,978	-	-	1,81,51,170	8,66,08,83,28,311
6	Profit/(Loss) before Taxation	(3,49,95,849)	(1,00,000)	(8,530)	2,66,012	1,80,81,74,05,405
7	Provision for Taxation	(72,849)	-	-	36,613	79,73,97,261
8	Profit/(Loss) after Taxation	(3,49,23,000)	(1,00,000)	(8,530)	2,29,399	1,80,02,00,08,144
9	Dividend	-	-	-	-	425,487,300,000
10	Investment	-	-	-	61,788	-
	Reporting Currency	INR	INR	USD	CHF	VND
	Exchange Rate used for Conversion :					
	- Average Yearly Rates for Profit and Loss Account Items	-	-	72.2786	74.0505	0.003085
	- Year end rates for Balance Sheet Items	-	-	75.3859	78.4650	0.003180

**Part “B”: Associates and Joint Ventures - NA**

As per our report of even date  
**For RAMANATHAM & RAO**  
Chartered Accountants

Sd/-  
**K.SREENIVASAN**  
Partner  
M.No.206421

Place : Hyderabad  
Date : 15<sup>th</sup> June, 2020

Sd/-  
**V.Lakshmi Narayana**  
Chief Financial Officer  
M. No. 028499

Sd/-  
**Sridevi Dasari**  
Company Secretary  
M.No. A29897

Sd/-  
**K. Chandrahas**  
Director  
DIN : 02994302

**By order of the Board**  
Sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292

Sd/-  
**Challa Srishant**  
Managing Director  
DIN : 00016035

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**Annexure III**  
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

1. The CSR is being reported from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020.
2. This report does not include the information about subsidiary companies.
3. This report does not include the information about any other entities
4. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

**A. CSR Policy:****CSR Vision Statement & Objective**

## CSR Vision:

In alignment with its vision, as a socially responsible corporate citizen, CCL will continue to enhance value creation in the society and community in which it operates. Through its conduct, services, and CSR initiatives it will strive to promote sustained growth in the surrounding environs.

## Objective:

To operate its business in a sustainable manner respecting the society & the environment, while recognising the interests of all its stakeholders.

To also take up directly or indirectly programmes that will benefit the communities in and around its factories which will over a period of time enhance the quality of life and economic wellbeing of the local residents.

Through its regular services and additionally through its CSR initiatives, CCL will generate community goodwill and create a positive image of CCL as a socially responsible corporate.

## Resources:

- (i) 2% of the average net profits of the Company made during the three immediately preceding financial years
- (ii) Any income arising therefrom
- (iii) Surplus arising out of CSR activities.

## Identification of CSR works:

The applications, representations received from community representatives, NGO's or Panchayat requesting assistance for a Work to be taken up or CCL on its own identifying a work for execution, will be listed.

## Areas Identified for CSR activities:

The areas where the Company intends to focus its CSR activity are listed below. This is not an exhaustive list and the Company may include other activities, based on the areas identified and felt need for improvement by the CSR Committee-

1. Eradicating extreme hunger and poverty
2. Infrastructure Development (village roads, culverts, bus shelters, solar lighting etc)
3. Ensuring environmental sustainability
4. Drinking water / Sanitation
5. Healthcare
6. Community Development
7. Education and vocational training
8. Skill Development
9. Child care and nutrition

CCL will engage in the above activities independently or in such manner that it will complement the work being done by local authorities where ever necessary in such a manner that, the work executed by CCL will offer a multi fold benefit to the community.

**Implementation Process:**

A CSR Cell will be formed at Factory and at Corporate Office to identify the various projects / programmes suitable as per the policy of the Company. These identified projects / programmes will be scrutinized by the CSR Committee and select for implementation.

**Monitoring:**

The Co-ordinators periodically inspect & report the progress of work commissioned every quarter and submit a report to CSR Committee.

**Weblink:** <https://www.cclproducts.com/wp-content/uploads/2019/04/csr-policy.pdf>

**B. Composition of the CSR Committee:**

Mr. Vipin K Singal , Chairman (Independent Director)

Mr. Kata Chandrahas (Independent Director)

Mr. K. K. Sarma (Non-executive Director)

Mr. Kode Durga Prasad (Independent Director)

Mr. G.V. Krishna Rau (Independent Director)

Ms. Kulsoom Noor Saifullah (Independent Director)

Ms. Shantha Prasad Challa (Non-executive Director)

Dr. Lanka Krishnanand (Non-executive Director)

Mr. B. Mohan Krishna (Executive Director)

Mr. Challa Srishant (Managing Director)

**C. Average net profit of the Company for last three financial years:**

Average net profit: ₹ 15970.55 Lakhs

**D. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

The Company is required to spend ₹ 319.41 Lakhs towards CSR.

**E. Details of CSR spend for the financial year:**

a. **Total amount spent for the financial year:** ₹ 328.22 Lakhs

b. **Amount unspent, if any:** Nil

c. **Reason for not spending:** NA



(Amount in ₹)

**d. Manner in which the amount spent during the financial year is detailed below:**

S.No	CSR project or Activity identified.	Sector in which the Project is covered.	Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise.	Amount Spent on the projects or programs Subheads (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period.	Amount Spent: Direct or through implementing Agency.
1	Contribution to Old Age Homes	Helping Old people	Guntur District	105000	105000	105000	By the Company
2	Contribution to Orphanages	Child development	Guntur District	345000	345000	345000	By the Company
3	Promoting Education	Education	Tenali, Hyderabad rural, Guntur rural	5544760	5544760	5544760	By the Company
4	Providing tree guards	Environment	Guntur Rural	1372500	1372500	1372500	By the Company
5	Contribution to health centres medicines and safe drinking water	Health and Hygiene	Guntur Rural, East Godavari Rural	9652054	9652054	9652054	By the Company
6	Providing infrastructure facilities in rural areas	Development of infrastructure	Guntur rural	9602953	9602953	9602953	By the Company
7	Self employment and skill development	Women empowerment and Youth skill development	Rural areas of Hyderabad	3699983	3699983	3699983	By the Company
8	Disaster Management	COVID relief activities	Across the country	2500000	2500000	2500000	By the Company
	<b>Total</b>			<b>32822250</b>	<b>32822250</b>	<b>32822250</b>	

**F. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company:**

The Implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

**For CCL Products (India) Limited**

 Sd/-  
**Challa Srishant**  
 Managing Director  
 DIN : 00016035

**For CCL Products (India) Limited**

 Sd/-  
**Challa Rajendra Prasad**  
 Executive Chairman  
 DIN : 00702292

**For CCL Products (India) Limited**

 Sd/-  
**Vipin K. Singal**  
 Chairman- CSR Committee  
 DIN : 00505339

 Place: Hyderabad  
 Date : 15<sup>th</sup> June, 2020

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**Annexure - IV**  
**FORM NO: MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of**  
**The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

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To  
The Members,  
CCL Products (India) Ltd,  
Duggirala, Guntur Dist.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CCL PRODUCTS (INDIA) LIMITED, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowing.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the audit period);**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the audit period);**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the audit period);** and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the audit period);**

- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- vi. Other specifically applicable laws to the Company:
- Food Safety and Standards Act, 2006 and Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 and Food Safety and Standards (Packaging and Labelling) Regulations, 2011;
  - Coffee Act, 1942 and the rules made thereunder;
  - Boiler Act, 1923 and Indian Boiler Regulations 1950;
  - Legal Metrology Act, 2009 and Metrology Rules, 2011
  - Special Economic Zone Act, 2005 and Special Economic Zone Rules, 2006. (to the extent applicable)

We have also examined compliance with the applicable clauses of Secretarial Standards, as amended from time to time, issued by the Institute of Company Secretaries of India

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

We further report that examination / audit of financial laws such as direct and indirect tax law has not been carried out by us as part of this Secretarial Audit.

**We further report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the decisions at the Board Meetings and Committee Meetings have been carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the audit period, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, etc., having a major bearing on the Company's affairs except below:

- The Company has commenced commercial operations at its SEZ Unit located at Kuvvakolli Village, Varadaiahalem Mandal, Chittoor District of Andhra Pradesh, India.

**For P S Rao & Associates**  
Company Secretaries

Sd/-  
**P S Rao**

M. No.: 10322  
C.P. No.: 3829

UDIN : F010322B000364731

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

[This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.]

To  
The Members,  
CCL Products (India) Ltd,  
Duggirala, Guntur Dist.

Secretarial Audit Report of even date is to be read along with this letter.

**Management Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility**

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on random basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
4. We believe that audit evidence and information provided by the Company's management is adequate and appropriate for us to provide a basis for our opinion.
5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
6. We have not verified the correctness and appropriateness of financial records and Books and Accounts of the Company.

**Disclaimer**

7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
8. As regards the Secretarial Audit for the FY 2019-20, a substantial portion of the audit programme was completed prior to the outbreak of the pandemic COVID 19 in the country. However, owing to the lockdown measures imposed across the country and the cascading impact thereof, for certain verifications and cross checks, we have relied on the management representations and assurances, wherever required, for forming our opinion and eventual reporting.

**For P S Rao & Associates**  
Company Secretaries

Sd/-  
**P S Rao**  
M. No.: 10322  
C.P. No.: 3829  
UDIN : F010322B000364731

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

**Annexure- V**

**Particulars of contracts / arrangements made with related parties [Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]**

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2020, which were not at arm's length basis.

**Details of material contracts or arrangement or transactions at arm's length basis:**

The details of material contracts or arrangement or transactions at arm's length basis for the year ended 31<sup>st</sup> March, 2020 are as follows:

Name of the related party	Nature of relationship	Duration of contracts	Sailent terms	2019-20 Amount (₹ in Lakhs)	2018-19 Amount (₹ in Lakhs)
Rent					
Mr. Challa Srishant	Managing Director	01-04-2001 - ongoing and renewed every year	Based on Transfer price guidelines	22.30	22.30
Ms. Challa Shantha Prasad	Director	01-04-1995 - ongoing and renewed every year	Based on Transfer price guidelines	21.46	21.46
Ms. Challa Soumya	Daughter of Executive Chairman	01-01-2010 - ongoing and renewed every year	Based on Transfer price guidelines	7.04	7.04
Sale of Instant Coffee Continental Coffee SA	Wholly owned subsidiary	01-02-2009 - ongoing	Based on	10,869.65	4,119.15
(formerly Grandsaugreen SA) Continental Coffee Private Limited	Wholly owned subsidiary	01-04-2015 - ongoing	Transfer price guidelines Based on Transfer price guidelines	5,360.87	3,523.66

**On behalf of the Board**

sd/-

**Challa Rajendra Prasad**

Executive Chairman

DIN : 00702292

Place : Hyderabad

Date : 15<sup>th</sup> June, 2020

<b>Annexure -VI</b> <b>FORM NO. MGT 9</b> <b>EXTRACT OF ANNUAL RETURN</b> <b>as on financial year ended 31.03.2020</b> <b>Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; Administration ) Rules, 2014.</b>						
<b>I REGISTRATION &amp; OTHER DETAILS:</b>						
i	CIN	L15110AP1961PLC000874				
ii	Registration Date	22/03/1961				
iii	Name of the Company	CCL Products (India) Limited				
iv	Category/Sub-category of the Company	Public Company / Limited by Shares				
v	Address of the Registered office & contact details	Duggirala, Guntur District- 522330. Tel: 08644 277294				
vi	Whether listed company	Yes				
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Venture Capital and Corporate Investments Pvt.Ltd. 12-10-167, Bharatnagar, Hyderabad – 500 018. Tel: 040 2381 8475				
<b>II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>						
All the business activities contributing 10% or more of the total turnover of the company shall be stated						
SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company			
1	Manufacturing of Instant Coffee	107	100%			
<b>III PARTICULARS OF HOLDING , SUBSIDIARY &amp; ASSOCIATE COMPANIES</b>						
SI No	Name & Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION	
1	Continental Coffee Private Limited 7-1-24/2/D, Greendale, Ameerpet, Hyderabad- 500016	U15492TG2011PTC074429	Subsidiary	100	2(87)	
2	CCL Beverages Private Limited Door No/SY No.269/1, Kuvvakolli Village, Varadaiahpalem Mandal, Chittoor District, AP-517645	U15549AP2019PTC113114	Subsidiary	100	2(87)	
3	Jayanti Pte. Limited 10, Jalan Besar, # 10-12, Sim Lim Tower, Singapore – 208787	Foreign Company	Subsidiary	100	2(87)	
4	Ngon Coffee Company Limited Cu Kuin Industrial Complex, CU Kuin District, Dak Lak Province, Vietnam	Foreign Company	Subsidiary	100	2(87)	
5	Continental Coffee SA (Formerly Grandsaugreen SA) Z.I. LA Glaciere 3, 2126 Les Verrieres, Switzerland	Foreign Company	Subsidiary	100	2(87)	



IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	60232700	0	60232700	45.28%	60974342	0	60974342	45.84%	0.56%
b) Central Govt. or State Govt.									
c) Bodies Corporates									
d) Bank/FI									
e) Any other									
<b>SUB TOTAL:(A) (1)</b>	<b>60232700</b>	<b>0</b>	<b>60232700</b>	<b>45.28%</b>	<b>60974342</b>	<b>0</b>	<b>60974342</b>	<b>45.84%</b>	<b>0.56%</b>
(2) Foreign									
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other...									
<b>SUB TOTAL (A) (2)</b>									
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>60232700</b>	<b>0</b>	<b>60232700</b>	<b>45.28%</b>	<b>60974342</b>	<b>0</b>	<b>60974342</b>	<b>45.84%</b>	<b>0.56%</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	658602	0	658602	0.49%	9760224	0	9760224	7.34%	6.85%
b) Banks/FI	26075	0	26075	0.02%	19123	0	19123	0.01%	-0.01%
C) Central govt									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS	0	0	0	0.00%	12714	0	12714	0.01%	0.01%
h) Foreign Portfolio Investors Corporate (FPI)	36581401	0	36581401	27.50%	20999126	0	20999126	15.79%	-11.71%
h) Foreign Venture Capital Funds									
i) Alternate Investment Funds	2994373	0	2994373	2.25%	3793296	0	3793296	2.85%	0.60%
j) Others (QIB)	0	0	0	0	1000000	0	1000000	0.75%	0.75%
<b>SUB TOTAL (B)(1):</b>	<b>40260451</b>	<b>0</b>	<b>40260451</b>	<b>30.26%</b>	<b>35584483</b>	<b>0</b>	<b>35584483</b>	<b>26.75%</b>	<b>-3.51%</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non Institutions</b>									
a) Bodies corporates	2889540	42000	2931540	2.20%	2569805	42000	2611805	1.96%	-0.24%
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹. 1 lakh	10603079	538253	11141332	8.37%	14154859	433053	14587912	10.96%	2.59%
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	4416320	0	4416320	3.31%	4721598	0	4721598	3.55%	0.24%
c) Others (specify)									
i) Non-resident Indians & Foreign Nationals	12868860	826740	13695600	10.28%	13707833	357000	14064833	10.57%	0.29%
ii) Trust	8057	0	8057	0.01%	10451	0	10451	0.01%	0.00%
iv) Clearing Members	124240	0	124240	0.09%	239529	0	239529	0.18%	0.09%
v) IEPF Authority	217680	0	217680	0.16%	232967	0	232967	0.18%	0.02%
<b>SUB TOTAL (B)(2):</b>	<b>31127776</b>	<b>1406993</b>	<b>32534769</b>	<b>24.42%</b>	<b>35637042</b>	<b>832053</b>	<b>36469095</b>	<b>27.41%</b>	<b>2.99%</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>71388227</b>	<b>1406993</b>	<b>72795220</b>	<b>54.68%</b>	<b>71221525</b>	<b>832053</b>	<b>72053578</b>	<b>54.16%</b>	<b>-0.52%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>131620927</b>	<b>1406993</b>	<b>133027920</b>	<b>100%</b>	<b>132195867</b>	<b>832053</b>	<b>133027920</b>	<b>100%</b>	<b>0.00%</b>

**(ii) SHAREHOLDING OF PROMOTERS**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Challa Shanitha Prasad	18270000	13.73%	0	18431659	13.86%	0	0.13%
2	Challa Soumya	13175300	9.90%	0	13350898	10.04%	0	0.14%
3	Challa Srishant	13722000	10.32%	0	13944914	10.48%	0	0.16%
4	Challa Rajendra Prasad	13065400	9.82%	0	13237481	9.95%	0	0.13%
5	Challa Ajitha	1000000	0.75%	0	1009390	0.76%	0	0.01%
6	B. Mohan Krishna	1000000	0.75%	0	1000000	0.75%	0	0.00%
	<b>Total</b>	<b>60232700</b>	<b>45.28%</b>	<b>0</b>	<b>60974342</b>	<b>45.84%</b>	<b>0</b>	<b>0.56%</b>

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)**

Sl. No	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of shares at the beginning 01.04.2019/ end of the year (31.03.2020)	% of total shares of the company				No of shares	% of total shares of the company
1	Challa Shanitha Prasad	18270000	13.73	01/04/19				
				22/11/19	18749	Increase	18288749	13.75
				06/12/19	21225	Increase	18309974	13.76
				13/12/19	6176	Increase	18316150	13.77
				20/12/19	17601	Increase	18333751	13.78
				07/02/20	13500	Increase	18347251	13.79
				20/03/20	25547	Increase	18372798	13.81
				27/03/20	8604	Increase	18381402	13.82
				31/03/20	50257	Increase	18431659	13.86
				31/03/20	13.86			
2	Challa Soumya	13175300	9.90	01/04/19				
				22/11/19	41801	Increase	13217101	9.93
				06/12/19	17663	Increase	13234764	9.95
				13/12/19	4733	Increase	13239497	9.95
				20/12/19	17600	Increase	13257097	9.96
				07/02/20	13500	Increase	13270597	9.97
				20/03/20	30000	Increase	13300597	10.00
				31/03/20	50301	Increase	13350898	10.04
				31/03/20	10.04			
				31/03/20	10.32			
3	Challa Srishant	13722000	10.32	01/04/19				
				22/11/19	79828	Increase	13801828	10.37
				06/12/19	15424	Increase	13817252	10.39
				13/12/19	5140	Increase	13822392	10.39
				20/12/19	17610	Increase	13840002	10.40
				07/02/20	13500	Increase	13853502	10.41
				20/03/20	29838	Increase	13883340	10.44
				20/03/20				
				20/03/20				
				20/03/20				





**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No	Name	Shareholding		Shareholding % of total shares of the company	Shareholding		Net change in shares	Net % change to total shares of the company
		No. of Shares as on 01.04.2019	% of total shares of the company		No. of Shares as on 31.03.2020	% of total shares of the company		
1	*SMALLCAP WORLD FUND, INC	10642173	8.00	0	0	-10642173	8.00	
2	*FIAM GROUP TRUST FOR EMPLOYEE BENEFIT PLANS - FIAM EMERGING MARKETS COMMINGLED POOL	3453372	2.59	1158161	0.87	-2295211	1.72	
3	MALABAR INDIA FUND LIMITED	3050645	2.29	3050645	2.29	0	0	
4	VALUEQUEST INDIA MOAT FUND LIMITED	2439842	1.83	2439842	1.83	0	0	
5	GEORGALIS HELEANNA GABRIELLE	2109100	1.59	2109100	1.59	0	0	
6	INDIA WHIZDOM FUND	1946771	1.46	1893448	1.42	-53323	0.04	
7	*FIDELITY INVESTMENT TRUST FIDELITY EMERGING ASIA FUND	1695830	1.27	0	0	-1695830	1.27	
8	*MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND.L.P.	1275475	0.96	1017106	0.76	-258369	0.20	
9	*FIDELITY INVESTMENT TRUST - FIDELITY PACIFIC BASIN FUND	1250367	0.94	1250367	0.94	0	0	
10	AMERICAN FUNDS INSURANCE SERIES GLOBAL SMALL CAPITALIZATION FUND	1250000	0.94	43191	0.03	-1206809	0.91	
11	#FRANKLIN INDIA SMALLER COMPANIES FUND	0	0	5292185	3.98	5292185	3.98	
12	#GOVERNMENT PENSION FUND GLOBAL	0	0	2030481	1.53	2030481	1.53	
13	#TAYO GREATER INDIA FUND LTD	611000	0.46	1588229	1.19	977229	0.73	
14	#FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS FUND	1079304	0.81	1535693	1.15	456389	0.34	
15	#AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND	0	0	1517818	1.14	1517818	1.14	
16	#ONTARIO PENSION BOARD - MONDRIAN INVESTMENT PARTNERS LIMITED	926215	0.70	1348445	1.01	422230	0.31	

\* Ceased to be in the list of Top 10 shareholders as on 31-03-2020. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2019.

# Not in the list of Top 10 shareholders as on 01-04-2019. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2020

Note: The equity shares of the Company are traded on a daily basis and hence the date wise increase/decrease in shareholding are not indicated

**(v) Shareholding of Directors & KMP**

Sl. No	Name	Shareholding		Shareholding		Net change in shares	Net % change to total shares of the company
		No. of Shares as on 01.04.2019	% of total shares of the company	No. of Shares as on 31.03.2020	% of total shares of the company		
<b>A Directors</b>							
1	Challa Rajendra Prasad, Executive Chairman	13065400	9.82	13237481	9.95	172081	0.13
2	Challa Srishant, Managing Director	13722000	10.32	13944914	10.48	222914	0.16
3	Kode Durga Prasad, Independent Non-Executive Director	8400	0.006	10000	0.007	1600	0.001
4	Vipin K Singal, Independent Non-Executive Director	5000	0.003	5000	0.003	0	0
5	K Chandrabhas, Independent Non-Executive Director	24686	0.02	24686	0.02	0	0
6	K V Chowdary, Independent Non-Executive Director	0	0	0	0	0	0
7	K K Sarma, Non-Executive Director	0	0	0	0	0	0
8	B Mohan Krishna, Executive Director	1000000	0.75	1000000	0.75	0	0
9	G V Krishna Rau, Independent Non-Executive Director	0	0	0	0	0	0
10	Kulsoom Noor Saifullah, Independent Non-Executive Director	0	0	0	0	0	0
11	Challa Shantha Prasad, Non-Executive Director	18270000	13.73	18431659	13.86	161659	0.13
12	Krishnanand Lanka, Non-Executive Director	0	0	0	0	0	0
<b>B Key Managerial Personnel (KMPs)</b>							
1	K V L N Sarma, Chief Operations Officer	10000	0.007	10000	0.007	0	0
2	Lakshmi Narayana Vuduta, Chief Financial Officer	0	0	0	0	0	0
3	Sridevi Dasari, Company Secretary & Compliance Officer	0	0	0	0	0	0

**V INDEBTEDNESS**  
 Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	40,138.42	-	-	40,138.42
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	143.08	-	-	143.08
<b>Total (i+ii+iii)</b>	<b>40,281.50</b>	-	-	<b>40,281.50</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	10437.06	-	-	10437.06
Reduction	6603.53	-	-	6603.53
<b>Net Change</b>	<b>3,833.53</b>	-	-	<b>3,833.53</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	43,894.14	-	-	43,894.14
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	220.89	-	-	220.89
<b>Total (i+ii+iii)</b>	<b>44,115.03</b>	-	-	<b>44,115.03</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole time director and/or Manager:**

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Executive Chairman	Managing Director	Executive Director	
1	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	<b>4,20,00,000</b>	<b>3,60,00,000</b>	<b>3,00,00,000</b>	<b>10,80,00,000</b>
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock option				
3	Sweat Equity				
4	Commission as % of profit others (specify)	-	3,05,00,000	1,97,00,000	5,02,00,000
5	Others, please specify				
	<b>Total (A)</b>	<b>4,20,00,000</b>	<b>6,65,00,000</b>	<b>4,97,00,000</b>	<b>15,82,00,000</b>
	<b>Ceiling as per the Act</b>				<b>15,85,49,000</b>

**B. Remuneration to other directors:**

SI.No	Particulars of Remuneration	Name of the Directors						Total Amount
		Vipin K. Singal	K. Chandrabhas	K. K. Sarma	G.V Krishna Rau	K.V.Chowdary		
1	<b>Non whole time directors</b>							
	(a) Fee for attending board committee meetings	2,15,000	2,45,000	2,30,000	2,00,000	1,30,000		10,20,000
	(b) Commission	9,00,000	9,00,000	9,00,000	9,00,000	9,00,000		45,00,000
	(c) Others, please specify							
	Director Remuneration							
	Director Remuneration							
	<b>Total (1)</b>	<b>11,15,000</b>	<b>11,45,000</b>	<b>11,30,000</b>	<b>11,00,000</b>	<b>10,30,000</b>		<b>55,20,000</b>
2	<b>Other Non Executive Directors</b>							
	(a) Fee for attending board committee meetings	1,45,000		1,20,000	2,15,000	2,45,000		7,25,000
	(b) Commission	9,00,000		9,00,000	9,00,000	9,00,000		36,00,000
	(c) Others, please specify.							
	<b>Total (2)</b>	<b>10,45,000</b>		<b>10,20,000</b>	<b>11,15,000</b>	<b>11,45,000</b>		<b>43,25,000</b>
	<b>Total (B)=(1+2)</b>							<b>98,45,000</b>
	<b>Total Managerial Remuneration</b>							<b>16,80,45,000</b>
	<b>Overall Ceiling as per the Act.</b>							<b>17,51,99,000</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	CEO	Key Managerial Personnel			Total Amount
			Company Secretary	COO	CFO	
1	<b>Gross Salary</b>					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		16,94,215	89,57,243	83,88,000	1,90,39,458
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission as % of profit others, specify	Not Applicable				
5	Others, please specify					
	<b>Total</b>		<b>16,94,215</b>	<b>89,57,243</b>	<b>83,88,000</b>	<b>1,90,39,458</b>



VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment /Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board  
CCL Products (India) Limited

Sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

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**Annexure - VII**  
**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Soluble Instant coffee, more commonly referred to as instant coffee is commercially prepared from carefully selected green coffee, which is roasted, extracted, evaporated and converted into solid form by either freeze-drying or spray- drying, after which it can be rehydrated to make a good cup of coffee.

Instant coffees have now been in the market for many decades because of its convenience, economy and homogeneity. Soluble coffee consumption has been increasing, owing to changing life styles and convenience. With the invention of new technologies, the quality of instant coffee has significantly improved, thereby attracting even traditional roast and ground coffee customers. The instant coffee industry moved from cheap alternative instant beverage to new trend speciality, single origin, high quality niche coffees.

**Business Review**

Your Company has the distinction of being one of the elite manufacturers, that can provide all types and forms of coffee from one single location. With our constant dedication towards research and development, we have created & commercialised unique products in the market. After wide spread presence in international markets, and with vast experience on the variety of coffee products, CCL had ventured into domestic market in India with a large product profile in 2014. CCL created a dedicated team exclusively for domestic market, drawing professionals from FMCG companies for this brand creation. Over a two year effort, we are identified as third largest domestic brand coffee in South India for the year 2019-20.

During the year under review, Freeze Dried Plant at Kuvvakolli Village, near Sullurpet commenced operations, enabling us to cater to the increased demand in international markets.

Young population is the driving force for experimenting with speciality coffees, which opened up new in-house consumption segment, where growth is anticipated. Thanks to the technology improvements in production that is making instant coffee tastes as good as roast and ground coffee. Image of coffee drinking as modern life style, which is trending in the social media is very much encouraging us to step into speciality coffee segment. During the year under review, your Company had launched 3-in-1 premixes in various flavours like Hazelnut, Cappuccino, Mocha, Caramel etc., under the brand name THIS, mainly providing younger generation with an option of hot beverage of their palate. Also your Company launched premium Freeze Dried coffee in different flavours like Coconut, Spice, Lemon and Hazelnut etc., to give a varied option for the customers in the premium segment. Continental Decaf was also launched under speciality coffees to cater to the niche market segment that prefers decaffeinated coffee.

In light of the current pandemic situation, people have become more health conscious and tending towards value added products in health segment. Your Company's R&D team is working on developing new products, focussing on the wellness category to catch up the upcoming trend.

The turnover of the Company is ₹ 82,265 Lakhs and the net profit of the Company is ₹ 23,893 Lakhs. Earnings per share (EPS) (Face value of ₹ 2/- per share) for the current year is ₹17.96 for the year 2019-20.

**Industry Structure and Developments**

The current instant coffee market in India is growing at a guestimate rate of 8% year on year. A positive change in consumer lifestyle (specifically driven by western culture), higher disposable incomes, and the growing number of young professionals were some of the important factors that promoted growth in coffee consumption in India. Additionally, increased access to coffee machines in offices and institutions triggered interest in coffee among consumers, which indirectly drove sales in households, as people began to acquire a taste and in turn consumed coffee at home as well.

Your Company is able to enhance its presence in the in-house brands of supermarkets in Europe and

impressed by the quality of products, greater levels of service etc., these supermarkets have been consistently increasing our share of volumes. Your company is also confident that it will achieve the orders of various other supermarkets as well in this year. Necessary capacity augmentation is being done during this year to meet this additional demand.

### **Outlook**

The modern times have witnessed evolution of coffee drinking from an everyday habit to a healthy lifestyle choice. Coffee has gained the status of being the most preferred beverage worldwide.

The covid-19 pandemic is likely to have a profound impact on the global coffee sector, including production, consumption and international trade. International Coffee Organisation (ICO) has conducted an analysis based on a sample of the top 20 coffee consuming countries, which represents 71% of global demand, covering the period 1990-2018. The results show that a one percentage point drop in GDP growth is associated with a reduction in the growth of global demand for coffee of 0.95 percentage points or 1.6 million 60-kg bags. Coffee consumption at Coffee Shops (out of the home) consumption will drastically come down because of covid-19 but at home consumption will increase and this will have a positive impact on the consumption of instant coffee.

Revenue in the instant coffee segment amounts to US\$96 Billion in 2020. The market is expected to grow annually by 11.5% (CAGR 2020-2025). In relation to total population figures, per person revenues of US\$12.88 are generated in 2020. The average per capita consumption stands at 0.2 kg in 2020. In the instant coffee segment, volume is expected to grow to 1.7 Billion kg by 2025.

Source : Statista (<https://www.statista.com/outlook/30010200/100/instant-coffee/worldwide>)

Asia Pacific leading the market share and is expected to remain on top over the next few years. The easy preparation of instant coffee, as well as its ability to be tailored to local taste preferences, has made it the coffee of choice in most markets in Asia Pacific, where coffee consumption is still low. The expanded spotlight on interesting, valid flavours and different useful properties of coffee has supported the premium version launches of the global instant coffee market.

The instant coffee segment's outlook is bright as consumers increasingly value instant coffee's simplicity of preparation.

### **Opportunities**

The covid-19 pandemic unveiled the opportunity in premix and functional coffee segments due to increase in in-house consumption of speciality coffees. Diversification into value added finished products with premium quality is more in demand as focus is shifting to consumption of high quality coffee manufactured under hygienic conditions.

Your Company projects a huge potential for growth in the domestic market by virtue of having excellent and flexible manufacturing facilities and a clear understanding on the consumption patterns vis-à-vis optimization of the products. Having facilities for all kinds of coffee manufacturing, your Company has a price advantage and can be competitive in pricing vis-à-vis competing brands who have to import coffee by paying substantial duties. The roast and ground segment continue to dominate the overall coffee consumption and your Company has also introduced R&G versions also in suitable localized palate. Thus your Company is going to be a single point option for all variety of coffee products in the country with an enhanced customer base.

There are several countries in which operations are hindered due to covid-19. Your Company is identifying these opportunities in the international markets and attempting to provide continuous supplies there, which can add few more customers into its portfolio. The impact of covid-19 is less in Vietnam and this is helping your Company to supply to new markets from the Vietnam Plant as well.

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**Risks, concerns and threats**

Owing to lockdown in various countries, stoppage of international and local movements etc., had a severe impact on the logistics and thereby your Company has experienced occasional delays in both inbound and outbound shipments. These are likely to be continuing since the pandemic is still continuing – with more vigour. Company is taking effective steps to have enough stocks for enabling unhindered production activity. On the demand side, we are visualizing that there is a substantial reduction in institutional requirements (particularly those serving HORECA segment) in view of the lockdowns. However, majority of this is being compensated by the increase in the in-house consumptions.

Your Company's expansion projects both at Vietnam and India are getting delayed due to the disruptions in the logistics sector which may affect the growth plans of the company for this year. However, efforts are being made to reduce this impact on project implementation through various methods.

The major threat being faced by the instant coffee industry is the creation of huge additional capacities in several countries which is resulting in unhealthy competition and stress on prices. Your Company is making efforts to mitigate these threats by increased volumes of high quality niche and new products.

Reduced rainfall in some areas is dramatically changing the ecosystem and growing conditions which result the quality of the beans used as raw material to produce the instant Coffee. It is noticed that changes in weather patterns (drought, unpredictable and varied rains, temperature changes) are causing alterations in the appearance and severity of newer pests while existing diseases are migrating to ecological zones where they previously did not exist. This may affect the quality of the beans grown in the traditional regions from where the Company is procuring. Although credible data on the levels and spread of these diseases and pests is not available, the potential risk should be noted.

Any war between countries, Government / regulatory decisions effecting the change of the duty structure on green coffee/instant coffee shall have an impact on the prices of our imports/exports.

Your Company has already established its longstanding presence in the international markets in the instant coffee, however, the sales of the products may fluctuate depending on economic and political conditions, including acts of terrorism in the producing and consuming countries. Decline in population can lead to decrease in sales in that particular territory.

Further, the Company has gained rich experience with the presence of marketing consultants and in-house experienced marketing personnel to face any kind of competition and market related risks.

**Internal Control Systems and their Adequacy**

Your Company has appropriate internal control systems for business processes, efficiency in its operations, and compliance with all the applicable laws and regulations. Regular internal checks and audits ensure that the responsibilities are being effectively executed. In-depth review of internal controls, accounting procedures and policies of Company is conducted. Your Company has adopted adequate internal control and audit system commensurate with its size and nature of business.

Internal audit is carried on a quarterly basis. Internal auditors work with all levels of management and the report is placed before the audit committee. The audit committee after reviewing the findings and suggestions directs the respective departments to implement the same.

**Industrial Relations and Human Resources Management**

Employees are the valuable assets and the strength of an organisation in its growth, prosperity and development. Your Company has a team of qualified and dedicated personnel who have contributed to the growth and progress of the Company. Necessary training is being provided to the employees and various seminars and workshops are being conducted to continuously hone their skills.

Your Company is continuously striving to create appropriate environment, opportunities and systems to facilitate identification, development, and utilization of their full potential and inculcating a sense of belongingness. There are 617 employees in the Company as on 31<sup>st</sup> March, 2020.

Your Company's industrial relations continued to be harmonious during the year under review.

### **Financial performance with respect to operational performance**

During the year, the Company has achieved a turnover of ₹ 82,265 Lakhs recording a net profit of ₹ 23,893 Lakhs. Profit includes dividend received from Ngon Coffee Company Limited, wholly owned subsidiary of the Company.

### **Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanation**

During the year on a consolidated basis the significant change in the financial ratios of the Company, which is more than 25% as compared to the previous year is summarised below:

Financial Ratios	Consolidated		Change(%)	Reason for change
	2019-20	2018-19		
Debt Service Coverage Ratio	4.99	22.52	(77.86)	Decreased due to scheduled term loan repayments

During the year on a standalone basis, the significant changes in the financial ratios of the Company, which are more than 25% as compared to the previous year are summarised below:

Financial Ratios	Standalone		Change(%)	Reason for change
	2019-20	2018-19		
Current Ratio	1.85	1.40	32.32	Increased with deployment of operating cash flows into current assets and payment of current liabilities
Debt Service Coverage Ratio	5.63	24.51	(77.01)	Decreased due to scheduled term loan repayments
Receivables holding period	81	62	(30.88)	No. of days increased due to additional/ extended credit period

**Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation there of:** There is no significant change during the current financial year 2019-20, compared to previous financial year 2018-19.

**Certifications**

Your Company has the following certifications:

1. BRC- Version 8 with A Grade (British Retail Consortium) - Global Standard for Food
2. IFS - Food Version 6.1 with Higher Level (International Featured Standards) - International Food Standard.
3. Organic Coffee Certificate (Processing & Trading)
4. Fair Trade Certificate
5. Halal Certificate
6. Kosher Certificate
7. FSSAI License - Food Safety Standards Authority of India
8. BIS License - Bureau of Indian Standards (ISI) License
9. UTZ Certificate ( Chain Of Custody Standard - Coffee)
10. US.FDA Certificate of Registration
11. RFA Endorsement certificate

**Social Accountability compliance**

1. SGP (Supplier Guiding Principles and Human Rights Policy Assessment)
2. ICS (Initiative for Compliance and Sustainability)
3. SA 8000 (Social Accountability audit)

**Awards**

During the year under review, your Company has won EPCES Export Award for Outstanding Export Performance for the year 2018-19 in Category II, Product Specific, Food & Agro Products, Agriculture & Plantation Product, Best EOU – Other than MSME. This is a national award for the year 2018-19.

**Cautionary Statement**

Statements in this management discussion analysis describing the Company's objectives, projections, estimates, expectations may be forward looking within the meaning of applicable securities-laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could make difference to Company's operations include economic conditions affecting the domestic market and the overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

**For and on behalf of the Board  
CCL Products (India) Limited**

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

Sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292



**Annexure - VIII**
**Details pertaining to Employees as required under Section 197(12) of the Companies Act, 2013**
**Statement of Particulars of Employees Pursuant to Provisions of Section 197(12) of the Companies Act 2013  
Read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**

a) Employed throughout the Financial Year 2019-20

Name	Age	Qualification	Designation	Date of Commencement of Employment	Experience (Years)	Gross Remuneration in ₹	Nature of employment	% of shareholding in the Company	Previous Employment
Mr.Challa Rajendra Prasad	68	B.E.(Mech.)	Executive Chairman	01-04-1994	44	4,20,00,000	By virtue of agreement dated 24.02.2020	9.95	Asian Coffee Ltd
Mr.Challa Srishant	37	B.A., B.L.(Hons.)	Managing Director	18-07-2005	16	6,65,00,000	By virtue of agreement dated 14.02.2019	10.48	-
Mr.B.Mohan Krishna	39	B.Tech	Executive Director	01-06-2017	17	4,97,00,000	By virtue of agreement dated 14.02.2019	0.75	Elmech Enterprises Limited

Note: Relationship with Directors/Managers can be referred from the Corporate Governance Report, annexed with this Annual Report

 b) Other Top Ten Employees throughout the Financial Year 2019-20: this information is available in the website of the Company [www.ccpproducts.com](http://www.ccpproducts.com)

**Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**

i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20, and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under :

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director /KMP for the financials year 2019-20 (₹.in Lakhs)	% increase in Remuneration in the Financial Year 2019-20. ₹ in Lakhs)	Ratio of remuneration of each Director/to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1	Mr.Challa Rajendra Prasad Executive Chairman	420.00	(43.48)	123.14	The marginal increase is inline with the operations of the Company for the year 2019-20
2	Mr.Challa Srishant Managing Director	665.00	49.16	194.98	
3	Mr.B.Mohan Krishna Executive Director	497.00	67.22	145.72	
4	Mr.K.V.L.N.Sarma Chief Operations Officer	89.57	6.34	Not Applicable	
5	Mr.V.Lakshmi Narayana Chief Financial Officer	83.88	51.71	Not Applicable	
6	Ms.Sridevi Dasari Company Secretary	16.94	1.26	Not Applicable	
7	Mr.Vipin K.Singal Independent Non Executive Director	9.00	28.57	2.64	
8	Mr.K.Chandras Independent Non Executive Director	9.00	28.57	2.64	
9	Mr.K.K.Sarma Non Executive Director	9.00	28.57	2.64	
10	Mr.G.V.Krishna Rau Independent Non Executive Director	9.00	28.57	2.64	
11	Ms.Kulsoom Noor Saifullah Independent Non Executive Director	9.00	28.57	2.64	
12	Ms.Challa Shantha Prasad Non Executive Director	9.00	28.57	2.64	
13	Mr.Krishnanand Lanka Non Executive Director	9.00	28.57	2.64	
14	Mr.Kode Durga Prasad Independent Non Executive Director	9.00	28.57	2.64	
15	Mr.K.V.Chowdary Independent Non Executive Director	9.00	Not Applicable	2.64	

- ii) The median remuneration of employees of the Company during the financial year was ₹ 3.41 Lakhs
- iii) In the financial year, there was an increase of 16.40% in the median remuneration of employees
- iv) There were 617 permanent employees on the rolls of Company as on March 31, 2020.
- v) In the financial year, there was an increase of 6.45% in the managerial remuneration, which is as per the remuneration policy of the Company.
- vi) We herewith affirm that the remuneration is as per the remuneration policy of the Company.

Place : Hyderabad  
Date : 15<sup>th</sup> June, 2020

**For and on behalf of the Board**

sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292

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**Annexure-IX****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND  
FOREIGN EXCHANGE EARNINGS AND OUTGO****[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts)  
Rules, 2014]****A. Conservation of Energy**

Your Company is making investments to up-grade technology in various utilities equipment in the soluble coffee plant to conserve energy.

The steam boiler continues to be a major energy conserver to the Company. CCL is continuously striving for the sustainability, conservative utilisation of energy available and to minimize the ecological footprint by finding out ways to best utilise the waste generated in the process of manufacturing instant coffee. Coffee is a product, where only 40% can be derived from the coffee beans for the productive usage and the rest 60% is in the form of solid waste. This solid waste generated, on drying up, has greater calorific value.

**i) The steps taken or impact on conservation of energy**

We, at CCL addressed this with detailed discussions with our boiler suppliers. The solid waste, on drying up, not only has good calorific value but is with very low ash content. Thus, jointly with the boiler suppliers – viz., Thermax, we have got the fuel system redesigned so as to enable using this solid waste as fuel for boilers. This has not only resulted in substantial savings on fuel costs but also is environmental friendly as the ash content is very minimal. Thus, this effort of the company has not only served as a substitute for fossil fuel but also is an effective method for waste disposal.

We have invested in heat recovery systems that have been specifically designed for our processes, which will be used for heat transfer in production processes of utilities, that reduces steam generation, which in turn, will reduce fuel consumption.

**ii) Steps taken by the Company for utilising alternate sources of energy**

The Company has been continuously saving considerable fuel cost for its boiler by using rice husk and recycled solid waste as fuel.

The Heat Recovery System is commissioned and observed energy saving from the day of installation. This has resulted in significant reduction in energy consumption for core process utilities.

**iii) The capital investment on energy conservation equipments**

We at CCL have defined ourselves to be utmost conservative in utilizing the natural resources. Due to the influence of the geographical location, high ppm of silica was observed in the raw water at the new FD facility and it was challenging to increase the recovery percentage in the reverse osmosis due to its presence. To address this challenge, the company has invested in a 100 Cum/hr pretreatment plant and it has been integrated with the water treatment plant. Now in the pretreatment plant, High Rate Solid Contact Clarifier helped in reducing the silica levels in raw water and enabled us to increase the water recovery.

**B) Technology Absorption****i) Efforts made towards technology absorption:**

The best technology in the world for the manufacturing of quality coffee is being used by your Company and strives continuously to upgrade the technology.

**ii) Benefits derived like product improvement, cost reduction, product development or import substitution:**

The technology being used has improved the production standards and optimised the operational costs.

**iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished:**

a)	Technology imported	No technology imported during the last 3 years
b)	Year of Import	NA
c)	Has technology been fully absorbed	NA
d)	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	NA

**iv) Expenditure incurred on Research and Development:**

Your Company has a strong quality and assurance department which continuously strives to improve process methods, quality parameters etc., resulting in better value added products, improvement in quantities etc. This department is part of the Company's routine operations and hence, no specific allocation to be identified under Research and development.

**C) Foreign Exchange Earnings and Outgo:**

<b>Total foreign exchange</b>	<b>₹ in Crores</b>
<b>Used</b>	<b>323.42</b>
<b>Earned</b>	<b>851.47</b>

Place : Hyderabad  
Date : 15<sup>th</sup> June, 2020

**For and on behalf of the Board**

sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292

**BUSINESS RESPONSIBILITY REPORT  
for the financial year 2019-20**

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

S.No.	Particulars	Company Information
1	Corporate Identity Number (CIN) of the Company	L15110AP1961PLC000874
2	Name of the Company	CCL PRODUCTS (INDIA) LIMITED
3	Registered Office address	Duggirala, Guntur Dist. Andhra Pradesh- 522330, India
4	Website	<a href="http://www.cclproducts.com">www.cclproducts.com</a>
5	E-mail id	<a href="mailto:companysecretary@continental.coffee">companysecretary@continental.coffee</a>
6	Financial Year reported	01 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020
7	Sectors that the Company is engaged in (industrial activity code wise)	NIC Code :10792 Description : Manufacturing of Instant Coffee and coffee related products
8	List three key products/services that the Company manufactures/provides (as in the Balancesheet)	The Company manufactures and markets a wide range of instant coffee products.
9	Total number of locations where business activity is undertaken by the Company	The Company has its Registered office situated at Guntur District, A.P. India. Its Corporate office is situated at Hyderabad, Telangana, India SEZ UNIT : Kuvvakolli Village, Varadaiahpalem, Chittoor District - 517 645, Andhra Pradesh, India.
9 (i)	Number of International Locations	Singapore, Vietnam and Switzerland
9 (ii)	Number of National Locations	Registered Office: Duggirala-522 330, Guntur District, Andhra Pradesh, India Corporate Office: 7-1-24/2/D, 'Greendale, Ameerpet, Hyderabad- 500 016, Telangana, India SEZ UNIT : Kuvvakolli Village, Varadaiahpalem, Chittoor District - 517 645, Andhra Pradesh, India.
10	Markets served by the Company – Local/State/National/International	The unit in Duggirala is an export oriented unit and in addition to serving Indian markets, CCL Products (India) Limited exported its products to over 90 Countries as on 31 <sup>st</sup> March, 2020. The Company has a significant presence nationally and globally.

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

S.No.	Particulars	Company Information
1	Paid up capital (INR)	₹ 266,055,840
2	Total Turnover (INR)	₹ 95,659.04 Lakhs
3	Total profit after taxes (INR)	₹ 23,316.32 Lakhs
4	Total Spending on Corporate Social Responsibility ( CSR) as percentage of profit after tax (%)	During the financial year 2019-20, CCL has incurred expenditure for an amount of ₹ 3.28 Crores which is more than 2% of PAT of average 3 preceding years.
5	List of activities in which expenditure in 4 above has been incurred:-	<p>The Company aims to undertake activities to reduce inequalities faced by socially and economically backward groups. Please refer the Annexure II of the Director's Report in this Annual Report 2019-20 for information on CSR activities. Some of the activities undertaken in this regard are as follows:</p> <ul style="list-style-type: none"> <li>(a) Oldage Homes</li> <li>(b) Women empowerment and other skill development activities</li> <li>(c) Orphanage</li> <li>(d) Promoting education</li> <li>(e) Health and nutrition</li> <li>(f) Infrastructure development</li> <li>(g) Environmental Protection</li> <li>(h) Pure drinking water facilities</li> <li>(i) Disaster management</li> </ul>

**SECTION C: OTHER DETAILS**

S.No.	Particulars	Company Information
1	Company Subsidiaries/ Joint Ventures	<p>Subsidiary Companies</p> <ul style="list-style-type: none"> <li>• Continental Coffee Private Limited</li> <li>• Jayanti Pte. Ltd. (Singapore)</li> <li>• Continental Coffee SA(Switzerland) (formerly Grandsaugreen SA)</li> <li>• Ngon Coffee Company Limited (Vietnam)</li> <li>• CCL Beverages Private Limited</li> </ul>
2	Subsidiaries participating in company's Business Responsibility (BR) initiatives	CCL Products (India) Limited keeps all its subsidiaries informed about the Business Responsibility initiatives. It also encourages its subsidiaries to participate in such initiatives.
3	Other entities (e.g suppliers, distributors etc.) participating in Company's BR initiatives	Nil



**SECTION D : BR INFORMATION**

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies

S. No.	Particulars	Company Information
1	DIN	00016035
2	Name	Mr. Challa Srishant
3	Designation	Managing Director

(b) Details of BR head

S. No.	Particulars	Company Information
1	DIN	NA
2	Name	Mr.V. Rama Rao
3	Designation	GM- Commercial
4	Telephone number	+91 40 23732455
5	E-mail ID	ramarao.v@continental.coffee

2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Business should provide goods and services that are safe and contribute to Sustainability throughout their life cycle
P3	Business should promote the well- being of all employees
P4	Business should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Business should respect and promote human rights
P6	Business should respect, protect and make efforts to restore the environment
P7	Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Business should support inclusive growth and equitable development
P9	Business should engage with and provide value to their Customers and consumers in a responsible manner

**Details of compliance (Y/N)**

No.	Principle-wise Policies	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes. The policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<a href="https://www.cclproducts.com/wp-content/uploads/2019/04/csr-policy.pdf">https://www.cclproducts.com/wp-content/uploads/2019/04/csr-policy.pdf</a> <a href="https://www.cclproducts.com/wp-content/uploads/2019/04/policy-on-related-party-transactions.pdf">https://www.cclproducts.com/wp-content/uploads/2019/04/policy-on-related-party-transactions.pdf</a> <a href="https://www.cclproducts.com/wp-content/uploads/2019/04/whistle-blower-policy.pdf">https://www.cclproducts.com/wp-content/uploads/2019/04/whistle-blower-policy.pdf</a> <a href="https://www.cclproducts.com/wp-content/uploads/2019/04/risk-management-policy.pdf">https://www.cclproducts.com/wp-content/uploads/2019/04/risk-management-policy.pdf</a> <a href="https://www.cclproducts.com/wp-content/uploads/2019/04/policy-on-material-subsiary.pdf">https://www.cclproducts.com/wp-content/uploads/2019/04/policy-on-material-subsiary.pdf</a> <a href="https://www.cclproducts.com/wp-content/uploads/2019/04/remuneration-policy.pdf">https://www.cclproducts.com/wp-content/uploads/2019/04/remuneration-policy.pdf</a> <a href="https://www.cclproducts.com/wp-content/uploads/2019/04/code-of-conduct.pdf">https://www.cclproducts.com/wp-content/uploads/2019/04/code-of-conduct.pdf</a> <a href="https://www.cclproducts.com/wp-content/uploads/2019/04/code-of-insider-trading.pdf">https://www.cclproducts.com/wp-content/uploads/2019/04/code-of-insider-trading.pdf</a> <a href="https://www.cclproducts.com/wp-content/uploads/2019/04/Responsible-Sourcing-Policy.pdf">https://www.cclproducts.com/wp-content/uploads/2019/04/Responsible-Sourcing-Policy.pdf</a> <a href="https://www.cclproducts.com/wp-content/uploads/2019/04/Sustainability-Policy.pdf">https://www.cclproducts.com/wp-content/uploads/2019/04/Sustainability-Policy.pdf</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been communicated to all the internal and external stakeholders.								
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y

9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, any grievances or feedback to the policies can be sent to Compliance Officer of the Company at <a href="mailto:companysecretary@continental.coffee">companysecretary@continental.coffee</a>
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The head of the respective departments are made responsible for effective implementation of the policies.

(a) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

**No. Questions**

- |   |   |                |
|---|---|----------------|
| 1 | The company has not understood the Principles   | Not applicable |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles |                |
| 3 | The company does not have financial or manpower resources available for the task  |                |
| 4 | It is planned to be done within next 6 months   |                |
| 5 | It is planned to be done within the next 1 year   |                |
| 6 | Any other reason (please specify)   |                |

**3. Business Responsibility (BR) Governance:**

S. No.	Particulars	Company Informarion
3.a	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The performance on aspects of BR is reviewed by the Company's Management on periodical basis and atleast once a year put up to the Board
3.b	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company publishes the information on Business Responsibility which forms part of the Annual Report of the Company. The same will be disclosed on the website of the Company at <a href="http://www.cclproducts.com">www.cclproducts.com</a>

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability**

CCL Products (India) Limited lays a strong emphasis on ethical corporate citizenship and establishment of good corporate culture. It has always believed in adhering to the best governance practices to ensure protection of interests of all stakeholders of the Company in tandem with healthy growth of the Company. The Company has always discouraged practices that are abusive, corrupt, or anticompetitive.

Our philosophy is to conduct the business with high ethical standards in our dealings with all the stakeholders that include employees, customers, suppliers, government and the community.

The Company has a strong and effective Whistle Blower Policy which aims to deter and detect actual or suspected misconduct. It has been established to ensure that genuine concerns of misconduct/ unlawful conduct, which an individual believes may be taking place within the organisation, are raised at an early stage in a responsible and confidential manner. This mechanism also provides for adequate safeguards against victimisation of employees who avail of the mechanism. Any employee may report such incident without fear to the Chairman of the Audit Committee or alternatively may report to the Compliance officer of the Company. The Policy on Vigil Mechanism may be accessed on the Company’s website at <https://www.cclproducts.com/wp-content/uploads/2019/04/whistle-blower-policy.pdf>

**1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?  
Yes**

CCL Products (India) Limited is committed to act professionally, fairly and with integrity in all its dealings. The Company has established a ‘Vigil Mechanism’ for Directors and employees to report their genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of Company’s Code of Conduct. As an integral part of such Vigil Mechanism, the Whistle Blower Policy of CCL has been formulated with a view to empower the Directors and employees of CCL and / or its subsidiary companies, to detect and report any improper activity within the Company.

Further CCL has also adopted “Code of Conduct for Directors and Senior Management” which captures the behavioral and ethical standards.

The Company obtains an annual confirmation affirming compliance with the Code from the Directors, Key Managerial Persons and the senior management every year.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 word or so.**

	<b>Pending as on 31-03-2019</b>	<b>Received during 2019-20</b>	<b>Redressed during 2019-20</b>	<b>Pending as on 31-03-2020</b>
Customer Complaints	Nil	Nil	Nil	Nil
Investor Complaints	Nil	14	14	Nil
Consumer cases	Nil	Nil	Nil	Nil

**Principle 2: Business should provide goods and services that are safe and contribute to Sustainability throughout their life cycle**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

**Not Applicable**

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

**Not Applicable**

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

**Not Applicable**

**3. Does the company have procedures in place for sustainable sourcing (including transportation)? -Yes**

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

CCL's global supply chain is complex in nature which involves sourcing raw materials and services from different parts of the world and the Company brought responsible sourcing practices at all the stages of supply chain in place over a period of time inspite of socio-economic and cultural constraints across the countries for long term sustainability.

The Company had a responsible sourcing policy which was made applicable to all its suppliers and ensure that the hygiene working conditions, minimum wages and safety standards are followed by all the employees involved throughout its supply chain globally in strict adherence to the international labour policies.

95% of CCL's inputs are sourced sustainably.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? Yes**

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

CCL procures green coffee from small vendors of Karnataka, Andhra Pradesh, Tamil Nadu and Kerala. The Company source all the packaging material and other related products from local and small vendors since inception.

The assurance of sourcing from the Company led to the expansion of the vendors associated, and the company helped them with latest technology available globally for their development.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

CCL continuously strives for the betterment in its porcess of recycling the products and waste generated during the production process. Coffee is a product, where around 40% can be derived from the coffee beans for the productive usage and the rest 60% is in the form of solid waste. This solid waste generated, on drying up, has greater calorific value.

The ash that comes from the boilers will be supplied to brick manufacturers. The solid waste that was generated is being used as fuel to the boilers. More than 90% of the waste generated is being recycled.

Zero Liquid Discharge (ZLD) Plant is being implemented and all the effluent is being treated without any discharge.

**Principle 3: Business should promote the well-being of all employees**

We believe that our human capital is one of the most valuable resources to tap the perennial growth of business. Company’s Code of Conduct provides guidelines for employee wellbeing related to participation, freedom, gender equality, good environment and harassment free workplace. A strong mechanism is established for deployment of guidelines and grievance redressing mechanism.

1. Please indicate the Total number of employees: 617 as on 31.03.2020.
2. Please indicate the Total number of employees hired on contractual basis : 800
3. Please indicate the Number of permanent women employees : 28
4. Please indicate the Number of permanent employees with disabilities: 0
5. Do you have an employee association that is recognized by management- No
6. What percentage of your permanent employees is members of this recognized employee association?  
NA
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.-

S.No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

(a) Permanent Employees	100%
(b) Permanent Women Employees	100%
(c) Casual/Temporary/Contractual Employees	100%
(d) Employees with Disabilities	100%

**Principle 4: Business should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

1. Has the company mapped its internal and external stakeholders? Yes

CCL has always acknowledged the vital contribution of all stakeholders such as employees, communities, suppliers, customers, regulatory bodies, industry associations, shareholders, academic institutes and media in building a sustainable business and has accorded importance to their voices and concerns.

The Company has carried out comprehensive stakeholder identification program. This allowed us to understand the needs and expectations of our stakeholders better.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.  
Yes

The stakeholder engagement program is deployed by focusing on each identified stakeholder from various business divisions of the organisation. We are working towards betterment of communities in the vicinity of our manufacturing plants which are located in rural areas. We have identified stakeholders and we are working on projects for them.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company sources some of its raw material from the farmers of Karnataka, Andhra Pradesh, Tamil Nadu and Kerala.

The packaging material is procured locally from small vendors.

The Company initiated several programs that include health, hygiene and nutrition development in school children, promoting girl child education, swachh Bharat initiatives in the surrounding villages, medical camps and health centres, pure drinking water facilities in many villages.

#### **Principle 5: Business should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

CCL's Policies cover the guidelines on Human rights and it is applicable to all members of the CCL group. The members had given liberty to report any violations of the Code, or share their concerns confidentially through e-mail, complaint drop box and access to Committee members as per the various Committees under the Code of Conduct.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has received 14 stakeholder complaints in the past financial year and 100% of the complaints were satisfactorily resolved by the management.

#### **Principle 6: Business should respect, protect and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

CCL's Sustainability Policy extends to all the stakeholders the organization deals with, including suppliers, contractors, NGOs and others. We aim to propagate the principles of Sustainability throughout our Value chain and to all stakeholders

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Many facets of respecting and protecting environment are embedded in the Company's operations as also its products. Consumption of fuel is very important for our boilers. We have got the fuel system redesigned so as to enable using this solid waste as fuel for boilers. This has not only resulted in substantial savings on fuel costs but also is environmental friendly as the ash content is very minimal. Thus, this effort of the Company has not only served as a substitute for fossil fuel but also is an effective method for waste disposal.



The Company has been continuously saving considerable fuel cost for its boiler by using rice husk and recycled solid waste as fuel. An Electrostatic Precipitator (ESP) was installed to curb pollution from the boiler which enhance eco friendly operations at the Plant.

To minimise the environmental impacts of its products, the Company continuously improves products in terms of fuel efficiency, material use and recyclability

3. Does the Company identify and assess potential environmental risks?

Since there are no chemicals used in the production process and since processing is done with coffee beans and water, everything is organic in nature. Potential environmental risks are constantly being assessed as part of the Company's risk management identification process. The Company regularly reviews its environmental risks and undertakes initiatives to mitigate them.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

**Not Applicable**

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

**Not Applicable**

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

All emissions and waste generated by the Company are within the permissible limits given by CPCB/SPCB in 2019-20.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

**Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- (a) Coffee Board of India
- (b) Export Promotion Council for EOUs and SEZs (EPCES)
- (c) Federation of Indian Export Organization (FIEO)
- (d) Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI)
- (e) Indo American Chamber of Commerce (IACC)
- (f) Indo German Chamber of Commerce (IGCC)
- (g) National Coffee Association, USA (NCA)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company associated with above institutions with an intention of mutual learning and contribution in development of processes.

CCL has been instrumental in value addition for the instant coffee in global markets by promoting Indian coffee, working with many associations and also in making several representations to the Government through its officers for development of green coffee production in the State of Andhra Pradesh.

**Principle 8: Business should support inclusive growth and equitable development**

We at CCL believe that in order to have a growth and equitable development, the Company has to work in proper co ordination with its ecosystem. The Company also believes that social, environmental and economic values are interlinked and we belong to an Interdependent Ecosystem comprising Shareholders, Consumers, Associates, Employees, Government, Environment and Society. We are committed to ensure a positive impact of our existence on all these stakeholders. It's our continuous endeavour to integrate sustainability considerations in all our business decisions.

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company as part of its corporate social responsibility involved in several programmes and projects that creates a better country for the future generations. The details of several programmes undertaken by the Company are given in 'Annexure III' of the Directors Report, which forms part of the Annual Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

The aforesaid projects have been carried out by the Company directly and in consultantion with other organizations.

3. Have you done any impact assessment of your initiative?

Yes, the CSR committee internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the programme in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

S.No	CSR Project	Expenditure
1	Old age homes	1,05,000
2	Orphanage	3,45,000
3	Promoting Education	55,44,760
4	Health, hygiene and safe drinking water	96,52,054
5	Infrastructure facilities	96,02,953
6	Environmental Protection	13,72,500
7	Self employment & Skill development	36,99,983
8	Disaster Management	25,00,000
	<b>TOTAL</b>	<b>3,28,22,250</b>

Details of the same are provided in ' Annexure III' of the Directors Report, which forms part of the Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

CCL's CSR initiatives are rolled out directly or in partnership with non-profit organisations. This helps in increasing reach as well as ensuring the adoption of initiative by communities. Project teams track the reach and take necessary steps to make it successful.

**Principle 9: Business should engage with and provide value to their Customers and consumers in a responsible manner**

All the customer complaints which were received in the reporting period have been resolved and there are no complaints or consumer cases pending as on the end of the financial year. There are no cases filed by any customer or consumer against the Company as at the end of financial year 2019–20. The Company displays all product information on the product label, which is mandatory and as may be required for the use of the products by the consumers. The Company shall never engage in any unfair trading practices, irresponsible advertising or anti-competitive behavior. The Company has various checks and balances to ensure that the business of the Company is done in a fair and responsible manner.

Information with reference to BRR framework:

No.	Questions	Information
9.1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	Following is the status of customer complaints/ consumer cases as on the end of the financial year ended on 31 <sup>st</sup> March, 2020: 1.Customer complaints- Nil 2.Consumer cases- Nil
9.2	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks(additional information)-Yes	CCL adheres to all the applicable regulations regarding product labeling and displays relevant information on it.
9.3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No case filed by any stakeholder related to the afore mentioned subject is pending as at the end of financial year ended on 31 <sup>st</sup> March, 2020.
9.4	Did your Company carry out any consumer survey/ consumer satisfaction trends?	The Company regularly carries out consumer satisfaction surveys continuously to understand their tastes and preferences and to develop better products.

For **CCL Products (India) Limited**

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

Sd/-  
**Challa Srishant**  
Managing Director  
DIN : 00016035

**REPORT ON CORPORATE GOVERNANCE**

[Pursuant to Schedule V (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (“Listing Regulations”)]

**(1) Company’s philosophy on Code of Governance**

Over the years, CCL has shown a commitment towards effective corporate governance and has always been at the forefront of benchmarking its internal systems and policies with global practices. CCL believes that it needs to show a greater degree of responsibility and accountability. It is committed to provide fair, transparent and equitable treatment to all its stakeholders.

At CCL we have always sought to be a value driven organisation, where our growth and success is directed by our values.

The Company has complied with the norms of governance as provided in Chapter IV and Schedule II of the Listing Regulations during the year under review.

**(2) Board of Directors**

(a) Composition and category of directors:

The composition of Board is in consonance with the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31<sup>st</sup> March, 2020, CCL’s Board consisted of 12 Members. The Board of directors of the Company has an optimum combination of Executive, Non-Executive and Independent Directors with one woman Independent Director.

The details of the Board of Directors including their attendance at the meetings of Board and shareholders, directorships / chairmanships / memberships on the Boards /Committees of other Companies and names of the listed entities where the person is a director and the category of directorship as required under Regulation no. 34 read with schedule V of Listing Regulations are as below:

Name	Category	No. of Board Meetings		Attendance at the last AGM (7 <sup>th</sup> August, 2019)	No. of Directorships in other Companies		Chairmanships/ memberships in Committees of other Public Companies		Name of other listed entities where he/she is a director and the category of directorship
		Held	Attended		Private	Public	Member ship	Chairman ship	
Mr. C.Rajendra Prasad	Promoter & Executive Director	6	6	Yes	3	-	-	-	
Mr. Vipin K Singal	Independent Non-Executive Director	6	4	Yes	3	-	-	-	
Mr. Kata Chandrahas	Independent Non-Executive Director	6	6	No	-	-	-	-	
Mr. K. K. Sarma	Non-Executive Director	6	6	No	2	-	-	-	
Mr. B. Mohan Krishna	Promoter & Executive Director	6	6	Yes	3	-	-	-	
Mr. G. V. Krishna Rau	Independent Non-Executive Director	6	5	Yes	-	-	-	-	
Ms. Kulsoom Noor Saifullah	Independent Non-Executive Director	6	3	No	1	-	-	-	

Mr. K.V. Chowdary	Independent Non-Executive Director	6	5	Yes	-	2	5	-	1. Reliance Industries Limited: Non-Executive Director 2. Divi's Laboratories Limited: Independent Director
Ms. Challa Shantha Prasad	Promoter & Non-Executive Director	6	5	Yes	-	2	-	-	1. Unijolly Investments Company Ltd- Non-Executive Director 2. Healthy Investments Ltd. Whole Time Director
Dr. Krishnanand Lanka	Non-Executive Director	6	5	No	-	-	-	-	
Mr. Durga Prasad Kode	Independent Non-Executive Director	6	6	Yes	-	2	2	1	Navabharat Ventures Ltd.- Independent Director
Mr. Challa Srishant	Promoter & Executive Director	6	6	Yes	5	-	-	-	

The Directorships held by Directors in other Companies, as mentioned above do not include Directorships in Foreign Companies, Companies Registered under Section 8 of the Companies Act, 2013.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are directors. None of the Directors hold office in more than 10 public companies. None of the Directors serve as Independent Director in more than seven listed companies.

(b) Number of meetings of the Board of directors held and dates on which held:

The Board met 6 times in the financial year 2019-20 on the following dates, with a gap not exceeding one hundred and twenty days between any two meetings:

13 <sup>th</sup> May, 2019	11 <sup>th</sup> July, 2019	22 <sup>nd</sup> October, 2019	11 <sup>th</sup> November, 2019	27 <sup>th</sup> January, 2020	26 <sup>th</sup> February, 2020
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( c ) Disclosure of relationships between directors inter-se:

- ◆ Mr. Challa Rajendra Prasad – spouse of Ms. Challa Shantha Prasad, Director; father of Mr. Challa Srishant, Managing Director and father -in- law of Mr. B. Mohan Krishna, Executive Director of the Company.
- ◆ Mr. Challa Srishant - son of Mr. Challa Rajendra Prasad, Executive Chairman and Ms. Challa Shantha Prasad, Director and brother-in-law of Mr. B. Mohan Krishna, Executive Director of the Company.
- ◆ Mr. B. Mohan Krishna - son-in-law of Mr. Challa Rajendra Prasad, Executive Chairman and Ms. Shantha Prasad Challa, Director and brother-in-law of Mr. Challa Srishant, Managing Director of the Company
- ◆ Ms Challa Shantha Prasad- spouse of Mr. Challa Rajendra Prasad, Executive Chairman; mother of Mr. Challa Srishant, Managing Director and mother-in-law of Mr. B. Mohan Krishna, Executive Director of the Company.

Except mentioned above, none of the Directors is related to each other.

(d) Number of shares and convertible instruments held by non-executive directors:

Except below mentioned, none of the non-Executive Directors hold any equity shares in the Company:

S.No	Name and designation of the Director	No. of Shares held
1	Mr. Vipin K Singal, Independent Director	5,000
2	Mr. Kata Chandrahas, Independent Director	24,686
3	Mr. Kode Durga Prasad, Independent Director	10,000
4	Ms. Challa Shantha Prasad, Non-Executive Director	1,84,31,659

(e) Web link where details of familiarization programmes imparted to Independent directors:

A formal familiarization programme was conducted about the amendments in the Companies Act, 2013, Rules prescribed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other applicable laws of the Company.

It is the general practice of the Company to notify the changes in all the applicable laws from time to time to the Board of Directors regularly.

The details of such familiarization programmes for Independent Directors are posted on the website of the Company and the web link is <https://www.cclproducts.com/wp-content/uploads/2020/04/Familiarization-programme-for-Independent-Directors.pdf>

(f) List of core skills/expertise/competencies identified by the board of directors:

The Company requires skills, expertise and competencies in the areas of strategy, finance, accounting, legal and regulatory matters, the environment, sustainability and operations of the Company's businesses to efficiently carry on its core businesses such as manufacturing of instant coffee, knowledge on international coffee markets, marketing of coffee.

The Board comprises of qualified members who bring in the required skills, expertise and competence as mentioned above which allow them to make effective contributions to the Board and its committees. The members of the Board are committed to ensure that the Company is in compliance with the highest standards of corporate governance.

List of skills/competencies required in relation to business operations	Names of Directors having such skills/competencies
Finance, Law, Management, Administration	Mr. Challa Srishant, Mr. K. Chandrahas, Mr. K. V. Chowdary, Mr.G.V. Krishna Rau, Mr. Kode Durga Prasad
Technical knowledge on operations, Production	Mr. Challa Rajendra Prasad, Mr. B. Mohan Krishna, Dr.L. Krishnanand
Corporate Governance, Strategic Management	Ms. Challa Shantha Prasad, Ms. Kulsoom Noor Saifullah, Mr. K.K. Sarma
International Marketing and Sales	Mr. G.V. Krishna Rau, Mr. Vipin K Singal, Ms. Kulsoom Noor Saifullah

- (g) Confirmation that in the opinion of the board, the independent directors fulfil the conditions specified in these regulations and are independent of the management.

The Board of Directors be and is hereby confirm that in the opinion of the Board, the Independent Directors fulfil the conditions specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

### **Committees of the Board**

Currently, there are six Board Committees – The Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Management Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the Chairman of the respective Committees.

The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below:

#### **(3) Audit Committee**

The Company has a qualified and Independent Audit Committee comprising of 6 Independent Directors and 2 Non-Executive Directors, constituted in accordance with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Committee is empowered with the powers as prescribed under the said Regulation 18 and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions if any, given by the Board from time to time.

##### **(a) Brief description of terms of reference**

The terms of reference of the Audit Committee are as per Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, read with Section 177 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

##### **i) Powers of the Audit Committee includes:**

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

##### **ii) Role of the Audit Committee includes:**

- Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of auditors and fixation of audit fee and approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:



- 
- matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - changes, if any, in accounting policies and practices and reasons for the same.
  - major accounting entries involving estimates based on the exercise of judgment by management
  - significant adjustments made in the financial statements arising out of audit findings
  - compliance with listing and other legal requirements relating to financial statements
  - disclosure of any related party transactions
  - review of draft Auditors Report, in particular qualifications / remarks / observations made by the Auditors on the financial statements
  - Management Discussion and Analysis of financial conditions and results of operations
- Review of internal audit reports relating to internal control weaknesses.
  - Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
  - Review of the financial statements of subsidiary Companies
  - Scrutiny of inter-corporate loans and investments
  - Evaluation of internal financial controls and risk management systems
  - To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors
  - Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
  - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
  - Reviewing the risk management policies, practices and the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board

The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

(b) Details on composition of the Audit Committee and the attendance by each Member of the Audit Committee

**(b) Details on composition of the Audit Committee and the attendance by each Member of the Audit Committee**

Name of the Director	Category	No. of meetings held during the year	No of meetings attended
Mr. Kata Chandrahas	Chairman	4	4
Mr. Vipin K Singal	Member	4	4
Mr. K.V. Chowdary	Member	4	3
Mr. K. K. Sarma	Member	4	4
Mr. G.V. Krishna Rau	Member	4	3
Ms. Kulsoom Noor Saifullah	Member	4	3
Dr. Lanka Krishnanand	Member	4	4
Mr. Kode Durga Prasad	Member	4	4

All the members of the Audit Committee are financially literate and have expertise in accounting/ financial management.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

Mr. V. Lakshmi Narayana, Chief Financial Officer of the Group and representatives from M/s. Ramesh & Co, Internal Auditors and M/s. Ramanatham & Rao., Statutory Auditors are invites to the meetings of the Audit Committee. The Company Secretary of the Company acts as the Secretary of the said Committee.

**(c) Meetings during the year**

The Audit Committee met 4 times during the previous year, with a gap not exceeding one hundred and twenty days between any two meetings. Each meeting consisted of atleast 3 Members as its quorum out of which atleast 2 are independent members. The said committee met at the following dates:

13 <sup>th</sup> May, 2019	11 <sup>th</sup> July, 2019	22 <sup>nd</sup> October, 2019	27 <sup>th</sup> January, 2020
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**(4) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee has been formed in compliance of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013.

**(a) Brief description of terms of reference**

The terms of reference of the Nomination and Remuneration Committee are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment, remuneration and removal.
- Recommendation of fee / compensation if any, to be paid to Non-Executive Directors, including Independent Directors of the Board.
- Payment / revision of remuneration payable to Managerial Personnel.

The Company has adopted a policy relating to the remuneration for Directors, Key Managerial Personnel and other employees of the Company which is disclosed on the website of the Company <https://www.cclproducts.com/wp-content/uploads/2019/04/remuneration-policy.pdf>

**(b) Details on composition of the Nomination and Remuneration Committee and the attendance by each Member of the Committee**

Name of the Director	Category	No. of meetings held during the year	No of meetings attended
Mr. G. V. Krishna Rau	Chairman	4	3
Mr. Vipin K Singal	Member	4	4
Mr. Kata Chandrahas	Member	4	4
*Mr. K.V. Chowdary	Member	4	1
Mr. K. K. Sarma	Member	4	4
Ms. Kulsoom Noor Saifullah	Member	4	3
Ms. Challa Shantha Prasad	Member	4	4
Dr. Lanka Krishnanand	Member	4	4
Mr. Kode Durga Prasad	Member	4	4

\* Mr. K.V. Chowdary was the member of Nomination and Remuneration Committee w.e.f. 11<sup>th</sup> July, 2019 till 11<sup>th</sup> November, 2019.

**(c) Meetings during the year**

The Committee met four times during the previous year. The said committee met on the following dates:

13 <sup>th</sup> May, 2019	11 <sup>th</sup> July, 2019	22 <sup>nd</sup> October, 2019	27 <sup>th</sup> January, 2020
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The main object of this Committee is to identify persons who are qualified to become directors and who may be appointed in senior management of the Company, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance, recommend the remuneration package of both the Executive and the Non-Executive Directors on the Board and also the remuneration of Senior Management, one level below the Board. The Committee reviews the remuneration package payable to Executive Director(s) and recommends to the Board the same and acts in terms of reference of the Board from time to time.

**(d) Performance evaluation criteria for Independent Directors**

Independent Directors are evaluated based on below mentioned criteria:

- (i) their general understanding of the Company's business dynamics
- (ii) global business and social perspective
- (iii) professional ethics, integrity and values
- (iv) willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively

The NR Committee laid down criteria for performance evaluation of all the Directors on the Board and recommended the same for evaluating the performance of each and every Director.

Board evaluates the performance of Independent Directors annually based on their participation at the Board and Committee meetings conducted during the year and the NR Committee recommends the appointment/re-appointment of the Independent Directors by assessing the role played by them in all the meetings they attended.

**(5) Remuneration of Directors**

- (a) All pecuniary relationship or transactions of the non-executive directors

Non-Executive Directors including Independent Directors are entitled to payment of sitting fee for the Board and Committee meetings attended by them and Commission not exceeding 1% of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013 and the shareholders passed a resolution to this effect in their meeting held on 26<sup>th</sup> September, 2016.

- (b) Criteria of making payments to non-executive directors

Keeping in view the size, scale and complexity of the Company's operations and the level of involvement of the non-executive directors in the supervision and control of the Company and their guidance for the growth of the Company as members of the Board and also as Chairman or Members of the relevant Committees of the Board, the Board and Shareholders decided that such remuneration/commission should be commensurate with their roles which have undergone significant qualitative changes.

- (c) Disclosures with respect to remuneration: in addition to disclosures required under the Companies Act, 2013:

- (i) All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc for the FY 2019-20 :

Name of the Non-Executive Director	Sitting Fees Paid for FY 2019-20 in ₹	Commission for the year 2019-20 in ₹
Mr. Vipin K Singal	2,15,000	9,00,000
Mr. Kata Chandrahas	2,45,000	9,00,000
Mr. K.V. Chowdary	1,30,000	9,00,000
Mr. K.K. Sarma	2,30,000	9,00,000
Mr. G.V. Krishna Rau	2,00,000	9,00,000
Ms. Kulsoom Noor Saifullah	1,45,000	9,00,000
Ms. Challa Shantha Prasad	1,20,000	9,00,000
Dr. Lanka Krishnanand	2,15,000	9,00,000
Mr. Kode Durga Prasad	2,45,000	9,00,000

Details of salary, commission and other benefits to Executive Directors

Name of the Executive Director	Salary Paid	Perquisites and allowances	Commission as % of profit
Mr. Challa Rajendra Prasad	4,20,00,000	--	--
Mr. Challa Srishant	3,60,00,000	--	3,05,00,000
Mr. B. Mohan Krishna	3,00,00,000	--	1,97,00,000

- (ii) Details of fixed component and performance linked incentives, along with the performance criteria: No Director is paid any fixed component nor performance linked incentives.

(iii) Service contracts, notice period, severance fees: A separate contract of employment was entered with each of the Executive Directors with terms and conditions of appointment as per the HR Policy of the Company and approved by the Board.

- (iv) Stock option details, if any including issue at a discount as well as the period over which accrued and over which exercisable: The Company has not issued any stock options.

**(6) Stakeholders Relationship Committee**

The Stakeholders Relationship Committee has been formed in compliance of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013 comprising of 5 Independent Directors and 2 Non-Executive Directors.

The composition of the Stakeholders Relationship Committee and the attendance of each Member of the said Committee are as under:

Name of the Director	Category	No. of meetings held during the year	No of meetings attended
Mr. Kata Chandrahas	Chairman	4	4
Mr. Vipin K Singal	Member	4	4
*Mr. K.V. Chowdary	Member	4	1
Mr. K. K. Sarma	Member	4	4
Mr. G. V. Krishna Rau	Member	4	3
Ms. Kulsoom Noor Saifullah	Member	4	1
Dr. Lanka Krishnanand	Member	4	4
Mr. Durga Prasad Kode	Member	4	4

\* Mr. K.V. Chowdary was the member of Stakeholders Relationship Committee w.e.f. 11<sup>th</sup> July, 2019 till 11<sup>th</sup> November, 2019.

The Stakeholders Relationship Committee met four times during the previous year. The said committee met on the following dates:

13 <sup>th</sup> May, 2019	11 <sup>th</sup> July, 2019	22 <sup>nd</sup> October, 2019	27 <sup>th</sup> January, 2020
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The Committee reviews the security transfers/transmissions, process of dematerialization and the investors' grievances and the systems dealing with these issues.

Ms. Sridevi Dasari, Company Secretary is appointed as the Compliance Officer of the Company.

The Board has authorised the Company Secretary, who is also the Compliance Officer, to approve share transfers/transmission and comply with other formalities in relation thereto.

All investor complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

A total of 14 complaints were received during the year and were totally resolved to the satisfaction of the shareholders. There were no complaints pending for redressal during the year under review. There were no pending transfers as on 31<sup>st</sup> March, 2020.

**Terms of reference**

The terms of reference of the Stakeholders Relationship Committee are as under:

- i) Redressal of grievances of shareholders
- ii) Transfer and transmission of securities
- iii) Dealing with complaints related to transfer of shares, non-receipt of declared dividend, non-receipt of Balance Sheet etc.
- iv) Issuance of duplicate share certificates
- v) Review of dematerialization of shares and related matters
- vi) Performing various functions relating to the interests of shareholders/investors of the Company as may be required under the provisions of the Companies Act, 2013, Listing Agreement with the Stock Exchanges and regulations/guidelines issued by the SEBI or any other regulatory authority. In order to expedite the process and for effective resolution of grievances/complaints, the Committee has delegated

powers to the Registrar and Share Transfer Agents i.e., M/s. Venture Capital and Corporate Investments Pvt. Ltd., to redress all complaints/grievances/enquiries of the shareholders/investors. It redresses the grievances/ complaints of shareholders/investors under the supervision of Company Secretary & Compliance Officer of the Company.

The Committee, along with the Registrars and Share Transfer Agents of the Company follows the policy of attending to the complaints, if any, within seven days from the date of its receipt.

As mandated by SEBI, the Quarterly Reconciliation of Share Capital Audit, highlighting the reconciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-à-vis the total issued and listed capital is being carried out by a Practising Company Secretary. This Audit confirms that the total issued and paid up capital is in agreement with the total number of shares held in physical and dematerialized form with NSDL and CDSL.

As on 31<sup>st</sup> March, 2020, 13,21,95,867 Equity Shares of ₹ 2/- each representing 99.37% of the total no. of shares are in dematerialized form.

As per Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') read with Section 124 of the Companies Act, 2013, intimations have been sent to shareholders concerned, requesting them to encash their unclaimed dividends failing which the unclaimed dividend and corresponding shares held by them shall be transferred to IEPF Authority.

As required under Section 124 of the Companies Act, 2013 read with the IEPF Rules as amended, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

#### **(7) Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee has been formulated pursuant to Section 135 of the Companies Act, 2013 comprising of 6 Independent Directors, 3 Non-Executive Directors and 2 Executive Directors.

**Details on composition of the Corporate Social Responsibility Committee and the attendance by each Member of the Committee are as under:**

<b>Name of the Director</b>	<b>Category</b>	<b>No. of meetings held during the year</b>	<b>No. of meetings attended</b>
Mr. Vipin K Singal	Chairman	1	1
Mr. Kata Chandrahas	Member	1	1
Mr. K. K. Sarma	Member	1	1
Mr. B. Mohan Krishna	Member	1	1
Mr. Challa Srishant	Member	1	1
Mr. G.V. Krishna Rau	Member	1	1
Ms. Kulsoom Noor Saifullah	Member	1	1
Ms. Challa Shantha Prasad	Member	1	1
Dr. Lanka Krishnanand	Member	1	1
Mr. Kode Durga Prasad	Member	1	1

The Committee met once during the previous year. The said committee met on the following dates:

13 <sup>th</sup> May, 2019
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**Terms of reference**

The terms of reference of the Corporate Social Responsibility Committee are as under:

- i) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
- ii) recommend the amount of expenditure to be incurred on the activities referred to in clause (i) above; and
- iii) monitor the Corporate Social Responsibility Policy of the company from time to time.

**Corporate Social Responsibility Policy**

The Company has adopted Corporate Social Responsibility Policy containing the activities to be undertaken by the Company as part of its CSR programs. The CSR policy is disclosed on the website of the Company [www.cclproducts.com](http://www.cclproducts.com) and the web link is <https://www.cclproducts.com/wp-content/uploads/2019/04/csr-policy.pdf>

**(8) Risk Management Committee**

The Committee comprises of 5 Independent Directors, 3 Non-Executive Directors, 2 Executive Directors and 3 Members from the Senior Management of the Company. Constitution of Risk Management Committee is as below:

Name of the Director	Category	No. of meetings held during the year	No. of meetings attended
Mr. Challa Srishant	Chairman	1	1
Mr. Vipin K Singal	Member	1	1
Mr. K. Chandrahas	Member	1	1
Mr. K. K. Sarma	Member	1	1
Mr. B. Mohan Krishna	Member	1	1
Mr. G.V. Krishna Rau	Member	1	1
Ms. Kulsoom Noor Saifullah	Member	1	0
Ms. Challa Shantha Prasad	Member	1	1
Dr. Lanka Krishnanand	Member	1	1
Mr. Kode Durga Prasad	Member	1	1
Mr. K V L N Sarma (Chief Operations Officer)	Member	1	0
Ms. Sridevi Dasari (Company Secretary)	Member	1	1
Mr. V. Lakshmi Narayana (Chief Financial Officer)	Member	1	1

The Committee met once during the previous year. The said committee met on the following dates:

27 <sup>th</sup> January, 2020
--------------------------------



The Company recognises that enterprise risk management is an integral part of good management practice. The purpose of this policy is to articulate our approach and expectations in relation to the management of risk across the organisation. Risk Management is an essential element in achieving business goals and deriving benefits from market opportunities. All employees are responsible for managing risk in so far as is reasonably practicable within their area of activity

### **Objective of the Risk Management Policy**

To embed the management of risk as an integral part of our business processes;

To establish an effective system of risk identification, analysis, evaluation and treatment within all areas and all levels of the Company;

To avoid exposure to significant financial loss;

To contribute to the achievement of the Company's objectives; and

To assess the benefits and costs of implementation of available options and controls to manage risk.

The primary function of the Risk Management Committee is to assist the Board to manage the risk appetite of the Company in order to promote a balanced business model and growth. The Committee oversees the identification of major areas of risk being faced by the Company, the development of strategies to manage those risks and reviews the risk management policies and their implementation.

### **Functions, Roles and Responsibilities of the Committee**

- To approve structures, analyze risks and benefits, seek independent opinion with regard to structure or views.
- Assisting the Board in fulfilling its oversight responsibilities with regard to Enterprise Risk Management.
- Reviewing and approving risk related disclosures.
- Responsible for day to day oversight of risk management including identification, impact assessment, monitoring, mitigation and reporting.
- Formulation and implementation of risk management policies and procedures.
- Providing updates to the Board on enterprise risks and action taken.
- Ensure compliance with policies and procedures laid down by the Company for specific business units.
- Maintenance and development of a supportive culture, in relation to the management of risk appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organisation of their actions and decisions.
- Advising Board on all high level risk matters.
- To review the effectiveness of the internal control system and risk management framework in relation to the achievement of business objectives.
- Reporting risk events and incidents in a timely manner.

### **(9) General Body Meetings**

- (a) Last 3 Annual General Meetings (AGMs) were held at Registered Office of the Company at Duggirala, Guntur District, Andhra Pradesh as detailed below:

Financial Year Ended	Date	Day	Time	Special Resolutions passed at the AGMs by the Shareholders
31 <sup>st</sup> March, 2019	07-08-2019	Wednesday	09.30 A.M	1. Appointment of Mr. Vipin K Singal as Independent Director for a second term of 5 years 2. Appointment of Mr. K.Chandrabas as Independent Director for second term of 5 years 3. Re-appointment of Mr. Challa Rajendra Prasad as Executive Chairman and to fix the remuneration 4. Re-appointment of Mr. Challa Srishant as Managing Director and to fix the remuneration 5. Re-appointment of Mr. B. Mohan Krishna as Executive Director and to fix the remuneration
31 <sup>st</sup> March, 2018	14-07-2018	Saturday	11.00 A.M	No Special Resolution was passed at the AGM.
31 <sup>st</sup> March 2017	11-07-2017	Tuesday	11.00 A.M.	Increase of FII/FPI holding in the Company.

- (b) Special resolution passed last year through postal ballot – details of voting pattern and person who conducted the postal ballot exercise

During the financial year under review, no resolution was passed through Postal Ballot. Therefore providing details of person who conducted the postal ballot exercise and voting pattern does not arise.

Also, no special resolution is being proposed through postal ballot as on the date of notice calling the Annual General Meeting. The members of the Company will be intimated appropriately as and when the postal ballot need arises.

Procedure for postal ballot

The Postal ballot will be conducted in accordance with the provisions of Section 110 of The Companies Act, 2013 read with Rule 22 of The Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

**(10) Means of communication:**

- (a) Quarterly results:

The quarterly, half-yearly and annual results of the Company were normally published by the Company in the newspapers within 48 hours from the conclusion of the Board meeting.

Annual reports with audited financial statements are sent to the shareholders through permitted mode.

- (b) Newspapers wherein results normally published:

The results are normally published by the Company in the newspapers (Financial Express) in English version, circulating in the whole of India and in regional newspaper (Andhra Prabha) in the vernacular language in all editions.

(c) Any website, where displayed:

The results are also displayed on the Company’s website: [www.cclproducts.com](http://www.cclproducts.com)

(d) Whether it also displays official news releases:

The newsletters and press releases from time to time were also displayed on the Company’s website.

(e) Presentations made to institutional investors or to the analysts:

The presentations to institutional investors or to the analysts are covered in the Company’s website and were intimated to the Stock Exchanges.

News items are sent to the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited, where shares of the Company were listed and the Exchanges display the same on their websites.

**(11) General Shareholder Information**

The 59<sup>th</sup> Annual General Meeting of the company will be held on 24<sup>th</sup> July at 3.00 pm through VC/OAVM pursuant to MCA circular dated 05<sup>th</sup> May, 2020 and as such there is no requirement to have venue for the AGM. For details, please refer to the Notice of this AGM.

- Financial Calendar : 1<sup>st</sup> of April, 2020 to 31<sup>st</sup> of March, 2021.
- Results for the quarter ending
  - 30<sup>th</sup> June 2020 : Second/Third week of July, 2020
  - 30<sup>th</sup> September 2020 : First/Second week of October, 2020
  - 31<sup>st</sup> December 2020 : Third/Fourth week of February 2021
  - 31<sup>st</sup> March 2021 : Second /Third week of May, 2021
- Date of Book closure : NA
- Dividend Payment Date : NA
- Listing on Stock Exchanges : 1) BSE Ltd.  
Phiroze Jeejeebhoy Towers, Dalal Street.  
MUMBAI -400001  
2) National Stock Exchange of India Ltd.  
'EXCHANGE PLAZA' 5th Floor, Plot No. C/1,  
G-Block, Bandra-Kurla Complex, Bandra(E),  
MUMBAI - 400051

• **Stock Code**

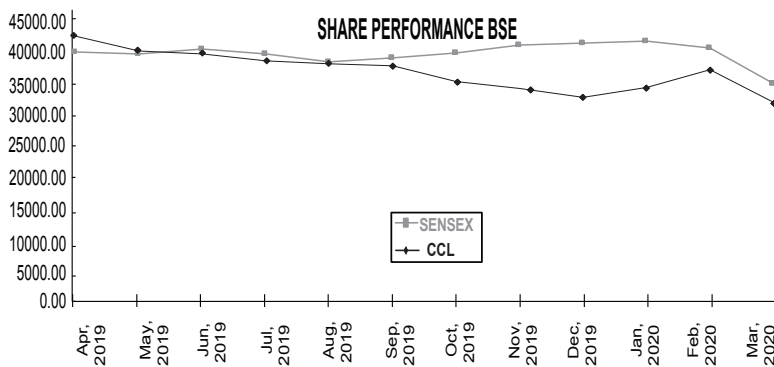
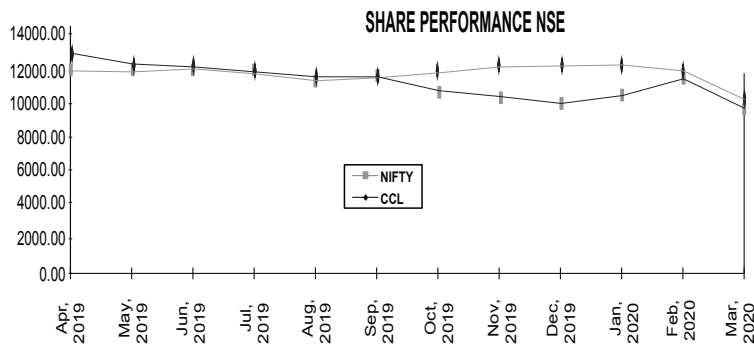
Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Limited	519600
National Stock Exchange of India Limited	CCL
ISIN No. for both NSDL and CDSL	INE421D01022

The Listing fees for the year 2020-21 has been paid to both the above Stock Exchanges

**Market Price Data**

High, low during each month and trading volumes of the Company's Equity Shares during the last financial year 2019-20 at the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) are as under:

DATE	BSE			NSE		
	High	Low	Qty Traded	High	Low	Qty Traded
April 2019	295.65	255.05	7,11,537	296.95	254.20	21,97,868
May 2019	272.15	250.00	2,83,732	273.70	249.60	12,20,283
June 2019	266.70	247.50	31,418	266.95	247.00	14,01,004
July 2019	261.00	234.60	63,702	262.05	235.00	8,77,341
August 2019	252.90	233.00	55,993	250.05	232.50	5,09,887
September 2019	250.00	231.60	32,965	249.70	230.20	6,19,061
October 2019	246.85	190.65	72,015	246.25	190.10	18,09,478
November 2019	219.70	197.10	56,161	215.95	198.00	16,08,490
December 2019	210.00	180.55	66,644	211.00	180.00	12,45,721
January 2020	227.60	190.80	87,53,304	227.90	192.30	2,08,78,140
February 2020	258.95	210.00	4,90,452	259.90	214.00	77,90,138
March 2020	240.15	137.25	1,68,099	240.45	137.00	63,42,297



**Distribution Schedule:**
**Distribution Schedule as on 31<sup>st</sup> March, 2020**

S. No	Nominal Value	Amount in ₹	% to Total Capital	No. of Share Holders	% to Total Holders
1	Upto 5000	15314716	5.75	27368	95.80
2	5001 to 10000	4148822	1.56	569	1.99
3	10001 to 20000	3944436	1.48	254	0.89
4	20001 to 30000	2049112	0.77	82	0.29
5	30001 to 40000	2309918	0.87	64	0.22
6	40001 to 50000	1273780	0.48	28	0.10
7	50001 to 100000	6004782	2.26	81	0.28
8	100001 and above	231010274	86.83	124	0.43
	<b>TOTAL</b>	<b>266055840</b>	<b>100</b>	<b>28570</b>	<b>100</b>

**Categories of Shareholders as on 31<sup>st</sup> March, 2020:**

S. No	Category of Shareholders	No. of Shares	Percentage
1	Promoter & Promoter Group	60974342	45.84
2	Mutual Funds	9760224	7.34
3	Alternate Investment Funds	3793296	2.85
4	Foreign Portfolio Investors	20999126	15.79
5	Financial Institutions & Banks	19123	0.01
6	Qualified Institutional Buyers	1000000	0.75
7	Foreign Institutional Investors	12714	0.01
8	Other Bodies Corporate	3094752	2.33
9	Resident Individuals	19309510	14.52
10	Non-Resident Individuals	14064833	10.56
	<b>Total</b>	<b>133027920</b>	<b>100.00</b>

**Dematerialization of shares and liquidity:**

The shares of the Company are under compulsory demat trading. The Company has made necessary arrangements with NSDL and CDSL for demat facility, 99.37% of the Company's Shares are dematerialised as on 31<sup>st</sup> March, 2020.

- Securities suspended from trading: Not applicable
- Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion and likely impact on equity: Nil
- List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad- Not applicable. However, we have obtained credit rating report from 'India Ratings & Research' to share with Company's bankers, who have extended working capital and term loan funding.

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- Plant Location

: Duggirala, Guntur Dist  
Andhra Pradesh - 522 330  
Ph: 08644-277294 / 277296  
Fax: 08644-277295

: SEZ – Kuvvakolli Village  
Varadaiah Palem Mandal  
Chittoor District, Andhra Pradesh
  - Address for Correspondence & any query on Annual Report

: The Company Secretary  
CCL Products (India) Ltd  
7-1-24/2/D, Greendale  
Ameerpet, Hyderabad 500 016  
Ph: 040 23730855  
Fax: 04023732499  
Email: companysecretary@continental.coffee  
Website: www.cclproducts.com
  - Registrar and Transfer Agents

: Venture Capital and Corporate  
Investments Pvt Ltd  
12-10-167, Bharat Nagar,  
Hyderabad - 500 018, T.S, India  
E-mail: info@vccipl.com
  - Contact Person

: Mr. E S K Prasad, Chief Executive  
Ph: 040 23818475 / 76  
Telefax: 040 23868024
  - Share Transfer System

: The Share transfers are effected within 15 days from the date of lodgment for transfer, Transmission sub-division, Consolidation, renewal etc., if the documents are in order in all respects, in line with Schedule VII to the Listing Regulations and such modified share Certificates are delivered to the shareholders immediately.
  - Transfer of unpaid/unclaimed dividend amounts to Investor Education and Protection Fund

: Members are requested to claim any unclaimed dividends for the year 2012-2013, as the same will be credited to Investor Education & Protection Fund (IEPF) pursuant to Section 124(5) of the Companies Act, 2013 read with the rules prescribed thereunder
  - Compliance Certificate

: Certificate from P S Rao & Associates, Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 is attached to the Directors' Report and forms part of this 59<sup>th</sup> Annual Report.

**Secretarial Audit:**

- a) M/s P S Rao & Associates, Practising Company Secretaries have conducted a Secretarial Audit of the Company for the year 2019-20. Their Audit Report confirms that the Company has complied with the applicable provisions of the Companies Act and the Rules made there under, SEBI Listing Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Directors' Report.
- b) Pursuant to Regulation 40(9) of the SEBI Listing Regulations, certificates have been issued on a half-yearly basis, by M/s P S Rao & Associates, Practising Company Secretaries, certifying due compliance of share transfer formalities by the Company.
- c) M/s P S Rao & Associates, Practising Company Secretaries carry out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

**(12) Other Disclosures**

- a. The particulars of transactions between the Company and its related parties are set out at Notes to financial statements. However these transactions are not likely to have any conflict with the Company's interest.
- b. The Policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company and the weblink is <https://www.cclproducts.com/wp-content/uploads/2019/04/policy-on-related-party-transactions.pdf>
- c. There are no non-compliances in the last three years by the Company on any matter related to Capital Market and there were no penalties imposed nor strictures passed on the Company by any Stock Exchange, SEBI or any other Statutory Authority during the year.
- d. The Whistle Blower (Vigil) mechanism provides a channel to the employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy and also provides for adequate safeguards against victimization of employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases. No person has been denied access to the Chairman of the Audit Committee.

The Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of Company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees. The Whistle Blower Policy of the Company is also posted on the website of the Company and the web link is <https://www.cclproducts.com/wp-content/uploads/2019/04/whistle-blower-policy.pdf>

- e. The Company has complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The status of compliance with the discretionary requirements under Regulation 27(1) of SEBI Listing Regulations are as under:



**Discretionary Requirements:**

Separate posts of chairperson and chief executive officer: The office of Chairman and that of Managing Director of the Company are held by different persons

Reporting of internal auditor: The Internal Auditor of the Company reports directly to the Audit Committee

- f. The Company does not have any Material Non-Listed Indian Subsidiary as defined under Regulation 16 of SEBI Listing Regulations. It is, therefore, not required to have an Independent Director of the Company on the Board of such Subsidiary.

The Policy on Material Subsidiaries as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as approved by the Board is uploaded on the website of the Company and the web link is <https://www.cclproducts.com/wp-content/uploads/2019/04/policy-on-material-subsidiary.pdf>

- g. Disclosure of commodity price risks and commodity hedging activities- We have started availing EPC (Export Packing in Rupee) against which we have taken forward cover partly (USD 25.47 mn) and balance is being covered under natural hedging.
- h. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)- Not Applicable
- i. A certificate from a company secretary in practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been enclosed as separately to this report.
- j. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year- There are no such instances during the year and the Board considered and accepted the recommendations of all the Committees.
- k. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part- Rs. 14,40,000/-
- l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The policy aims to provide protection to Employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where Employees feel secure. The Company has also constituted an Internal Committee, known as Anti Sexual Harassment Committee to address the concerns and complaints of sexual harassment and to recommend appropriate action.

The Company has not received any complaint on sexual harassment during the year.

**(13) Non-compliance of any requirement of corporate governance report, with reasons thereof:**

All the corporate governance requirements are complied with

**(14) The extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted:**

- Discretionary Requirements:

The Company has adopted / complied with the discretionary requirements specified in Part E of Schedule II as detailed below:

i. The Board:

Maintenance of Office to the Non-executive Chairperson at the Company's expense: This is not applicable as the Chairperson of the Company is an Executive Director.

ii. Shareholders' rights:

All the quarterly financial results are placed on the Company's Website: [www.cclproducts.com](http://www.cclproducts.com), apart from publishing the same in the Newspapers.

iii. Modified opinion(s) in audit report:

There are no modified opinions in the Audit Reports.

iv. Separate Posts of Chairman and CEO:

The Company has separate posts of Chairman and Managing Director.

v. Reporting of internal auditor:

The Internal auditor reports to the Chairman of the Audit Committee directly.

**(15) Disclosures of compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 are as follows:**

Regulation	Particulars of regulations	Compliance status (Yes/No)
17	Board of directors	Yes
18	Audit committee	Yes
19	Nomination and Remuneration committee	Yes
20	Stakeholders Relationship committee	Yes
21	Risk Management committee	Yes
22	Vigil mechanism	Yes
23	Related party transactions	Yes
24	Corporate Governance requirements with respect to Subsidiary of listed entity	Yes
25	Obligations with respect to Independent directors	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2) (b) to (i)	Website	Yes

**16. Code of Conduct**

The Company has in place a comprehensive Code of Conduct (the Code), pursuant to Regulation 17(5) of Listing Regulations, applicable to all the senior management personnel and directors including independent directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code

covers duties of independent directors also gives guidance and support needed for ethical conduct of business and compliance of law.

Further a policy on obligation of directors and senior management personnel for disclosure of committee positions and commercial transactions pursuant to Regulation 26(2) (5) and (6) of Listing Regulation is in place.

All the Directors and senior management confirmed the compliance of code of conduct. The Company has posted the Code of Conduct for Directors and Senior Management on the website and the weblink is <https://www.cclproducts.com/wp-content/uploads/2019/04/code-of-conduct.pdf>

Declaration on compliance with Code of Conduct is annexed.

### **17. Meeting of Independent Directors**

During the year under review, the Independent Directors met on 27<sup>th</sup> January, 2020, inter alia, to discuss:

Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;

Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Majority of the Independent Directors were present at the Meeting.

### **18. Management Discussion and Analysis Report forms part of Annual Report as an annexure to the Directors' Report.**

### **19. Policy for determining materiality of an event or information and for making disclosures to Stock Exchanges:**

As required under Regulation 30 of the Listing Regulations, the Board of directors of the Company approved the Policy for determining materiality of an event or information and for making disclosures to Stock Exchanges effective from December 1, 2015 and has been hosted on the website of the Company at the following link: <https://www.cclproducts.com/wp-content/uploads/2019/07/Policy-on-determination-of-materiality-of-events-or-information.pdf>

### **20. Preservation of Documents:**

The Company adopted the policy on preservation of documents in accordance with the Regulation 9 of the Listing Regulations, which was placed on the Website of the Company at <https://www.cclproducts.com/wp-content/uploads/2019/07/Policy-on-preservation-of-documents.pdf>

### **21. Corporate governance requirements with reference to Subsidiary Companies:**

Mr. Vipin K Singal was appointed as Director on the Board of M/s. Ngon Coffee Company Limited, material non-listed Subsidiary Company.

As per Regulation 24 of Listing Regulations the financial statements, significant transactions, investments and the minutes of the board meetings of the subsidiary companies are considered at the meetings of the Audit committee / Board of directors of the Company, as the case may be.

**22. Prohibition of Insider trading:**

In compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted a Code of Conduct for Prohibition of Insider Trading. This Policy also provides for periodical disclosures from the designated employees as well as pre-clearance of transactions by such persons.

The code is applicable to all Insiders who are likely or may reasonably be expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

- Compliance under SEBI Listing Regulations pertaining to mandatory requirements and Auditors Certificate on Corporate Governance: As required under SEBI Listing Regulations, the Auditor's Certificate on compliance of the Corporate Governance norms is attached.
- Particulars about Directors proposed for appointment as well as the Directors who retire by rotation and are eligible for re-appointment indicating their shareholding in the Company have been given in the annexure attached to the Notice of the Annual General Meeting.
- The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 33(2)(a) of SEBI Listing Regulations pertaining to CEO/CFO certification for the Financial Year ended 31<sup>st</sup> March, 2020 and the same is annexed herewith.
- Disclosure with respect to demat suspense account / unclaimed suspense account : NA

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR  
MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT**

In terms of SEBI (LODR) Regulations, 2015, 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 31<sup>st</sup> March, 2020.

For **CCL Products ( India) Limited**

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

Sd/-  
**Challa Srishant**  
Managing Director  
DIN : 00016035

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**CEO/CFO Certification**

**We, Challa Srishant, Managing Director and Lakshmi Narayana Vuduta, Chief Financial Officer, to the best of our knowledge and belief, certify that:**

- a. We have reviewed the financial statements including cash flow statement (standalone and consolidated) for the financial year ended March 31, 2020 and to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.
- d. We have indicated to the auditors and the Audit Committee:
  - i. significant changes in the internal control over financial reporting during the year;
  - ii. significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. that there are no instances of significant fraud of which they have become aware of and involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **CCL Products (India) Limited**

Sd/-  
**Challa Srishant**  
Managing Director  
DIN : 00016035

For **CCL Products (India) Limited**

Sd/-  
**Lakshmi Narayana Vuduta**  
Chief Financial Officer  
M. No. 028499

Place: Hyderabad  
Date : 15<sup>th</sup> June, 2020

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**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members,  
CCL Products (India) Limited

We have examined the compliance of conditions of Corporate Governance by CCL Products (India) Limited ('the Company') for the year ended 31<sup>st</sup> March, 2020 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination 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 statements 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 Regulations.

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 **P.S.Rao & Associates**  
Company Secretaries

Sd/-  
**P S Rao**  
M. No.: 10322  
C.P. No.: 3829

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

**CERTIFICATE**  
**(Pursuant to clause 10 of Part C of Schedule V of LODR)**

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015; (LODR) in respect of CCL Products (India) Limited, having CIN: L15110AP1961PLC000874), we hereby certify that:

On the basis of the written representation/declaration received from the directors and taken on record by the Board of Directors, as on 31<sup>st</sup> March, 2020, none of the directors on the Board of the company has been debarred or disqualified from being appointed or continuing as director of Companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on the basis of our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **P.S.Rao & Associates**  
Company Secretaries

Sd/-  
**P S Rao**  
M. No.: 10322  
C.P. No.: 3829  
UDIN : F010322B000382617

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020



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**INDEPENDENT AUDITOR'S REPORT****To the Members of CCL Products (India) Limited****Report on the Audit of the Standalone Financial Statements****Opinion**

We have audited the accompanying Standalone financial statements of CCL Products (India) Limited ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2020, and the statement of profit and loss (including Other Comprehensive Income), the cash flow Statement and the statement of changes in equity and for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act, and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

**Emphasis of Matter**

We draw attention to Note 1.25 of the standalone financial statements, which describes the extent to which the COVID-19 Pandemic will impact the Company's results which depend on future developments that are highly uncertain. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Key Audit Matter	How the Matter was addressed in Audit
<p><b>1. Evaluation of uncertain tax position:</b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes 2.32 to the Financial Statements</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>Obtained details of completed tax assessments and demands upto the year ended March 31, 2020 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at 1<sup>st</sup> April 2019 to evaluate whether any change was required to management's position on these uncertainties.</p> <p>We conclude that tax provisions and related disclosures are appropriately disclosed.</p>

**Other Information**

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, for example, Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. The other information as stated above is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information as stated above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with Governance.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for

safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw atten-

tion in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, The Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of the section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer to Note No. 2.32 to the Standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable laws or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For RAMANATHAM & RAO**  
Chartered Accountants  
Firm Registration. No. 002934S

**(K SREENIVASAN)**  
Partner  
ICAI Membership No. 206421  
UDIN:20206421AAAADR3341

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

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**Annexure - A to the Independent Auditors' Report**

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of CCL Products (India) Limited ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and

directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

**For RAMANATHAM & RAO**  
Chartered Accountants  
Firm Registration. No. 002934S

**(K SREENIVASAN)**  
Partner  
ICAI Membership No. 206421  
UDIN:20206421AAAADR3341

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020



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**Annexure – B to the Independent Auditors' Report**

The Annexure referred to in our Independent Auditors' Report to the members of the **CCL Products (India) Limited** on the Standalone Financial Statements for the period ended 31<sup>st</sup> March 2020, we report that:

- 1.1 The Company has maintained proper records showing full particulars, including the Quantitative details and the situation of fixed assets.
- 1.2 As explained to us, the fixed assets, have been physically verified by the Management in a periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- 1.3 According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable property are held in the name of company.
- 2.1 The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material.
- 3.1 The Company has not granted any loans, secured or unsecured during the period. Thus paragraphs 3 (iii) of the order is not applicable to the company.
- 4.1 In our opinion and according to the information and explanations given to us, the Company has not given any loans, made investments or provided securities to companies and other parties listed under section 185 and 186 of the Act.
- 5.1 The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and rules framed there under.
- 6.1 We have broadly reviewed the cost records maintained by the company as prescribed under section 148 (1) of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- 7.1 According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, Goods and Services Tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable to the appropriate authorities have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, Goods and Services Tax, duty of customs, duty of excise, value added tax, cess and other material statutory were in arrears as at 31<sup>st</sup> March 2020 for a period of more than six months from the date they became payable.

- 7.2 According to the information and explanations given to us, there are no material dues of income tax or sales tax or service tax or Goods and Services Tax or duty of customs or duty of excise or value added tax which have not been deposited by the company on account of dispute, except for the following:

S No	Name of the Statute	Nature of Dues	Amount in Lakhs	Period	Forum Where dispute is pending
1	The Income Tax Act, 1961	Income Tax	3472.63 (2883.28 deposited under protest)	Assessment years from 2006-07 to 2012-13	A P High Court
2	The Income Tax Act, 1961	Income Tax	160.58	Assessment years from 2011-12 to 2012-13	CIT(Appeals), Guntur
3	The Income Tax Act, 1961	Income Tax	357.31	Assessment years from 2016-17 to 2017-18	CIT(Appeals), Guntur
4	Service Tax Act	Service Tax	995.92	Financial year from 2013-14 to 2017-18	CESTAT
5	Sales Tax Act	Central Sales Tax	47.15	Financial year from 2015-16	Sales Tax Appeal, Tirupati
6	The Income Tax Act, 1961	Income Tax	411.88	Assessment years from 2013-14 to 2015-16	Orders issued by ITAT in favour of the Company

- 8.1 According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company did not have any outstanding loans or borrowings from financial institutions or Government and there are no dues to debenture holders during the year.
- 9.1 In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and the term loans have been used by the Company during the year for the purpose for which they were raised.
- 10.1 To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- 11.1 According to information and explanation given to us and based on our examination of records of the Company, the Company has paid /provided for managerial remuneration with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- 12.1 In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- 13.1 According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- 14.1 According to the information and explanations given to us and based on our examination of records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

- 15.1 According to the information and explanations given to us and based on our examination of records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the company.
- 16.1 According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For RAMANATHAM & RAO  
Chartered Accountants  
Firm Registration. No. 002934S

(K SREENIVASAN)

Partner

ICAI Membership No. 206421  
UDIN:20206421AAAADR3341

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

**STANDALONE BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2020 (₹ in Lakhs)**

	Note No.	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property plant and Equipment	2.1	56712.17	22042.75
Capital Work Inprogress		9709.62	42412.52
Intangible assets	2.2	0.82	0.82
Financial assets			
(i) Investments	2.3	15858.69	15857.69
(ii) Other financial assets	2.4	527.55	341.75
Other non current assets	2.5	4249.95	3850.30
		<b>87058.79</b>	<b>84505.83</b>
<b>Current assets</b>			
Inventories	2.6	18754.11	14519.30
Financial assets			
Trade receivables	2.7	21555.09	14890.76
Cash and cash equivalent	2.8	1844.56	3898.17
Other financial assets	2.4	2215.42	588.60
Other current assets	2.5	3365.33	2878.94
		<b>47734.50</b>	<b>36775.77</b>
		<b>134793.29</b>	<b>121281.59</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2.9	2660.56	2,660.56
Other Equity	2.10	76580.84	62,243.91
		<b>79241.40</b>	<b>64904.47</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	2.11	21945.71	19,264.56
Other Financial Liability	2.15	874.68	311.53
Deferred tax liabilities (net)	2.12	4704.88	3986.52
		<b>27525.28</b>	<b>23562.61</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	2.11	14270.14	16845.60
Trade payables			
a. Total out standing dues of Micro and Small Enterprises			
b. Total out standing dues of creditors other than Micro and Small Enterprises	2.14	1714.56	5430.85
Other financial liabilities	2.15	9518.78	8808.66
Provisions	2.16	-	-
Other current liabilities	2.13	2523.12	1729.41
		<b>28026.61</b>	<b>32814.52</b>
		<b>134793.29</b>	<b>121281.59</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			

The accompanying Significant accounting policies and notes form an integral part of the Standalone financial statements.

As per our report of even date  
**For RAMANATHAM & RAO**  
Chartered Accountants

**By order of the Board**

Sd/-  
**K.SREENIVASAN**  
Partner  
M.No.206421

Sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292

Place : Hyderabad  
Date : 15<sup>th</sup> June, 2020

Sd/-  
**V.Lakshmi Narayana**  
Chief Financial Officer  
M. No. 028499

Sd/-  
**Sridevi Dasari**  
Company Secretary  
M.No. A29897

Sd/-  
**K. Chandrahas**  
Director  
DIN : 02994302

Sd/-  
**Challa Srishant**  
Managing Director  
DIN : 00016035

**STANDALONE PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**  
**(₹ in Lakhs)**

	Note No.	2020	2019
<b>Income</b>			
Revenue from operations	2.17	82264.70	80913.29
Other income	2.18	13394.34	3017.96
<b>Total Revenue</b>		<b>95659.04</b>	<b>83931.25</b>
<b>Expenses</b>			
Cost of materials consumed	2.19	41809.70	45946.74
Changes in inventories	2.20	(2926.89)	2.74
Employee benefits expense	2.21	5005.45	4137.55
Finance costs	2.22	1691.48	811.54
Depreciation and amortization expense	2.1&2.2	2542.74	1221.41
Other expenses	2.23	17703.31	13953.43
<b>Total Expenses</b>		<b>65825.78</b>	<b>66073.41</b>
<b>Profit before tax</b>		<b>29833.26</b>	<b>17857.83</b>
<b>Tax expense</b>			
(1) Current tax		5221.64	5249.66
(2) Deferred tax		718.36	65.27
<b>Profit for the year</b>		<b>23893.26</b>	<b>12542.90</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss		(21.20)	(84.84)
Tax on items that will not be reclassified to profit or loss		7.41	29.65
		(13.79)	(55.19)
<b>Items that will be reclassified to profit or loss:</b>			
Items that may be reclassified subsequently to profit or loss		(563.15)	(311.53)
Tax on items that will be reclassified subsequently to profit or loss		-	-
		(563.15)	(311.53)
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>(576.94)</b>	<b>(366.72)</b>
<b>Total comprehensive income for the year</b>		<b>23316.32</b>	<b>12176.17</b>
<b>Earnings per share:</b>			
Basic earnings per share of ₹ 2/-each		17.96	9.43
Diluted earnings per share of ₹ 2/- each		17.96	9.43

The accompanying Significant accounting policies and notes form an integral part of the Standalone financial statements.

As per our report of even date  
**For RAMANATHAM & RAO**  
Chartered Accountants

Sd/-  
**K.SREENIVASAN**  
Partner  
M.No.206421

Place : Hyderabad  
Date : 15<sup>th</sup> June, 2020

Sd/-  
**V.Lakshmi Narayana**  
Chief Financial Officer  
M. No. 028499

Sd/-  
**Sridevi Dasari**  
Company Secretary  
M.No. A29897

Sd/-  
**K. Chandrahas**  
Director  
DIN : 02994302

**By order of the Board**

Sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292

Sd/-  
**Challa Srishant**  
Managing Director  
DIN : 00016035

### Statement of changes in equity

#### Statement of changes in equity for the period ended 31.03.2020

Equity share capital	Opening balance as at 1 Apr 2019	Changes in equity share capital during the year	Closing balance as at 31 Mar 2020
13,30,27,920 Equity Shares of ₹ 2 each, fully paid up	26,60,55,840	-	26,60,55,840
	<b>26,60,55,840</b>	-	<b>26,60,55,840</b>
Equity share capital	Opening balance as at 1 Apr 2018	Changes in equity share capital during the year	Closing balance as at 31 Mar 2019
13,30,27,920 Equity Shares of ₹ 2 each, fully paid up	26,60,55,840	-	26,60,55,840
	<b>26,60,55,840</b>	-	<b>26,60,55,840</b>

(₹ in Lakhs)

	Retained Earnings	General Reserve	Capital Reserve	Actuarial Gains or Losses	Derivative at Fair Value	Total Equity
<b>Balance as at 1/4/2019</b>	<b>33869.56</b>	<b>28820.70</b>	-	<b>(134.81)</b>	<b>(311.53)</b>	<b>62243.91</b>
Profit for the year	23893.26	-	-	-	-	23893.26
Additions during the year	-	-	-	-	-	-
Dividend paid	(8979.38)	-	-	-	-	(8979.38)
Amount transfer to general reserve	-	-	-	-	-	-
Net change in fair value of FVTPL investments and others	-	-	-	-	-	-
Measurement of derivatives at fair value	-	-	-	-	(563.15)	(563.15)
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit	-	-	-	(13.79)	-	(13.79)
<b>Balance as at 31/03/2020</b>	<b>48783.43</b>	<b>28820.70</b>	-	<b>(148.60)</b>	<b>(874.68)</b>	<b>76580.84</b>

	Retained Earnings	General Reserve	Capital Reserve	Actuarial Gains or Losses	Derivative at Fair Value	Total Equity
<b>Balance as at 1/4/2018</b>	<b>28064.12</b>	<b>28820.70</b>	-	<b>(79.62)</b>	-	<b>56805.20</b>
Profit for the year	12542.90	-	-	-	-	12542.90
Additions during the year	-	-	-	-	-	-
Dividend paid	(6,737.46)	-	-	-	-	(673746)
Amount transfer to general reserve	-	-	-	-	-	-
Net change in fair value of FVTPL investments and others	-	-	-	-	(311.53)	(311.53)
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit	-	-	-	(55.19)	-	(55.19)
<b>Balance as at 31/03/2019</b>	<b>33869.56</b>	<b>28820.70</b>	-	<b>(134.81)</b>	<b>(311.53)</b>	<b>62243.91</b>



**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020**

(₹ in Lakhs)

	2020	2019
<b>Cash Flows from Operating Activities</b>		
<b>Net profit before tax</b>	29833.26	17857.83
<b>Adjustments for :</b>		
Depreciation and amortization expense	2542.74	1221.41
Provision for doubtful debts/advances/ impairment	37.29	18.18
Dividend Income	(13128.75)	(2939.56)
(Profit)/Loss on sale of assets	5.59	(0.06)
Other Comprehensive Income	(21.20)	(84.84)
<b>Operating profit before working capital changes</b>	<b>19268.93</b>	<b>16072.97</b>
<b>Movements in Working Capital</b>		
(Increase)/Decrease in Trade Receivables	(6701.62)	(2410.88)
(Increase)/Decrease in Other financial assets	(1812.61)	(593.22)
(Increase)/Decrease in Inventories	(4234.81)	(21.65)
(Increase)/Decrease in Other Current Assets	(9.45)	(371.95)
(Increase)/Decrease in Other Non Current Assets	(399.66)	(168.38)
Increase/(Decrease) in Trade Payables	(3716.28)	4635.12
Increase/(Decrease) in Other financial liabilities	551.92	421.94
Increase/(Decrease) in Other Current liabilities	793.71	(258.89)
<b>Changes in Working Capital</b>	<b>(15528.81)</b>	<b>1232.09</b>
<b>Cash generated from operations</b>	<b>3740.12</b>	<b>17305.06</b>
Direct Taxes Paid	(5294.33)	(5912.00)
<b>Net Cash from operating activities</b>	<b>(1554.21)</b>	<b>11393.06</b>
<b>Cash flows from Investing Activities</b>		
Purchase of Fixed Assets (Including CWIP)	(4534.83)	(23602.05)
Sale of Fixed assets	19.98	430.87
Investment in Subsidiaries	(1.00)	(69.18)
Dividend Income	13128.75	2,939.56
Creditor for Capital goods	(1211.32)	848.42
Advance for Fixed Assets	(396.83)	5847.27
<b>Net Cash From/ (Used In) Investing Activities</b>	<b>7004.76</b>	<b>(13605.11)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from/ ( Repayment) Long term borrowings	6331.17	5,117.92
Proceeds from/(Repayment of) Short-term borrowings	(2575.46)	4,184.14
Dividend and corporate dividend tax paid	(8979.38)	(6330.72)
<b>Net Cash From/ (Used In) Financing Activities</b>	<b>(5223.67)</b>	<b>2971.34</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>226.88</b>	<b>759.29</b>
Cash and Cash equivalents at the beginning of the Year	1513.79	754.50
<b>Cash and Cash equivalents at the ending of the Year</b>	<b>1740.67</b>	<b>1513.79</b>

Notes :- 1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard on "Cash Flow Statements".(Ind AS-7)  
2. The accompanying notes are an integral part of the financial statements.

As per our report of even date  
**For RAMANATHAM & RAO**  
Chartered Accountants

**By order of the Board**

Sd/-  
**K.SREENIVASAN**  
Partner  
M.No.206421

Sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292

Place : Hyderabad  
Date : 15<sup>th</sup> June, 2020

Sd/-  
**V.Lakshmi Narayana**  
Chief Financial Officer  
M. No. 028499

Sd/-  
**Sridevi Dasari**  
Company Secretary  
M.No. A29897

Sd/-  
**K. Chandrahas**  
Director  
DIN : 02994302

Sd/-  
**Challa Srishant**  
Managing Director  
DIN : 00016035

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## 1. NOTES TO STANDALONE FINANCIAL STATEMENTS

### DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 General Information

CCL Products (India) Limited (the Company) is engaged in the production, trading and distribution of Coffee. The Company has business operations mainly in India, Vietnam and Switzerland countries. The Company is a public limited Company incorporated and domiciled in India and has its registered office at Duggirala, Guntur, Andhra Pradesh. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.2 Basis of preparation and presentation of Financial Statements

The financial statements of CCL Products (India) Limited (“CCL” or “the Company”) have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules 2015, as amended and as per other relevant provisions of the Act. The presentation of financial statements is based upon Ind AS Schedule III of Companies Act, 2013.

Except for the changes below, the Company has consistently applied accounting policies to all applicable periods.

##### **Ind AS 116, Leases:**

Effective April 1, 2019, the Company has adopted Ind AS 116 “Leases” and applied to its Lease contracts existing on April 1, 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

##### **Amendment to Ind AS 12 ‘Income Taxes’:**

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 ‘Income Taxes’ with effect from April 1, 2019. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distribution to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Since Dividend Distribution Tax is not applicable with effective from April 1, 2020, this amendment will have no impact on the financial statements.

##### **Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:**

The Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

##### **Amendment to Ind AS 19 ‘Employee Benefits’:**

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 ‘Employee Benefits’ in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019, the Company has

evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

### 1.3 Basis of Measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- a. Derivative financial instruments are measured at fair value.
- b. Certain financial assets are measured either at fair value or at amortized cost depending on the classification;
- c. Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation, and
- d. Long-term borrowings are measured at amortized cost using the effective interest rate method.

All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realization/settlement within twelve months period from the balance sheet date.

### 1.4 Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, the areas involving critical estimates or Judgment are:

#### a. Depreciation and amortization

Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.

#### b. Employee Benefits

The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

#### c. Provision and contingencies

Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.

#### d. Fair valuation

Fair value is the market based measurement of observable market transaction or available market information. All financial instruments are measured at fair value as at the balance sheet date, as provided in Ind AS 109 and 113. Being a critical estimate, judgement is exercised to determine the carrying values. The fair value of financial instruments that are unlisted and not traded in an active market is determined at fair values assessed based on recent transactions entered into with third parties, based on valuation done by external appraisers etc.

### 1.5 Functional and presentation currency

These financial statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest lakhs.

### 1.6 Current and noncurrent classification

All the assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, presentation of financial statements.

**Assets:** An asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realized within twelve months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Liabilities:** A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within twelve months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of noncurrent assets/ liabilities respectively. All other assets/ liabilities are classified as noncurrent. Deferred tax assets and liabilities are always disclosed as non-current.

### 1.7 Foreign Currency Transaction

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the statement of profit and loss in the period in which they arise.

### 1.8 Property Plant & Equipment

#### Recognition and measurement

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation. The cost of self-constructed assets include the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

**Directly attributable costs include:**

- a. Cost of Employee Benefits arising directly from Construction or acquisition of PPE.
- b. Cost of Site Preparation.
- c. Initial Delivery & Handling costs.
- d. Professional Fees and
- e. Costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to that location and condition (such as samples produced when testing equipment).

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within the statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part will be derecognized. The costs of repairs and maintenance are recognized in the statement of profit and loss as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

**Depreciation**

Depreciation is recognized in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on the Companies Act, 2013 ("Schedule II"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on pro rata basis. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives are as follows:

Type of Asset	Estimated useful life in years
Buildings	
i) Main Plant Building	30
ii) Other Building	60
Plant & Machinery	25
Lab Equipment	7.5
Material Handling	7.5
Fire fighting	7.5
Vehicles	8
Computers	3
Office Equipment	5
Furniture & Fixtures	10

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other noncurrent assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

The Company assesses at each balance sheet date, whether there is objective evidence that an asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Recoverable amount is higher of the value in use or fair value less cost to sell.

**1.9 Intangible assets**

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

**Amortization**

Amortization is recognized in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use. The estimated useful lives are as follows:

Type of Asset	Estimated useful life
Intangible Assets	
Computer Software	3

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

**1.10 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a. Financial assets**

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

*Debt instrument at FVTPL*

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. The Company has not designated any debt instrument as at FVTPL.

Investment in Preference Shares and Unquoted trade Investments

Investment in Preference Shares and Unquoted trade Investments are measured at amortized cost using Effective Rate of Return (EIR).

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### Investment in equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

### Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### **Impairment of trade receivables**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. Expected credit loss model takes into consideration the present value of all the cash shortfalls over the expected life of a financial instrument. In simple terms, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate. The Standard presumes that entities would suffer credit loss even if the entity expects to be paid in full but later than when contractually due. In other words, it simply focuses on DELAYS in collection of receivables.

For the purpose of identifying the days of delay, the Company took into consideration the weighted average number of delays taking into consideration the date of billing, the credit period and the collection days.



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**b. Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value i.e., loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**Derivative financial instruments and hedging activities:**

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at future date. Derivatives are recognised at fair value at the end of reporting period and are subsequently re-measured at their fair value at each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- a. hedges of the fair value of recognised assets or liabilities (fair value hedge); or
- b. hedges of a particular risk associated with a firm commitment or a highly probable forecasted transaction (cash flow hedge);

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

Movements in the hedging reserve are accounted in other comprehensive income and are shown within the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

**(a) Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

**(b) Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion of changes in the fair value of



the derivative is recognised in the statement of profit and loss. Gains or losses accumulated in equity are reclassified to the statement of profit and loss in the periods when the hedged item affects the statement of profit and loss.

When a hedging instrument expires or swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss existing in statement of changes in equity is recognised in the Statement of Profit and Loss.

When a forecasted transaction is no longer expected to occur, the cumulative gains/losses that were reported in equity are immediately transferred to the statement of profit and loss.

### **Fair value measurement**

Fair value of financial assets and liabilities is normally determined by references to the transaction price or market price. If the fair value is not reliably determinable, the Company determines the fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### **1.11 Inventories**

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realizable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognized as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables which are used in operating machines or consumed as indirect materials in the manufacturing process. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### **1.12 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 1.13 Cash & Cash Equivalents

Cash and bank balances comprise of cash balance in hand, in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and unclaimed dividend accounts. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Margin money deposits, balance in dividend accounts which are not due and unclaimed dividend balances shall be disclosed as restricted cash balances.

### 1.14 Employee Benefits

#### *a. Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### *b. Defined Contribution Plan*

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

#### *c. Defined Benefit Plans*

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on prevailing market yields of Indian Government Bonds and that have terms to maturity approximating to the terms of the related defined benefit obligation. The current service cost of the defined benefit plan, recognized in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

#### *d. Termination benefits*

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

#### *e. Other long-term employee benefits*

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

### 1.15 Provisions, contingent liabilities and contingent assets

#### *Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle

the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### ***Contingent liabilities***

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### ***Contingent assets***

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

## **1.16 Revenue Recognition**

### ***Sale of goods and trade license***

The Company earns revenue from Sale of goods and sale of Trade licenses.

#### ***Sale of goods:***

Revenue is recognized when the Company substantially satisfies its performance obligation while transferring a promised good or service to its customers. The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives / discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

#### ***Sale of trade licences:***

The Company receives export incentives in the form of MEIS scrips which do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly, government grant relating to Income is recognised on accrual basis in Profit and Loss statement and when the terms and conditions related to export performance obligations are met.

### ***Other Income***

#### ***Interest Income***

Interest Income mainly comprises of interest on Margin money deposit with banks relating to bank guarantee. Interest income should be recorded using the effective interest rate (EIR). However, the amount of margin money deposits relating to bank guarantee are purely current in nature, hence effective interest rate has not been applied. Interest is recognized using the time-proportion method, based on rates implicit in the transactions.

#### ***Dividend***

Dividend income is recognized when the Company's right to receive dividend is established.

## **1.17 Government Grants**

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held.

Grants related to income are government grants other than those related to assets.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

Export incentives in the form of MEIS scrips and power subsidy receivable by the company do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly, government grant relating to Income is recognised on accrual basis in Profit and Loss statement and when the terms and conditions related to export performance obligations are met.

### **1.18 Borrowing Costs**

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

### **1.19 Tax Expenses**

Tax expense consists of current and deferred tax.

#### ***Income Tax***

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### ***Deferred Tax***

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### ***Dividend distribution tax***

Tax arising out of receipt of dividend from the foreign subsidiary is netted off against dividend distribution tax payable against the payment of dividends to shareholders under the Indian Income tax regulations. Dividend paid to the shareholders under Indian income tax regulations is not considered as tax expense for the Company and all such taxes are recognized in the statement of changes in equity as part of the associated dividend payment.

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Tax on Dividends declared by the Company are recognised as an appropriation of Profit. Dividend Distribution Tax is not applicable from April 1, 2020.

### **1.20 Earnings Per Share**

The Company presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

### **1.21 Trade receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment, if any.

### **1.22 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### **1.23 Determination of fair values**

The Company’s accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

#### ***(i) Property, plant and equipment***

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

#### ***(ii) Intangible assets***

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the “relief of royalty method”). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

#### ***(iii) Inventories***

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

#### ***(iv) Investments in equity and debt securities and units of mutual funds***

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

#### **(v) Derivatives**

The fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option and swap contracts and interest rate swap contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

#### **(vi) Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company's borrowings that have floating rates of interest, their fair value approximates carrying value.

### **1.24 Recent Accounting Pronouncements.**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

### **1.25 Impact of COVID-19 Key accounting judgements, estimates and assumptions.**

The threats posed by the coronavirus outbreak are multifold. In many countries, businesses have been forced to cease or limit their operations for long or indefinite periods of time. Even in India the outbreak has been declared epidemic and on March 24, 2020, the Government of India ordered a nationwide lockdown, limiting movement of the population of India as a preventive measure against the COVID-19 pandemic. As a result, most businesses throughout the world are dealing with lost revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many organizations.

However, as the Company operates in an industry that is considered essential in India and other countries, its operations were continuing during lockdown by ensuring appropriate safety measures.

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis. Based on its current estimates, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.

As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

The preparation of the Financial Statements required the Management to exercise judgements and to make estimates and assumptions. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Management has considered the global economic conditions prevailing as at the date of approval of these financial statements and has used internal and external sources of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.



**i. Depreciation and amortisation**

Depreciation and amortisation are based on management estimates of the future useful lives of the property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

**ii. Employee Benefits**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using various assumptions. The assumptions used in determining the net cost/(income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

**iii. Inventories**

The method of valuation of Inventories has been stated in Note No. 1.11 of Significant Accounting Policies. The Company has considered the possible impact relating to COVID-19 while determining the net realisable value of inventory of green coffee beans, and coffee powder. Based on the available internal and external information as determined by the Management, the Company does not expect the carrying values of such inventories to be significantly impacted.

**iv. Trade Receivables**

The credit worthiness of Trade Receivables and the credit terms set are determined on a case to case basis and the Management has factored in the uncertainties arising out of COVID-19, as applicable. Based on other internal and external sources of information as determined by the Management, the Company expects to fully recover the carrying amount of Trade Receivables.

The fair values of Trade Receivables are not considered to be significantly different from their carrying values, given their generally short period to maturity, with impairment reviews considered on an individual basis rather than when these become overdue.

**2.1: Property, plant and equipment**

(₹ in Lakhs)

	Gross carrying value			Accumulated depreciation / impairment				Net carrying value		
	As at 1 <sup>st</sup> April 2019	Additions	Disposals	As at 31 <sup>st</sup> March 2020	As at 1 <sup>st</sup> April 2019	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Land	2554.51	-	-	2554.51	-	-	-	-	-	2554.51
Buildings	2745.17	6884.78	-	9629.95	301.30	301.86	-	-	603.16	9026.79
Plant and equipment	19005.50	29836.98	-	48842.48	2687.25	2040.32	-	-	4727.57	44114.91
Lab Equipment	9.39	287.75	-	297.14	0.90	12.15	-	-	13.06	284.09
Material Handling Equipment	73.26	4.30	-	77.56	15.83	9.64	-	-	25.47	52.09
Fire fighting Equipment	0.82	-	-	0.82	0.06	-	-	-	0.06	0.76
Vehicles	640.16	75.68	33.29	682.55	180.79	91.50	-	7.71	264.59	417.97
Computers	127.56	20.38	-	147.94	59.30	31.95	-	-	91.25	56.69
Office Equipment	178.63	118.37	-	297.00	72.00	51.63	-	-	123.63	173.37
Furniture & Fixtures	31.97	9.48	-	41.45	6.78	3.68	-	-	10.46	30.99
<b>Total</b>	<b>25366.98</b>	<b>37237.72</b>	<b>33.29</b>	<b>62571.42</b>	<b>3324.23</b>	<b>2542.74</b>	<b>-</b>	<b>7.71</b>	<b>5859.25</b>	<b>56712.17</b>

	Gross carrying value			Accumulated depreciation / impairment				Net carrying value		
	As at 1 <sup>st</sup> April 2018	Additions	Disposals	As at 31 <sup>st</sup> March 2019	As at 1 <sup>st</sup> April 2018	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Land	2522.71	31.80	-	2554.51	-	-	-	-	-	2522.71
Buildings	2745.17	-	-	2745.17	200.86	100.44	-	-	301.30	2443.87
Plant and equipment	17277.55	2196.76	468.81	19005.50	1775.28	970.60	-	58.64	2687.25	15502.27
Lab Equipment	9.39	-	-	9.39	0.14	0.76	-	-	0.90	8.49
Material Handling Equipment	42.13	31.13	-	73.26	9.40	6.43	-	-	15.83	57.43
Fire fighting Equipment	0.82	-	-	0.82	0.06	-	-	-	0.06	0.76
Vehicles	477.72	194.47	32.03	640.16	113.87	78.56	-	11.63	180.79	459.37
Computers	97.98	29.58	-	127.56	33.15	26.15	-	-	59.30	68.26
Office Equipment	133.55	47.01	1.93	178.63	40.45	33.24	-	1.69	72.00	106.63
Furniture & Fixtures	30.26	1.71	-	31.97	3.85	2.93	-	-	6.78	25.19
<b>Total</b>	<b>23337.28</b>	<b>2532.47</b>	<b>502.77</b>	<b>25366.98</b>	<b>2177.06</b>	<b>1219.13</b>	<b>-</b>	<b>71.96</b>	<b>3324.23</b>	<b>22042.75</b>

a. All fixed assets including Factory land and buildings located at Duggirala, Guntur District and SEZ unit located at Kuvakoli Village, Chittoor District, have been given as a security for availing Credit facilities from banks.



(₹ in Lakhs)

**2.2: Other Intangible assets**

	Gross carrying value			Accumulated depreciation / impairment			Net carrying value			
	As at 1 <sup>st</sup> April 2019	Additions	Disposals	As at 31 <sup>st</sup> March 2020	As at 1 <sup>st</sup> April 2019	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Computer Software	13.53	-	-	13.53	12.71	-	-	-	0.82	0.82
<b>Total</b>	<b>13.53</b>	<b>-</b>	<b>-</b>	<b>13.53</b>	<b>12.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.82</b>	<b>0.82</b>

	Gross carrying value			Accumulated depreciation / impairment			Net carrying value			
	As at 1 <sup>st</sup> April 2018	Additions	Disposals	As at 31 <sup>st</sup> March 2019	As at 1 <sup>st</sup> April 2018	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Computer Software	13.53	-	-	13.53	10.42	2.29	-	-	0.82	3.11
<b>Total</b>	<b>13.53</b>	<b>-</b>	<b>-</b>	<b>13.53</b>	<b>10.42</b>	<b>2.29</b>	<b>-</b>	<b>-</b>	<b>0.82</b>	<b>3.11</b>

**2.3 Investments**

(₹ in Lakhs)

	2020		2019	
	Current	Non Current	Current	Non Current
<b>Investments carried at cost (Unquoted investments)</b>				
In subsidiary companies				
Jayanti Pte Ltd (2,80,84,784 Equity Shares Face Value of \$ 1/- each)	-	11125.57	-	11125.57
Ngon Coffee Company Limited (530000000000 Equity Shares Face Value of VND 1/- each) (344564633286 Equity Shares Face Value of VND 1/- each previous year)	-	3877.18	-	3877.18
Continental Coffee SA (earlier known as Grandsaugreen SA) (11100000 Equity Shares Face Value of CHF 1/- each)	-	6.92	-	6.92
Continental Coffee Private Limited (70,00,000 Equity Shares Face Value of ₹ 10/- each)	-	700.00	-	700.00
CCL Beverages Private Limited (10,000 Equity Shares Face Value of ₹ 10/- each)	-	1.00	-	-
<b>Aggregate amount of unquoted Investments</b>	-	<b>15710.67</b>	-	<b>15709.67</b>
<b>Investments at amortized cost( Unquoted Non Trade Investments:)</b>				
Coffee Futures Exchange India Ltd (Equity Subscription for Membership as Ordinary member - 1 share of ₹ 10,000)	-	0.10	-	0.10
Preference shares in Associated Coffee Merchants (Intl) Ltd (1,87,400 Preference Shares Face value of GBP 1/-each)	-	147.91	-	147.91
<b>Total investments carried at Amortized cost</b>	-	<b>148.01</b>	-	<b>148.01</b>
<b>Total Investments</b>	-	<b>15858.69</b>	-	<b>15857.69</b>

**2.4 Other Financial Assets**

	2020		2019	
	Current	Non Current	Current	Non Current
Rental Deposits	-	27.89	-	27.89
Electricity and Other Security Deposits	-	499.66	-	313.86
Other Receivables	2207.13	-	580.32	-
Tender Deposit	8.28	-	8.27	-
	<b>2215.42</b>	<b>527.55</b>	<b>588.60</b>	<b>341.75</b>

**2.5 Other Non Current Assets and Current Assets**

(₹ in Lakhs)

	2020		2019	
	Current	Non Current	Current	Non Current
Advance Tax (Net of Provision for tax)	80.10	1366.67	294.66	967.01
Deposits with Statutory authorities	-	2883.28	-	2883.28
Advances to Employees	43.25	-	35.58	-
Prepaid Expenses	235.63	-	67.10	-
Input tax and other taxes receivables	1064.95	-	1762.13	-
Advance to Creditors	889.18	-	236.28	-
Advances for Capital goods/services	834.65	-	437.82	-
Other receivables	217.56	-	45.38	-
	<b>3365.33</b>	<b>4249.95</b>	<b>2878.94</b>	<b>3850.30</b>

**2.6 Inventories**

	2020 Current	2019 Current
Raw materials	10104.96	9236.78
Work-in-progress	230.13	151.30
Finished goods	5884.28	3036.22
Stores, spares and consumables	1302.15	893.04
Packing materials	1232.59	1201.96
	<b>18754.11</b>	<b>14519.30</b>

The mode of valuation of Inventories has been stated in Note 1.11 of Significant Accounting Policies  
 Inventories hypothecated as security for availing working capital facilities from banks

**2.7 Trade receivables**

	2020 Current	2019 Current
<b>Trade Receivables</b>		
Unsecured, considered good	21632.51	14930.89
Less: Allowances for credit losses	77.43	40.13
Less: Bad debts Written off	-	-
	<b>21555.09</b>	<b>14890.76</b>

Trade Receivables hypothecated as security for availing working capital facilities

**2.8 Cash and Cash Equivalents**

(₹ in Lakhs)

	<b>2020</b>	<b>2019</b>
<b>a) Cash and Cash equivalents</b>		
i) Cash on hand	2.94	1.00
ii) Balances with banks -Current Accounts	1507.94	1294.44
<b>b) Other Bank Balances (with restricted use)</b>		
(i) Margin Money Deposit Accounts (against Bank Guarantees)	182.16	182.16
(ii) Unclaimed Dividend Account	103.89	56.39
(iii) Dividend Account	-	2327.99
Interest accrued but not due on deposits	47.63	36.19
	<b>1844.56</b>	<b>3898.17</b>

**Cash and Cash Equivalents include the following for Cash flow purpose**

	<b>2020</b>	<b>2019</b>
Cash and Cash Equivalents/ Bank Balances	1844.56	3898.17
Less: Unclaimed dividend	103.89	56.39
Less: Dividend account	-	2327.99
Cash and Cash Equivalents/ Bank Balances	<b>1740.67</b>	<b>1513.79</b>

**2.9 Share Capital**

(₹ in Lakhs)

	2020	2019
<b>Authorized Share Capital</b> 150,000,000 Equity Shares of ₹ 2 each (Previous year :150,000,000 Equity Shares of ₹ 2 each)	3000.00	3000.00
<b>Issued Subscribed and Paid up Share Capital</b> 133,027,920 Equity Shares of ₹ 2 each, fully paid up (Previous year :133,027,920 Equity Shares of ₹ 2 each, fully paid up)	2660.56 <b>2660.56</b>	2660.56 <b>2660.56</b>

Details of shareholders holding more than 5% shares :	No. of shares	% Holding	No. of shares	% Holding
1. Challa Rajendra Prasad	13237481	9.95%	13065400	9.82%
2. Challa Shantha Prasad	18431659	13.86%	18270000	13.73%
3. Challa Srishant	13944914	10.48%	13722000	10.32%
4. Challa Soumya	13350898	10.04%	13175300	9.90%
5. Smallcap World Fund Inc	-	-	10642173	8.00%

**2.9.1 Reconciliation of Number of Shares :**

	2020	2019
Number of Shares at the beginning of the year	133027920	133027920
Add : Shares issued during the year	-	-
<b>Number of Shares at the end of the year</b>	<b>133027920</b>	<b>133027920</b>

**2.9.2 Rights attached to equity shares**

The Company has only one class of equity shares having a face value of ₹ 2 /- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**2.10 Other Equity**

(₹ in Lakhs)

	2020	2019
<b>Retained Earnings</b>		
Opening Balance	33869.56	28064.12
Add: Current year Transfer	23893.26	12542.90
Less: Dividend Paid (Including Dividend distribution Tax)	(8979.38)	(6737.46)
<b>Total</b>	<b>48783.43</b>	<b>33869.56</b>
<b>General Reserve</b>		
Opening Balance	28820.70	28820.70
Add: Current year Transfer	-	-
Less: Written Back in Current year	-	-
<b>Total</b>	<b>28820.70</b>	<b>28820.70</b>
<b>Actuarial Gains or Losses (OCI)</b>		
Opening Balance	(134.81)	(79.62)
Add: Current year Transfer	(13.79)	(55.19)
Less: Written Back in Current year	-	-
<b>Total</b>	<b>(148.60)</b>	<b>(134.81)</b>
<b>Measurement of Derivative instrument at fair value (OCI)</b>		
Opening Balance	(311.53)	-
Add: Current year Transfer	(563.15)	(311.53)
<b>Total</b>	<b>(874.68)</b>	<b>(311.53)</b>
<b>Total Other Equity</b>	<b>76580.84</b>	<b>62243.91</b>

**2.11 Borrowings**

	2020		2019	
	Current	Non Current	Current	Non Current
<b>Secured Borrowings:</b>				
<b>Term loans from Banks</b>				
HDFC Bank Ltd.	-	10166.67	-	4133.33
Citi bank N.A.(External commercial borrowings)	-	11779.05	-	15131.22
Working Capital Facilities	14270.14	-	16845.60	-
	<b>14270.14</b>	<b>21945.71</b>	<b>16845.60</b>	<b>19264.55</b>

The term loan of ₹ 50.00 Crs and ₹ 10.00 Crs from HDFC Bank carrying floating interest rate of Monthly MCLR+15 bps repayable in twelve and ten equal quarterly installments respectively at the end of each quarter commencing from 29<sup>th</sup> June, 2019 and 29<sup>th</sup> Dec. 2019 respectively.

Total term loan of ₹ 90.00 Crs from HDFC Bank carrying floating interest rate of Monthly MCLR+5 bps repayable in sixteen quarterly installments at the end of each quarter commencing from 29<sup>th</sup> June, 2020.

Term loans from HDFC Bank is secured by first pari passu charge on movable assets of the company and second pari passu charge on current assets of the Company.

External commercial borrowings from Citi bank is secured by first ranking exclusive charge over all the fixed assets EOU located at Duggirala, Guntur district and SEZ Unit located at kuvvakoli village, Chittoor district of Andhra Pradesh. The coupon for External Commercial Borrowings is linked to LIBOR plus applicable spread.

Term loans repayable in next twelve months period was segregated as current maturities of long term debt as Other financial liabilities under Current liabilities.

Working Capital Facilities(Packing credit) from State Bank of India, Citi Bank and ICICI Bank Limited under consortium are secured by way of first pari-passu charge on current assets and second pari-passu charge on fixed assets of the company . The Working Capital is repayable on demand.

## 2.12 Deffered Tax Liabilities

(₹ in Lakhs)

	2020	2019
Opening Balance	3986.52	3921.25
Add : On account of IND AS Adjustment	-	69.26
Add : On account of depreciation	3955.83	-
Add : On account of Others	(3237.47)	(3.99)
<b>Closing Balance</b>	<b>4704.88</b>	<b>3986.52</b>

## 2.13 Other Non Current Liabilities & Current liabilities

	2020		2019	
	Current	Non Current	Current	Non Current
Salaries and employee benefits	363.02	-	263.10	-
Withholding and other taxes payable	94.15	-	40.92	-
Advance from customers	223.46	-	59.28	-
Others	1842.50	-	1366.11	-
	<b>2523.12</b>	<b>-</b>	<b>1729.41</b>	<b>-</b>

## 2.14 Trade Payables

	2020 Current	2019 Current
(a) Due to Micro & Small Enterprises	-	-
(b) Dues to others		
For Raw material	251.88	4322.33
For Packing material	820.64	677.66
For Stores and Consumables	144.93	133.07
For Services	497.11	297.79
	<b>1714.56</b>	<b>5430.85</b>



**2.15 Other financial liabilities**

(₹ in Lakhs)

	2020		2019	
	Current	Non Current	Current	Non Current
Creditors For Capital goods	665.30	-	1876.62	-
Unpaid dividends	103.89	-	56.39	-
Dividend Payable	-	-	2327.99	-
Interest accrued but not due on borrowings	220.89	-	143.08	-
Current Maturities of Long Term Borrowings	7678.29	-	4028.27	-
Derivative Financial Liability	-	874.68	-	311.53
Other Payables	850.42	-	376.31	-
	<b>9518.78</b>	<b>874.68</b>	<b>8808.66</b>	<b>311.53</b>

**2.16 Provisions**

	2020		2019	
	Current	Non Current	Current	Non Current
Leave Encashment	-	-	-	-
Provision for tax	-	-	-	-
Gratuity	-	-	-	-
	-	-	-	-

**2.17 Revenue from operations**

	2020	2019
<b>Revenue from :</b>		
Sale of Products - Coffee	78870.62	75771.45
Trade Licences	3394.08	5141.84
<b>Revenue from operations</b>	<b>82264.70</b>	<b>80913.29</b>

**2.18 Other income**

	2020	2019
Interest on Deposits	47.09	78.35
Dividend Income on long-term investments	16.92	9.13
Dividend Income from Ngon Coffee Company Ltd	13111.84	2930.43
Profit on sale of assets	-	0.06
Scrap sales	0.93	-
Miscellaneous Income	217.56	-
	<b>13394.34</b>	<b>3017.96</b>

**2.19 Cost of materials consumed**

	2020	2019
<b>Raw Material</b>		
Purchases	42677.88	46062.78
Add: Opening Stock	9236.78	9120.74
	51914.66	55183.52
Less: Closing Stock	10104.96	9236.78
	<b>41809.70</b>	<b>45946.74</b>

**2.20 Changes in inventories**

(₹ in Lakhs)

	2020	2019
<b>Work-in-progress</b>		
Opening	151.30	139.53
Closing	230.13	151.30
	(78.83)	(11.76)
<b>Finished goods</b>		
Opening	3036.22	3050.73
Closing	5884.28	3036.22
	(2848.06)	14.50
	<b>(2926.89)</b>	<b>2.74</b>

**2.21 Employee benefits expense**

	2020	2019
Salaries, Wages and Bonus	2571.01	2201.37
Directors' Remuneration	1582.00	1486.11
Contribution to provident and other funds	397.28	320.03
Staff welfare	455.16	130.02
	<b>5005.45</b>	<b>4137.55</b>

**2.22 Finance costs**

	2020	2019
Interest Expense	1491.24	579.92
Other borrowing costs	200.24	231.62
	<b>1691.48</b>	<b>811.54</b>

**2.23 Other expenses**

	2020	2019
Packing material consumed	5546.67	4506.19
Stores and Consumable consumed	557.95	480.51
Power and fuel	5427.97	3461.58
Repairs and Maintenance to Buildings	24.05	17.23
Repairs and Maintenance to Machinery	1065.44	607.21
Repairs and Maintenance to Other assets	85.09	42.27
Transportation, Ocean Freight, Clearing and Forwarding	1907.42	1453.59
Insurance	127.45	80.78
Rent	69.44	62.18
Rates and Taxes	119.25	118.24
Directors' Sitting Fee	17.45	19.35
Non-whole time Directors' Commission	81.00	63.00
Selling Expenses	1429.89	1317.83
Commission on Sales	348.46	287.72
Travelling and Conveyance	116.00	138.86
Communication Expenses	89.36	61.21
Printing and Stationery	12.00	8.47

(₹ in Lakhs)

Office Maintenance	558.43	212.02
Donations	94.76	53.61
Corporate Social Responsibility (CSR) Expenditure	328.22	298.60
Professional Fees & Expenses	273.59	146.19
Subscription and Membership fee	5.01	3.59
Auditor's Remuneration	15.19	15.50
Foreign Exchange Loss (Net)	(639.89)	479.23
Miscellaneous expenses	0.23	0.30
Allowance for credit losses	37.29	18.18
Loss on sale of Asset	5.59	-
	<b>17703.31</b>	<b>13953.43</b>

**2.24 Auditors Remuneration**

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
a) Audit fees	11.00	9.50
b) Other charges		
Taxation matters	2.50	2.50
Certification fee	1.20	2.60
c) Reimbursement of out of pocket expenses	0.49	0.90
<b>TOTAL</b>	<b>15.19</b>	<b>15.50</b>

**2.25 Earnings per Share**

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>Earnings</b>		
Profit attributable to equity holders	23,893.26	12,542.90
<b>Shares</b>		
Number of shares at the beginning of the year	13,30,27,920	13,30,27,920
Add: Equity shares issued	-	-
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	13,30,27,920	13,30,27,920
<b>Weighted average number of equity shares outstanding during the year – Basic</b>	<b>13,30,27,920</b>	<b>13,30,27,920</b>
Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS	-	-
<b>Weighted average number of equity shares outstanding during the year – Diluted</b>	<b>13,30,27,920</b>	<b>13,30,27,920</b>
Earnings per share of par value ₹ 2/- -Basic (₹)	17.96	9.43
Earnings per share of par value ₹ 2/- – Diluted (₹)	17.96	9.43

**2.26 Related Parties**
**List of Subsidiaries:**

M/s. Jayanti Pte Ltd., Singapore  
M/s. Continental Coffee Pvt Ltd., India  
M/s. Ngon Coffee Company Ltd., Vietnam  
M/s. Continental Coffee SA, Switzerland  
M/s. CCL Beverages Private Limited., India

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, members of the Company’s Management Council and Company Secretary are considered as Key Managerial Personnel. List of Key Managerial Personnel of the Company are given below:

- Mr. Challa Rajendra Prasad, Whole time Director
- Mr. Challa Srishant, Managing Director
- Mr. B. Mohan Krishna, Executive Director
- Mr. K.V.L.N.Sarma, Chief Operations Officer
- Mr. V. Lakshmi Narayana, Chief Financial Officer
- Ms. Sridevi Dasari, Company Secretary

The following is a summary of significant related party transactions:

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
<b>a) Key managerial personnel</b>		
<b>Remuneration &amp; Commission</b>		
Mr.Challa Rajendra Prasad	420.00	743.06
Mr.Challa Srishant	665.00	445.83
Mr. B.Mohan Krishna	497.00	297.22
Mr.K.V.L.N.Sarma	89.57	84.23
Mr.V.Lakshmi Narayana	83.88	55.29
Ms.Sridevi Dasari	16.94	16.73
<b>Rent</b>		
Mr. Challa Srishant	22.30	22.30
<b>b) Non-whole time Directors</b>		
<b>Sitting Fee</b>		
Mr.Vipin K.Singal	2.15	2.15
Mr.K.Chandrabhas	2.45	2.40
Mr.J.Rambabu	-	2.40
Mr.K.K.Sarma	2.30	2.25
Mr.G.V.Krishna Rau	2.00	2.40
Ms.Kulsoom Noor Saifullah	1.45	2.00
Ms.Challa Shantha Prasad	1.20	1.45
Mr.K Durga Prasad	2.45	2.30
Dr.L.Krishnanand	2.15	2.00
Mr.K.V.Chowdary	1.30	-

(₹ in Lakhs)

<b>Commission</b>		
Mr.Vipin K.Singal	9.00	7.00
Mr.K.Chandrasah	9.00	7.00
Mr.J.Rambabu	-	7.00
Mr.K.K.Sarma	9.00	7.00
Mr.G.V.Krishna Rau	9.00	7.00
Ms.Kulsoom Noor Saifullah	9.00	7.00
Ms.Challa Shantha Prasad	9.00	7.00
Mr.K Durga Prasad	9.00	7.00
Dr.L.Krishnanand	9.00	7.00
Mr.K.V.Chowdary	9.00	-
<b>Rent</b>		
Ms.Challa Shantha Prasad	21.46	21.46
<b>c) Relatives of Key Managerial Personnel</b>		
<b>Rent</b>		
Ms.Challa Soumya	7.04	7.04
<b>TOTAL</b>	<b>1921.64</b>	<b>1775.51</b>

**Transactions with Subsidiaries:**

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
<b>Continental Coffee SA, Switzerland</b>		
Sale of Instant Coffee	10869.65	4119.15
Trade Receivable	5992.86	2988.59
<b>Continental Coffee Private Limited, India</b>		
Sale of Instant Coffee	5360.87	3523.66
Trade Receivable	2438.66	1521.70
Short Term Loan	2200.00	-
Interest on Short Term Loan	7.92	-
<b>TOTAL</b>	<b>26869.96</b>	<b>12153.10</b>

**2.27 Earnings/expenditure in foreign currency:**
**Expenditure in Foreign currency:**

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
Travel Expenses	1.69	17.22
Professional Fees	26.79	22.84
Purchase of Raw Materials	31753.92	37276.60
Purchase of Stores & Spares	549.32	100.74
Other expenses	10.02	14.29
<b>Total</b>	<b>32,341.74</b>	<b>37431.69</b>

**Earnings in Foreign currency:**

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
FOB Value of Exports	72018.03	68973.60
Dividend	13128.75	2939.55
<b>Total</b>	<b>85146.78</b>	<b>71913.15</b>

**2.28 Segment Reporting:**

The Company concluded that there is only one operating segment i.e, Coffee products. Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. Accordingly, the Company shall present entity-wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 108.

**2.29 Employee benefits:**
**Gratuity benefits**

In accordance with applicable laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Life Insurance Corporation of India (LIC).

The components of gratuity cost recognized in the statement of profit and loss for the years ended 31<sup>st</sup> March 2020 and 2019 consist of the following:

Particulars	For the Years ended 31 <sup>st</sup> March	
	2020	2019
Current service cost	41.98	32.71
Interest on net defined benefit liability/(asset)	36.50	27.00
<b>Gratuity cost recognized in statement of profit and loss</b>	<b>78.48</b>	<b>59.71</b>

Details of the employee benefits obligations and plan assets are provided below: (₹ in Lakhs)

Particulars	As of 31 <sup>st</sup> March	
	2020	2019
Present value of funded obligations	571.71	472.55
Fair value of plan assets	628.16	576.12
<b>Net defined benefit liability / (asset) recognized</b>	<b>(56.44)</b>	<b>(103.57)</b>

Details of changes in the present value of defined benefit obligations are as follows:

Particulars	As of 31 <sup>st</sup> March	
	2020	2019
<b>Defined benefit obligations at the beginning of the year</b>	<b>480.49</b>	<b>343.90</b>
Current service cost	41.98	32.71
Interest on defined obligations	36.50	27.00
Re-measurements due to:		
Actuarial loss/(gain) due to change in financial assumptions	19.51	81.77
Actuarial loss/(gain) due to demographic assumptions		
Actuarial loss/(gain) due to experience changes		
Benefits paid	(6.76)	(12.82)
<b>Defined benefit obligations at the end of the year</b>	<b>571.71</b>	<b>472.56</b>

Details of changes in the fair value of plan assets are as follows:

Particulars	As of 31 <sup>st</sup> March	
	2020	2019
<b>Fair value of plan assets at the beginning of the year</b>	<b>576.12</b>	<b>399.89</b>
Employer contributions	16.06	156.05
Actuarial loss/(gain) on plan assets	(1.69)	(3.06)
Re-measurements due to:		
Return on plan assets excluding interest on plan assets	44.42	36.07
Benefits paid	(6.76)	(12.82)
<b>Plan assets at the end of the year</b>	<b>628.16</b>	<b>576.13</b>

### Summary of Actuarial Assumptions

The actuarial assumptions used in accounting for the Gratuity Plan are as follows:

The assumptions used to determine benefit obligations:

Particulars	As of 31 <sup>st</sup> March	
	2020	2019
Discount rate	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%

### Leave Encashment

The Company accumulates of compensated absences by certain categories of its employees for one year. These employees receive cash in lieu thereof as per the Company's policy. The Company records expenditure on payment basis.

**Contribution to Provident Fund**

The employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed ₹ 248.41 Lakhs and ₹ 151.55 Lakhs to the provident fund plan during the years ended 31<sup>st</sup> March 2020 and 2019, respectively.

**Contribution to Superannuation schemes**

Certain categories of employees of the Company participate in superannuation, a defined contribution plan administered by the Life Insurance Corporation of India. The Company makes annual contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its annual contributions. The Company contributed ₹ 154.87 Lakhs and ₹ 264.85 Lakhs to the superannuation Schemes during the years ended 31<sup>st</sup> March 2020 and 2019, respectively.

**2.30 Income Taxes:**
**Income tax expense/ (benefit) recognized in the statement of profit and loss:**

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following:

(₹ in Lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2020	2019
<b>Current taxes expense</b>		
Domestic	5221.64	5249.66
<b>Deferred taxes expense/(benefit)</b>		
Domestic	718.36	65.27
<b>Total income tax expense/(benefit) recognized in the statement of profit and loss</b>	<b>5940.00</b>	<b>5314.94</b>

**a) Income tax expense/ (benefit) recognized directly in equity**

Income tax expense/ (benefit) recognized directly in equity consist of the following:

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2020	2019
Tax effect on actuarial gains/losses on defined benefit obligations	7.41	29.65
<b>Total income tax expense/(benefit) recognized in the equity</b>	<b>7.41</b>	<b>29.65</b>

**b) Reconciliation of Effective tax rate**

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2020	2019
<b>Profit before income taxes</b>	<b>29833.26</b>	<b>17857.83</b>
Enacted tax rate in India	34.94%	34.94%
<b>Computed expected tax benefit/(expense)</b>	<b>10423.74</b>	<b>6240.24</b>
<b>Effect of:</b>		
Expenses not deductible for Tax purposes	1054.94	1773.83
Expenses deductible for Tax purposes	(12007.67)	(1984.80)



(₹ in Lakhs)		
Taxable at Special Rate	2023.00	2939.55
Due to loss in SEZ Unit	529.22	-
<b>Income tax benefit/(expense)</b>	<b>2023.23</b>	<b>5626.76</b>
<b>Effective tax rate</b>	<b>6.78%</b>	<b>31.51%</b>

The Company's average effective tax rate for the years ended March 31, 2020 and 2019 were 6.78% and 31.51%, respectively.

The company for the year ended 31.03.2020 is liable to pay Minimum Alternative Tax @ 17.47% on its book profit. The amount of Minimum Alternative Tax payable (MAT) is ₹ 5,221.64 Lakhs and the tax credit available for carry forward and set off on account of the MAT is ₹ 3,198.41 Lakhs. Accordingly the effective tax liability for the year ended 31.03.2020 was ₹ 2,023.23 Lakhs.

**c) Deferred tax assets & Liabilities:**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2020	2019
<b>Deferred tax assets/(liabilities):</b>		
<b>Property, plant and equipment</b>	<b>(7942.35)</b>	<b>(3990.51)</b>
Others	3,237.47	3.99
<b>Net deferred tax assets/(liabilities)</b>	<b>(4704.88)</b>	<b>(3986.52)</b>

**2.31 Financial Risk Management:**

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

**a. Credit Risk:**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has the following categories of financial assets that are subject to credit risk evaluation:

**Trade Receivables-** The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

**Financial assets that are neither past due nor impaired** - None of the Company's cash equivalents, including deposits with banks, were past due or impaired as at 31<sup>st</sup> March 2020. Of the total trade and other receivables, impairment loss is provided for ₹ 77.43 as at 31<sup>st</sup> March 2020 and ₹ 40.13 at 31<sup>st</sup> March 2019.

The Company's credit period for customers generally ranges from 60-90 days. The aging of trade receivables that are past due but not impaired is given below: (₹ in Lakhs)

Particulars	As of 31 <sup>st</sup> March	
	2020	2019
Period (in days)		
1 – 90	12502.27	12591.76
90 – 180	7155.31	2226.04
More than 180	1974.93	113.10
<b>Total</b>	<b>21632.51</b>	<b>14930.90</b>

Other than trade receivables, the Company has no significant class of financial assets that are past due or impaired as at 31<sup>st</sup> March, 2020.

On account of adoption of Ind AS 109, the Company uses Expected Credit Loss (ECL) model for assessing the impairment loss. For this purpose, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate.

#### Reconciliation of allowance for credit losses

The details of changes in allowance for credit losses during the year ended 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019 are as follows:

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2020	2019
<b>Balance at the beginning of the year</b>	<b>40.13</b>	<b>21.95</b>
Impairment of Trade receivables	37.29	18.18
<b>Balance at the end of the year</b>	<b>77.43</b>	<b>40.13</b>

#### b. Liquidity Risks:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

As of 31<sup>st</sup> March 2020 and 2019, the Company has utilized working capital credit limits from banks for ₹ 14270.14 Lakhs and ₹ 16845.60 Lakhs respectively.

As of 31<sup>st</sup> March 2020, the Company had working capital (current assets less current liabilities) of ₹ 19707.89 Lakhs including cash and cash equivalents of ₹ 1844.56 Lakhs. As of 31<sup>st</sup> March 2019, the Company had working capital (current assets less current liabilities) of ₹ 3961.26 Lakhs including cash and cash equivalents of ₹ 3898.17 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31<sup>st</sup> March 2020:

(₹ in Lakhs)

Particulars	2021	2022	2023	Thereafter	Total
Trade payables	1714.56	-	-	-	<b>1714.56</b>
Long term borrowings	8578.29	7411.61	5955.81	-	<b>21945.71</b>
Bank overdraft, short-term loans and borrowings*	14270.14	-	-	-	<b>14270.14</b>
Other liabilities*	12916.58	-	-	-	<b>12916.58</b>

\*Note: The Bank Overdraft and other liabilities are payable on demand.

### c. Market Risks

Market risk is the risk that changes in market prices such as commodity prices risk, foreign exchange rates and interest rates which will affect the Company's financial position. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Coffee Industry is dependent on nature, making it susceptible to climate vagaries. The major weather factors that influence coffee yield are rainfall, temperature, light intensity and relative humidity.

#### Commodity Price Risk

The Company exposure to Market risk for commodity prices can result in changes to realisation for its Cost of Production for its products. The company mitigates risk by entering into Coffee Future Contracts and with the natural hedge arising on export of Products vis a vis import of Coffee Beans.

#### Coffee Futures

The Company uses Coffee future contract to reduce its price risk associated with forecasted purchases of Coffee beans. Throughout the year, the company enters into coffee futures based on market price and anticipated production requirements.

#### Foreign currency risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The company mitigates the currency risk with natural hedge arising on export of Products vis a vis import of Coffee Beans.

#### Interest rate risk

Interest rate risk refers to risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market interest rates.

### 2.32 Capital Management

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through equity, borrowings and operating cash flows required.

The company's Debt Equity ratio is as follows:

Particulars	2020	2019
Total Debt	55551.89	56377.13
Total Equity	79241.40	64904.47
<b>Debt Equity Ratio</b>	<b>0.70:1</b>	<b>0.87:1</b>

**2.33 Contingent Liabilities and Commitments:**

The following are the details of contingent liabilities and commitments:

(₹ in Lakhs)

Particulars	2020	2019
<b>Contingent Liabilities</b>		
a) Claims against the company/disputed liabilities not acknowledged as debts		
Income Tax*	4402.40	2883.28
Service Tax	995.92	552.98
Sales Tax	47.16	-
b) Guarantees		
Bank Guarantee	1423.27	2786.28
	<b>6868.75</b>	<b>6222.54</b>
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	836.31	1487.72
	<b>836.31</b>	<b>1487.72</b>

\* Tax deposited under protest ₹ 2883.28 Lakhs

 As per our report of even date  
**For RAMANATHAM & RAO**  
 Chartered Accountants

 Sd/-  
**K.SREENIVASAN**  
 Partner  
 M.No.206421

 Place : Hyderabad  
 Date : 15<sup>th</sup> June, 2020

 Sd/-  
**V.Lakshmi Narayana**  
 Chief Financial Officer  
 M. No. 028499

 Sd/-  
**Sridevi Dasari**  
 Company Secretary  
 M.No. A29897

 Sd/-  
**K. Chandrahas**  
 Director  
 DIN : 02994302

**By order of the Board**  
 Sd/-  
**Challa Rajendra Prasad**  
 Executive Chairman  
 DIN : 00702292

 Sd/-  
**Challa Srishant**  
 Managing Director  
 DIN : 00016035

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**Independent Auditor's Report****To the Members of CCL Products (India) Limited****Report on the Audit of the Consolidated Financial Statements****Opinion**

We have audited the accompanying Consolidated financial statements of CCL Products (India) Limited (hereinafter referred to as "the Parent") and its subsidiaries Jayanti Pte Ltd, Singapore; Continental Coffee SA, Switzerland (formerly known as Grandsaugreen SA); Ngon Coffee Company Limited, Vietnam; Continental Coffee Private Limited, India and CCL Beverages Private Limited, India (the Parent and its subsidiaries together referred to as "the Group") which comprise of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2020, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity the for the year then ended, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("IND AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act, and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

**Emphasis of Matter**

We draw attention to Note 1.26 of the consolidated financial statements, which describes the extent to which the COVID-19 Pandemic will impact the Company's results which depend on future developments that are highly uncertain. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Key Audit Matter	How the Matter was addressed in Audit
<p><b>1. Evaluation of uncertain tax position:</b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes 2.31 to the Financial Statements</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>Obtained details of completed tax assessments and demands up to the year ended March 31, 2020 from management. We involved our internal experts to challenge the management’s underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management’s position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at 1<sup>st</sup> April 2019 to evaluate whether any change was required to management’s position on these uncertainties.</p> <p>We conclude that tax provisions and related disclosures are appropriately disclosed.</p>

**Other Information**

The Parent’s Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, for example, Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the consolidated financial statements and our auditor’s report thereon. The other information as stated above is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by other auditors, to the extent relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

When we read the other information as stated above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with Governance.

**Management’s Responsibility for the Consolidated Financial Statements**

The Parent’s Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of

the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the parent of which we are the independent auditors, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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**Other Matters**

We did not audit the financial information of 5 subsidiaries whose financial statements reflect total assets of ₹ 44,579.07 Lakhs as at 31<sup>st</sup> March, 2020, total revenues of ₹ 48,056.29 Lakhs and total net profit after tax amounting to ₹ 5,795.88 Lakhs, total comprehensive income of ₹ 5,788.51 Lakhs for the year ended on that date as considered in the consolidated financial statements. These financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors. Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
  - c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including Other Comprehensive Income, the consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors of the parent as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors of the parent, none of the directors of the parent is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's report of the Parent. Our report expresses an unmodified opinion on the adequacy and operation effectiveness of internal financial controls over financial reporting of the Parent.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the

best of our information and according to the explanations given to us, the remuneration paid/ provided by the Parent to its directors during the year is in accordance with the provisions of the section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial positions of the Group – Refer Note 2.31 to the consolidated financial statements;
  - ii. Provision has been made in the Consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts included derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For RAMANATHAM & RAO**  
Chartered Accountants  
Firm Registration. No. 002934S

**(K SREENIVASAN)**  
Partner  
ICAI Membership No. 206421  
UDIN:20206421AAAADS9541

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

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**Annexure - A to the Independent Auditors' Report**  
**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements'**  
**section of our report of even date)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of**  
**Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of CCL Products (India) Limited ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are

recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For RAMANATHAM & RAO**  
Chartered Accountants  
Firm Registration. No. 002934S

**(K SREENIVASAN)**  
Partner  
ICAI Membership No. 206421  
UDIN:20206421AAAADS9541

Place: Hyderabad  
Date: 15<sup>th</sup> June, 2020

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2020** (₹ in Lakhs)

	Note No.	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property plant and Equipment	2.1	72362.00	38298.48
Capital Work Inprogress		10017.91	42412.52
Intangible assets	2.2	1.50	1.50
<b>Financial assets</b>			
(i) Investments	2.3	148.01	148.01
(ii) Other financial assets	2.4	556.97	354.98
Other non current assets	2.5	4249.95	3850.30
		<b>87336.34</b>	<b>85065.78</b>
<b>Current assets</b>			
Inventories	2.6	26,041.95	20,194.83
Financial assets			
Trade receivables	2.7	26,811.36	23,518.39
Cash and cash equivalent	2.8	3,869.25	9,651.20
Other financial assets	2.4	8.28	651.83
Other current assets	2.5	6,870.59	3,080.00
		<b>63601.44</b>	<b>57096.25</b>
<b>TOTAL ASSETS</b>		<b>150937.78</b>	<b>142162.03</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2.9	2660.56	2660.56
Other Equity	2.10	90178.97	81230.96
		<b>92839.53</b>	<b>83,891.52</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.11	24945.71	19264.56
Other Financial Liability	2.15	874.68	311.53
Deferred tax liabilities (net)	2.12	4624.94	3961.34
Provisions	2.16	32.12	115.83
		<b>30,477.45</b>	<b>23,553.25</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.11	14270.14	18345.60
<b>Trade payables</b>			
a. Total Out standing dues of Micro and Small Enterprises			
b. Total Out standing dues of creditors other than Micro and Small Enterprises	2.14	2463.54	5705.97
Other financial liabilities	2.15	9827.96	8864.35
Provisions	2.16	-	0.69
Other current liabilities	2.13	1059.17	1800.66
		<b>27620.80</b>	<b>34717.26</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>150937.78</b>	<b>142162.03</b>

The accompanying Significant accounting policies and notes form an integral part of the Standalone financial statements.

As per our report of even date  
**For RAMANATHAM & RAO**  
Chartered Accountants

**By order of the Board**

Sd/-  
**K.SREENIVASAN**  
Partner  
M.No.206421

Sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292

Place : Hyderabad  
Date : 15<sup>th</sup> June, 2020

Sd/-  
**V.Lakshmi Narayana**  
Chief Financial Officer  
M. No. 028499

Sd/-  
**Sridevi Dasari**  
Company Secretary  
M.No. A29897

Sd/-  
**K. Chandrasahas**  
Director  
DIN : 02994302

Sd/-  
**Challa Srishant**  
Managing Director  
DIN : 00016035

**CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020**

(₹ in Lakhs)

	Note No.	2020	2019
<b>Income</b>			
Revenue from operations	2.17	113915.27	108141.67
Other income	2.18	449.77	333.80
<b>Total Revenue</b>		<b>114365.05</b>	<b>108475.47</b>
<b>Expenses</b>			
Cost of materials consumed	2.19	59191.49	60170.03
Changes in inventories	2.20	(3250.11)	(440.69)
Employee benefits expense	2.21	7034.11	5894.69
Finance costs	2.22	1796.33	845.80
Depreciation and amortization expense	2.1&2.2	4711.22	3172.04
Other expenses	2.3	22350.50	17969.24
<b>Total Expenses</b>		<b>91,833.54</b>	<b>87,611.12</b>
<b>Profit before tax</b>		<b>22531.51</b>	<b>20864.35</b>
<b>Tax expense</b>			
(1) Current tax		5274.31	5329.28
(2) Deferred tax		663.60	45.86
<b>Profit for the year</b>		<b>16593.60</b>	<b>15489.21</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss		(28.57)	(84.84)
Tax on items that will not be reclassified to profit or loss		7.41	29.65
		(21.16)	(55.19)
<b>Items that will be reclassified to profit or loss:</b>			
Items that may be reclassified subsequently to profit or loss		1354.95	1201.40
Tax on items that will be reclassified subsequently to profit or loss		1354.95	1201.40
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>1333.79</b>	<b>1146.21</b>
<b>Total comprehensive income for the year</b>		<b>17927.39</b>	<b>16635.42</b>
<b>Earnings per share:</b>			
Basic earnings per share of ₹. 2/-each		12.47	11.64
Diluted earnings per share of ₹. 2/- each		12.47	11.64

The accompanying Significant accounting policies and notes form an integral part of the Standalone financial statements.

 As per our report of even date  
**For RAMANATHAM & RAO**  
 Chartered Accountants

**By order of the Board**

 Sd/-  
**K.SREENIVASAN**  
 Partner  
 M.No.206421

 Sd/-  
**Challa Rajendra Prasad**  
 Executive Chairman  
 DIN : 00702292

 Place : Hyderabad  
 Date : 15<sup>th</sup> June, 2020

 Sd/-  
**V.Lakshmi Narayana**  
 Chief Financial Officer  
 M. No. 028499

 Sd/-  
**Sridevi Dasari**  
 Company Secretary  
 M.No. A29897

 Sd/-  
**K. Chandras**  
 Director  
 DIN : 02994302

 Sd/-  
**Challa Srishant**  
 Managing Director  
 DIN : 00016035

**Statement of changes in equity**
**Statement of changes in equity for the period ended 31.03.2020**

<b>Equity share capital</b>	<b>Opening balance as at 1 Apr 2019</b>	<b>Changes in equity share capital during the year</b>	<b>Closing balance as at 31 Mar 2020</b>
13,30,27,920 Equity Shares of ₹ 2 each, fully paid up	26,60,55,840	-	26,60,55,840
	<b>26,60,55,840</b>	-	<b>26,60,55,840</b>
<b>Equity share capital</b>	<b>Opening balance as at 1 Apr 2018</b>	<b>Changes in equity share capital during the year</b>	<b>Closing balance as at 31 Mar 2019</b>
13,30,27,920 Equity Shares of ₹ 2 each, fully paid up	26,60,55,840	-	26,60,55,840
	<b>26,60,55,840</b>	-	<b>26,60,55,840</b>

(₹ in Lakhs)

	Retained Earnings	General Reserve	Capital Reserve	Actuarial Gains or Losses	Derivative at Fair Value	Total Equity
<b>Balance as at 1/4/2019</b>	<b>49624.16</b>	<b>28820.70</b>	<b>3232.44</b>	<b>(134.81)</b>	<b>(311.53)</b>	<b>81230.96</b>
Profit for the year	16593.60	-	-	-	-	16593.60
Additions during the year	-	-	1918.10	-	-	1918.10
Dividend paid	(8979.38)	-	-	-	-	(8979.38)
Amount transfer to general reserve	-	-	-	-	-	-
Net change in fair value of FVTPL investments and others	-	-	-	-	-	-
Measurement of derivatives at fair value	-	-	-	-	(563.15)	(563.15)
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit	-	-	-	(21.16)	-	(21.16)
<b>Balance as at 31/03/2020</b>	<b>57238.38</b>	<b>28820.70</b>	<b>5150.54</b>	<b>(155.97)</b>	<b>(874.68)</b>	<b>90178.97</b>

	Retained Earnings	General Reserve	Capital Reserve	Actuarial Gains or Losses	Derivative at Fair Value	Total Equity
<b>Balance as at 1/4/2018</b>	<b>40872.41</b>	<b>28820.70</b>	<b>1719.51</b>	<b>(79.62)</b>	<b>-</b>	<b>71333.00</b>
Profit for the year	15489.21	-	-	-	-	15489.21
Additions during the year	-	-	1512.93	-	-	1512.93
Dividend paid	(6737.46)	-	-	-	-	(6737.46)
Amount transfer to general reserve	-	-	-	-	-	-
Net change in fair value of FVTPL investments and others	-	-	-	-	(311.53)	(311.53)
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit	-	-	-	(55.19)	-	(55.19)
<b>Balance as at 31/03/2019</b>	<b>49624.16</b>	<b>28820.70</b>	<b>3232.44</b>	<b>(134.81)</b>	<b>(311.53)</b>	<b>81,230.96</b>



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020**

(₹ in Lakhs)

	2020	2019
<b>Cash Flows from Operating Activities</b>		
<b>Net profit before tax</b>	22531.51	20864.35
<b>Adjustments for :</b>		
Depreciation and amortization expense	4711.22	3172.04
Provision for doubtful debts/advances/ impairment	(26.14)	-
Dividend Income	(16.92)	(9.13)
Foreign currency Translation	1918.10	1512.93
Other Comprehensive Income	(28.57)	(84.84)
<b>Operating profit before working capital changes</b>	<b>29089.20</b>	<b>25455.36</b>
<b>Movements in Working Capital</b>		
(Increase)/Decrease in Trade Receivables	(3266.84)	(5315.18)
(Increase)/Decrease in Other financial assets	441.55	(669.68)
(Increase)/Decrease in Inventories	(5847.12)	(1879.19)
(Increase)/Decrease in Other Current Assets	(2437.90)	(390.41)
(Increase)/Decrease in Other Non Current Assets	(399.65)	(162.26)
Increase/(Decrease) in Trade Payables	(3242.43)	4672.84
Increase/(Decrease) in Other financial liabilities	801.71	474.88
Increase/(Decrease) in Other Current liabilities	(741.49)	(339.61)
Increase/(Decrease) in Provisions	15.60	16.52
<b>Changes in Working Capital</b>	<b>(14676.59)</b>	<b>(3592.08)</b>
<b>Cash generated from operations</b>	<b>14412.61</b>	<b>21863.28</b>
Direct Taxes Paid	(5347.01)	(5706.38)
<b>Net Cash from operating activities</b>	<b>9065.61</b>	<b>16156.90</b>
<b>Cash flows from Investing Activities</b>		
Purchase of Fixed Assets (Including CWIP)	(6380.11)	(24133.31)
Dividend Income	16.92	9.13
Creditor for Capital goods	(1,207.62)	848.42
Advance for Fixed Assets	(1272.57)	5801.39
<b>Net Cash From/ (Used In) Investing Activities</b>	<b>(8,843.38)</b>	<b>(17,474.37)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from/ (Repayment) Long term borrowings	9,331.17	4858.68
Proceeds from/(Repayment of) Short-term borrowings	(4075.46)	5684.14
Dividend and corporate dividend tax paid	(8979.38)	(6330.72)
<b>Net Cash From/ (Used In) Financing Activities</b>	<b>(3723.67)</b>	<b>4212.10</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(3501.45)</b>	<b>2894.63</b>
Cash and Cash equivalents at the beginning of the PYear	7266.82	4372.18
Cash and Cash equivalents at the ending of the Year	3765.37	7266.82

Notes :- 1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard on "Cash Flow Statements".(Ind AS-7)

2. The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For RAMANATHAM & RAO**  
Chartered Accountants

**By order of the Board**

Sd/-  
**K.SREENIVASAN**  
Partner  
M.No.206421

Sd/-  
**Challa Rajendra Prasad**  
Executive Chairman  
DIN : 00702292

Place : Hyderabad  
Date : 15<sup>th</sup> June, 2020

Sd/-  
**V.Lakshmi Narayana**  
Chief Financial Officer  
M. No. 028499

Sd/-  
**Sridevi Dasari**  
Company Secretary  
M.No. A29897

Sd/-  
**K. Chandrahas**  
Director  
DIN : 02994302

Sd/-  
**Challa Srishant**  
Managing Director  
DIN : 00016035

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**1. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES****1.1 General Information**

CCL Products (India) Limited (“the Holding Company”) and its subsidiaries (together “the Group”) are engaged in the production, trading and distribution of Coffee. The Company has business operations mainly in India, Vietnam and Switzerland countries. The Company is a public limited Company incorporated and domiciled in India and has its registered office at Duggirala, Guntur, Andhra Pradesh. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**1.2 Basis of Preparation of Consolidated Financial Statements**

The Consolidated Financial Statements have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Except for the changes below, the Company has consistently applied accounting policies to all applicable periods.

**Ind AS 116, Leases:**

Effective April 1, 2019, the Company has adopted Ind AS 116 “Leases” and applied to its Lease contracts existing on April 1, 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact

**Amendment to Ind AS 12 ‘Income Taxes’:**

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 ‘Income Taxes’ with effect from April 1, 2019. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Since Dividend Distribution Tax is not applicable with effective from April 1, 2020, this amendment will have no impact on the financial statements.

**Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:**

The Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

**Amendment to Ind AS 19 ‘Employee Benefits’:**

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 ‘Employee Benefits’ in connection with accounting for plan amendments, curtailments and settlements. The amendments require

an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019 the Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

### 1.3 Basis of Measurement

These Consolidated financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- a. Certain financial assets are measured either at fair value or at amortized cost depending on the classification;
- b. Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less Actuarial gains and the present value of the defined benefit obligation; and
- c. Long-term borrowings, except obligations under finance leases, are measured at amortized cost using the effective interest rate method.
- d. All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realization / settlement within twelve months period from the balance sheet date.

The following are the details of subsidiaries considered for the purpose of Consolidation:

<b>Name of Enterprise</b>	<b>Country of Incorporation</b>	<b>Nature of Business</b>	<b>Shareholding/ Controlling interest</b>
Jayanti Pte Limited	Singapore	Investment Vehicle	100%
Ngon Coffeee Company Limited	Vietnam	Manufacturing of Instant Coffee	100%
Continental Coffeee Private Limited	India	Trading of Instant Coffee	100%
Coninental Coffee SA	Switzerland	Manufacturing of Instant Coffee	100%
CCL Beverages Private Limited	India	Agglomeration and Packing Facility	100%

### 1.4 Use of judgment, estimates and assumptions.

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, the areas involving critical estimates or Judgments are:

**a. Depreciation and amortization**

Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.

**b. Employee Benefits**

The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

**c. Provision and contingencies**

Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.

**d. Fair valuation**

Fair value is the market based measurement of observable market transaction or available market information. All financial instruments are measured at fair value as at the balance sheet date, as provided in Ind AS 109 and 113. Being a critical estimate, judgment is exercised to determine the carrying values. The fair value of financial instruments that are unlisted and not traded in an active market is determined at fair values assessed based on recent transactions entered into with third parties, based on valuation done by external appraisers etc., as applicable based on the fair value hierarchy i.e, Level I inputs, Level II inputs and Level III inputs specified in IND AS 113.

**1.5 Scope of Consolidation**

The consolidated financial statements have been prepared on the following basis:

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Fully consolidated means recognition of all assets and liabilities and items in the income statement in full. Thereafter the portion of net profit and equity is allocated between the owners of the Holding Company and non-controlling interest. Changes in ownership that do not result in a change of control are accounted for as equity transactions and therefore do not have any impact on goodwill. The difference between consideration and the non-controlling share of net assets acquired is recognised within equity.

The financial statements of group companies are consolidated on line by line basis and Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated if there is a profit on ultimate sale of goods. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

**1.6 Functional and Presentation Currency**

These Consolidated Financial Statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest Lakhs.

In respect of all non-Indian subsidiaries that operate as marketing arms of our parent company in their respective countries/regions, the functional currency has been determined to be the functional currency of our parent company (i.e., the Indian rupee). The operations of these subsidiaries are largely restricted to the import of finished goods from our parent company in India, sale of these products in the foreign country and making of import payments to our parent company. The cash flows realized from sale of goods are available for making import payments to our parent company and cash is paid to our parent company on a regular basis. The costs incurred by these subsidiaries are primarily the cost of goods imported from our parent company. The financing of these subsidiaries is done directly or indirectly by our parent company.

In respect of subsidiaries whose operations are self-contained and integrated within their respective countries/regions, the functional currency has been determined to be the local currency of those countries/regions.

### 1.7 Current and Non-Current Classification

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

**Assets:** An asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realised within twelve months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Liabilities:** A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within twelve months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets / liabilities include the current portion of non-current assets / liabilities respectively. All other assets/ liabilities are classified as non-current.

### 1.8 Foreign Currencies

#### Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the consolidated statement of profit and loss in the period in which they arise.

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Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction, if any.

### Group Entities

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b. Income and expenses for each Statement of Profit and Loss are translated at date of transaction exchange rates and
- c. All resulting exchange differences are recognized in Foreign Currency Translation Reserve
- d. On disposal of a foreign operation, the associated exchange differences are reclassified to the Statement of Profit and Loss, as part of the gain or loss on disposal.

### 1.9 Property Plant & Equipment

#### Recognition and measurement

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset.

#### Directly attributable costs include:

- a. Cost of Employee Benefits arising directly from Construction or acquisition of PPE.
- b. Cost of Site Preparation.
- c. Initial Delivery & Handling costs.
- d. Professional Fees and
- e. Costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within in the consolidated statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the consolidated statement of profit and loss as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

### **Depreciation**

Depreciation is recognized in the consolidated statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on Schedule II to the Companies Act, 2013 ("Schedule"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on pro-rata basis. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives are as follows:

Type of Asset	Estimated useful life
Buildings	
i) Main Plant Building	30
ii) Other Building	60
Plant & Machinery	25
Lab Equipment	7.5
Material Handling	7.5
Fire fighting	7.5
Vehicles	8
Computers	3
Office Equipment	5
Furniture & Fixtures	10

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non-current assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

### **1.10 Intangible assets**

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

### **Amortization**

Amortization is recognized in the consolidated statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use.



The estimated useful lives are as follows:

Type of Asset	Estimated useful life
Intangible Assets	
Computer Software	3

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

### **1.11 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### ***Financial assets***

##### ***Initial recognition and measurement***

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### ***Subsequent measurement***

###### ***Debt instrument at FVTPL***

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. The Company has not designated any debt instrument as at FVTPL.

###### **Investment in Preference Shares and Unquoted trade Investments**

Investment in Preference Shares and Unquoted trade Investments are measured at amortised cost using Effective Rate of Return (EIR).

##### ***Investment in equity instruments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments i.e., investments in equity shares included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.



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**Investments in subsidiaries**

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's Consolidated Balance Sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**Impairment of trade receivables**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. Expected credit loss model takes into consideration the present value of all the cash shortfalls over the expected life of a financial instrument. In simple terms, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate. The Standard presumes that entities would suffer credit loss even if the entity expects to be paid in full but later than when contractually due. In other words, it simply focuses on DELAYS in collection of receivables.

For the purpose of identifying the days of delay, the Company took into consideration the weighted average number of delays taking into consideration the date of billing, the credit period and the collection days.

**Financial liabilities**Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

#### Derivative financial instruments and hedging activities:

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either

- a. hedges of the fair value of recognised assets or liabilities (fair value hedge); or
- b. hedges of a particular risk associated with a firm commitment or a highly probable forecasted transaction (cash flow hedge);

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

Movements in the hedging reserve are accounted in other comprehensive income and are shown within the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

#### **(a) Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### **(b) Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion of changes in the fair value of the derivative is recognised in the statement of profit and loss. Gains or losses accumulated in equity are reclassified to the statement of profit and loss in the periods when the hedged item affects the statement of profit and loss.

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When a hedging instrument expires or swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss existing in statement of changes in equity is recognised in the Statement of Profit and Loss.

When a forecasted transaction is no longer expected to occur, the cumulative gains/losses that were reported in equity are immediately transferred to the statement of profit and loss.

### **Fair value measurement**

Fair value of financial assets and liabilities is normally determined by references to the transaction price or market price. If the fair value is not reliably determinable, the Company determines the fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### **1.12 Inventories**

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables which are used in operating machines or consumed as indirect materials in the manufacturing process. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### **1.13 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the consolidated statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 1.14 Cash & Cash Equivalents

Cash and bank balances comprise of cash balance in hand, in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and Unclaimed dividend accounts. For this purpose, “short-term” means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Margin money deposits and unclaimed dividend balances shall be disclosed as restricted cash balances.

### 1.15 Employee Benefits

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined Contribution Plan

The Company's contributions to defined contribution plans are charged to the consolidated statement of profit and loss as and when the services are received from the employees.

#### Defined Benefit Plan

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on prevailing market yields of Indian Government Bonds and that have terms to maturity approximating to the terms of the related defined benefit obligation. The current service cost of the defined benefit plan, recognised in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

#### Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

#### Other long-term employee benefits

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

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## 1.16 Provisions, contingent liabilities and contingent assets

### Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## 1.17 Revenue Recognition

### Sale of goods and trade license

The Company earns revenue from Sale of goods and sale of Trade licenses.

#### Sale of goods:

Revenue is recognized when the company substantially satisfies its performance obligation while transferring a promised good or service to its customers. The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

#### Sale of Trade License:

The company receives export incentives in the form of MEIS scripts which do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly government grant relating to Income is recognised on accrual basis in Profit and Loss statement and when the terms and conditions related to export performance obligations are met.

#### Other Income:

##### Interest Income

Interest Income mainly comprises of interest on Margin money deposit with banks relating to bank guarantee. Interest income should be recorded using the effective interest rate (EIR). However, the

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amount of margin money deposits relating to bank guarantee are purely current in nature, hence effective interest rate has not been applied. Interest is recognised using the time-proportion method, based on rates implicit in the transactions.

### **Dividend**

Dividend income is recognized when the Company's right to receive dividend is established.

### **1.18 Government Grants:**

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity. Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held. Grants related to income are government grants other than those related to assets. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable. Export incentives in the form of MEIS scrips and power subsidy receivable by the company do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly, government grant relating to Income is recognised on accrual basis in Profit and Loss statement and when the terms and conditions related to export performance obligations are met.

### **1.19 Borrowing Costs**

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

### **1.20 Tax Expenses**

Tax expense consists of current and deferred tax.

### **Income Tax**

Income tax expense is recognized in the consolidated statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.



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**Deferred Tax**

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

**1.21 Earnings Per Share**

The Company presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**1.22 Trade receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

**1.23 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**1.24 Determination of fair values**

The Company’s accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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(i) Property, plant and equipment

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

(ii) Intangible assets

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the “relief of royalty method”). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Investments in equity and debt securities and units of mutual funds

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(v) Derivatives

The fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option and swap contracts and interest rate swap contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

(vi) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company’s borrowings that have floating rates of interest, their fair value approximates carrying value.



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**1.25 Recent Accounting Pronouncements.**

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

**1.26 Impact of COVID-19 Key accounting judgements, estimates and assumptions.**

The threats posed by the coronavirus outbreak are multifold. In many countries, businesses have been forced to cease or limit their operations for long or indefinite periods of time. Even in India the outbreak has been declared epidemic and on March 24, 2020, the Government of India ordered a nationwide lockdown, limiting movement of the population of India as a preventive measure against the COVID-19 pandemic. As a result, most businesses throughout the world are dealing with lost revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many organizations.

However, as the Company operates in an industry that is considered essential in India and other countries, its operations were continuing during lockdown by ensuring appropriate safety measures.

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis. Based on its current estimates, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.

As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

The preparation of the Financial Statements required the Management to exercise judgements and to make estimates and assumptions. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Management has considered the global economic conditions prevailing as at the date of approval of these financial statements and has used internal and external sources of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic

**i. Depreciation and amortisation**

Depreciation and amortisation are based on management estimates of the future useful lives of the property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

**ii. Employee Benefits**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using various assumptions. The assumptions used in determining the net cost/(income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

**iii. Inventories**

The method of valuation of Inventories has been stated in Note No. 1.12 of Significant Accounting Policies. The Company has considered the possible impact relating to COVID-19 while determining the net realisable value of inventory of green coffee beans, and coffee powder. Based on the available internal and external information as determined by the Management, the Company does not expect the carrying values of such inventories to be significantly impacted.

**2.1: Property, plant and equipment**

(₹ in Lakhs)

	Gross carrying value				Accumulated depreciation / impairment				Net carrying value			
	As at 1 <sup>st</sup> April, 2019	Additions	Disposals	Foreign Exchange Fluctuation	As at 31 <sup>st</sup> March, 2020	As at 1 <sup>st</sup> April, 2019	For the year	Impairment for the year	Disposals	Foreign Exchange Fluctuation	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Land	3522.80	-	-	122.76	3645.56	-	-	-	-	-	3645.56	3522.80
Buildings	9731.66	6892.91	-	747.03	17371.60	1321.40	570.34	-	-	240.99	15238.87	8410.26
Plant and equipment	33830.94	30198.13	45.00	1565.48	65549.55	8242.54	3912.40	-	-	983.52	52411.09	25588.40
Lab Equipment	26.68	287.75	-	-	314.43	5.88	12.15	-	-	18.03	296.40	20.80
Material Handling Equipment	55.97	4.30	-	-	60.27	10.85	9.64	-	-	20.49	39.78	45.12
Fire fighting Equipment	0.83	-	-	-	0.83	0.06	-	-	-	0.06	0.77	0.77
Vehicles	685.74	75.68	33.29	4.96	733.09	200.46	103.23	-	7.71	4.35	432.76	485.28
Computers	145.28	22.48	-	-	167.76	64.28	38.92	-	-	103.20	64.56	81.00
Office Equipment	220.64	127.32	-	3.97	351.93	104.71	59.19	-	-	4.01	184.02	115.93
Furniture & Fixtures	44.74	25.45	-	8.12	78.31	16.62	5.35	-	-	8.16	30.13	28.12
<b>Total</b>	<b>48265.28</b>	<b>37634.02</b>	<b>78.29</b>	<b>2452.32</b>	<b>88273.33</b>	<b>9966.80</b>	<b>4711.22</b>	<b>-</b>	<b>7.71</b>	<b>1241.03</b>	<b>15911.34</b>	<b>38298.48</b>

	Gross carrying value				Accumulated depreciation / impairment				Net carrying value			
	As at 1 <sup>st</sup> April, 2018	Additions	Disposals	Foreign Exchange Fluctuation	As at 31 <sup>st</sup> March, 2019	As at 1 <sup>st</sup> April, 2018	For the year	Impairment for the year	Disposals	Foreign Exchange Fluctuation	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Land	3468.68	31.80	-	22.32	3522.80	-	-	-	-	-	3522.80	3468.68
Buildings	9393.84	-	-	337.82	9731.66	842.48	387.67	-	-	91.25	8410.26	8551.36
Plant and equipment	29659.47	3759.25	469.00	881.22	33830.94	5213.59	2613.09	-	58.64	474.50	25588.40	24445.88
Lab Equipment	26.68	-	-	-	26.68	5.12	0.76	-	-	-	20.80	21.56
Material Handling Equipment	24.84	31.13	-	-	55.97	4.42	6.43	-	-	-	45.12	20.42
Fire fighting Equipment	0.83	-	-	-	0.83	0.06	-	-	-	-	0.77	0.77
Vehicles	520.25	194.47	32.03	3.05	685.74	121.62	87.80	-	11.63	2.67	485.28	398.63
Computers	104.38	40.90	-	-	145.28	34.30	29.98	-	-	-	81.00	70.08
Office Equipment	165.43	54.04	1.93	3.10	220.64	62.79	40.62	-	1.69	2.99	115.93	102.64
Furniture & Fixtures	40.50	2.76	-	1.48	44.74	11.74	3.40	-	-	1.48	16.62	28.12
<b>Total</b>	<b>43404.90</b>	<b>4114.35</b>	<b>502.96</b>	<b>1248.99</b>	<b>48265.28</b>	<b>6296.12</b>	<b>3169.75</b>	<b>-</b>	<b>71.96</b>	<b>572.89</b>	<b>9966.80</b>	<b>37108.78</b>

a. All fixed assets including Factory land and buildings located at Duggirala, Guntur district and SEZ unit located at kuvvakoli village, chittoor district, have been given as a security for availing Credit facilities from banks.

(₹ in Lakhs)

**2.2: Other Intangible assets**

	Gross carrying value			Accumulated depreciation / impairment			Net carrying value	
	As at 1 <sup>st</sup> April, 2019	Additions	Disposals	As at 31 <sup>st</sup> March, 2020	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March, 2019
Computer Software	14.21	-	-	14.21	-	-	-	3.79
<b>Total</b>	<b>14.21</b>	<b>-</b>	<b>-</b>	<b>14.21</b>	<b>-</b>	<b>-</b>	<b>12.71</b>	<b>3.79</b>

	Gross carrying value			Accumulated depreciation / impairment			Net carrying value	
	As at 1 <sup>st</sup> April, 2018	Additions	Disposals	As at 31 <sup>st</sup> March, 2019	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March, 2018
Computer Software	14.21	-	-	14.21	2.29	-	-	3.79
<b>Total</b>	<b>14.21</b>	<b>-</b>	<b>-</b>	<b>14.21</b>	<b>2.29</b>	<b>-</b>	<b>12.71</b>	<b>3.79</b>

**2.3 Investments** (₹ in Lakhs)

	2020		2019	
	Current	Non Current	Current	Non Current
<b>Investments at amortized cost( Unquoted Non Trade Investments:</b> Coffee Futures Exchange India Ltd (Equity Subscription for Membership as Ordinary member - 1 share of Rs.10,000) Preference shares in Associated Coffee Merchants (Intl) Ltd (1,87,400 Preference Shares Face value of GBP 1/-each) <b>Total investments carried at Amortized cost</b>	-	0.10	-	0.10
	-	147.91	-	147.91
<b>Total Investments</b>	-	<b>148.01</b>	-	<b>148.01</b>

(₹ in Lakhs)

	2020		2019	
	Current	Non Current	Current	Non Current
Rental Deposits	-	27.89	-	27.89
Electricity and Other Security Deposits	-	529.08	-	327.09
Other Receivables	-	-	643.55	-
Tender Deposit	8.28	-	8.27	-
	<b>8.28</b>	<b>556.97</b>	<b>651.82</b>	<b>354.98</b>

**2.5 Other Non Current Assets and Current Assets**

	2020		2019	
	Current	Non Current	Current	Non Current
Advance Tax (Net of Provision for tax)	80.10	1366.67	294.66	967.01
Deposits with Statutory authorities	-	2883.28	-	2883.28
Advances to Employees	53.51	-	35.88	-
Prepaid Expenses	246.89	-	77.78	-
Input tax and other taxes receivables	1223.71	-	1848.43	-
Advance to Creditors	889.18	-	236.28	-
Advances for Capital goods/services	1772.42	-	499.85	-
Other receivables	2604.77	-	87.13	-
	<b>6870.59</b>	<b>4249.95</b>	<b>3080.00</b>	<b>3850.30</b>

**2.6 Inventories** (₹ in Lakhs)

	<b>2020 Current</b>	<b>2019 Current</b>
Raw materials	13149.78	11153.05
Work-in-progress	370.45	167.89
Finished goods	9161.09	6112.43
Stores, spares and consumables	2076.37	1527.66
Packing materials	1284.26	1233.79
	<b>26041.95</b>	<b>20194.83</b>

The mode of valuation of Inventories has been stated in Note 1.12 of Significant Accounting Policies  
Inventories hypothecated as security for availing working capital facilities

**2.7 Trade receivables**

	<b>2020 Current</b>	<b>2019 Current</b>
<b>Trade Receivables</b>		
Unsecured, considered good	26969.36	23702.52
Less: Allowances for credit losses	158.00	184.13
Less: Bad debts written off	-	-
	<b>26811.36</b>	<b>23518.39</b>

Trade Receivables hypothecated as security for availing working capital facilities

**2.8 Cash and Cash Equivalents**

	<b>2020</b>	<b>2019</b>
<b>a) Cash and Cash equivalents</b>		
i) Cash on hand	6.25	10.32
ii) Balances with banks		
- Current Accounts	3529.33	7038.15
<b>b) Other Bank Balances (with restricted use)</b>		
(i) Margin Money Deposit Accounts (against Bank Guarantees)	182.16	182.16
(ii) Unclaimed Dividend Account	103.89	56.39
(iii) Dividend Account	-	2327.99
Interest accrued but not due on deposits	47.63	36.19
	<b>3869.25</b>	<b>9651.20</b>

**Cash and Cash Equivalents include the following for Cash flow purpose (₹ in Lakhs)**

	2020	2019
Cash and Cash Equivalents/ Bank Balances	3869.25	9651.20
Less: Unclaim dividend	103.89	56.39
Less: dividend	-	2327.99
<b>Cash and Cash Equivalents/ Bank Balances</b>	<b>3765.37</b>	<b>7266.82</b>

**2.9 Share Capital**

	2020	2019
<b>Authorized Share Capital</b> 150,000,000 Equity Shares of ₹ 2 each (Previous year :150,000,000 Equity Shares of ₹ 2 each)	3000.00	3000.00
<b>Issued Subscribed and Paid up Share Capital</b> 133,027,920 Equity Shares of ₹ 2 each, fully paid up (Previous year :133,027,920 Equity Shares of ₹ 2 each, fully paid up)	2660.56	2660.56
	<b>2660.56</b>	<b>2660.56</b>

Details of shareholders holding shares : more than 5%	No. of shares	% Holding	No. of shares	% Holding
1. Challa Rajendra Prasad	13237481	9.95%	13065400	9.82%
2. Challa Shantha Prasad	18431659	13.86%	18270000	13.73%
3. Challa Srishant	13944914	10.48%	13722000	10.32%
4. Challa Soumya	13350898	10.04%	13175300	9.90%
5. Smallcap World Fund Inc	-	-	10642173	8.00%

**2.9.1 Reconciliation of Number of Shares :**

	2020	2019
Number of Shares at the beginning of the year	133027920	133027920
Add : Shares issued during the year		
<b>Number of Shares at the end of the year</b>	<b>133027920</b>	<b>133027920</b>

**2.9.2 Rights attached to equity shares**

“The Company has only one class of equity shares having a face value of ₹ 2/- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**2.10 “ Other Equity”**

(₹ in Lakhs)

	<b>2020</b>	<b>2019</b>
Opening Balance	49624.16	40872.41
Add: Current year Transfer	16593.60	15489.21
Less: Dividend Paid( Including Dividend distribution Tax)	(8979.38)	(6737.46)
<b>Total</b>	<b>57238.38</b>	<b>49624.16</b>
<b>General Reserve</b>		
Opening Balance	28820.70	28820.70
Add: Current year Transfer	-	-
Less: Written Back in Current year	-	-
<b>Total</b>	<b>28820.70</b>	<b>28820.70</b>
<b>Foreign Currency Translation Reserve</b>		
Opening Balance	3232.44	1719.51
Add: Current year Transfer	1918.10	1512.93
Less: Written Back in Current year	-	-
<b>Total</b>	<b>5150.54</b>	<b>3232.44</b>
<b>Actuarial Gains or Losses (OCI)</b>		
Opening Balance	(134.81)	(79.62)
Add: Current year Transfer	(21.16)	(55.19)
Less: Written Back in Current year	-	-
<b>Total</b>	<b>(155.97)</b>	<b>(134.81)</b>
<b>Measurement of derivative instrument at Fair value (OCI)</b>		
Opening Balance	(311.53)	-
Add: Current year Transfer	(563.15)	(311.53)
Less: Written Back in Current year	-	-
<b>Total</b>	<b>(874.68)</b>	<b>(311.53)</b>
<b>Total Other Equity</b>	<b>90178.97</b>	<b>81230.96</b>



**2.11 Borrowings**

(₹ in Lakhs)

	2020		2019	
	Current	Non Current	Current	Non Current
<b>Secured Borrowings:</b>				
<b>Term loans from Banks</b>				
HDFC Bank Ltd.	-	10166.67	-	4133.33
Citi Bank NA.	-	3000.00	-	-
Citi Bank NA., (External commercial borrowings)	-	11779.05	-	15131.22
Working Capital Facilities	14270.14	-	18345.60	-
	<b>14270.14</b>	<b>24945.71</b>	<b>18345.60</b>	<b>19264.56</b>

The term loan of ₹ 50.00 Crs and ₹ 10.00 Crs from HDFC Bank carrying floating interest rate of Monthly MCLR+15 bps repayable in twelve and ten equal quarterly installments respectively at the end of each quarter commencing from 29<sup>th</sup> June, 2019 and 29<sup>th</sup> Dec. 2019 respectively.

Total term loan of ₹ 90.00 Crs from HDFC Bank carrying floating interest rate of Monthly MCLR+5 bps repayable in sixteen quarterly installments at the end of each quarter commencing from 29<sup>th</sup> June, 2020.

Term loans from HDFC Bank is secured by first pari passu charge on movable assets of the company and second pari passu charge on current assets of the Company.

External commercial borrowings from Citi bank is secured by first ranking exclusive charge over all the fixed assets EOU located at Duggirala, Guntur district and SEZ Unit located at kuvvakoli village, Chittoor district of Andhra Pradesh. The coupon for External Commercial Borrowings is linked to LIBOR plus applicable spread.

Term loans repayable in next twelve months period was segregated as current maturities of long term debt as Other financial liabilities under Current liabilities.

Working Capital Facilities(Packing credit) from State Bank of India, Citi Bank and ICICI Bank Limited under consortium are secured by way of first pari-passu charge on current assets and second pari-passu charge on fixed assets of the company . The Working Capital is repayable on demand.

**2.12 Deferred Tax Liabilities**

	2020	2019
Opening Balance	<b>3961.34</b>	<b>3915.48</b>
Add : On account of IND AS Adjustment	-	(3.99)
Add : On account of depreciation	3955.10	68.53
Add : On account of Others	(3291.50)	(18.68)
Closing Balance	<b>4624.94</b>	<b>3961.34</b>

**2.13 Other Non Current Liabilities & Current liabilities**

(₹ in Lakhs)

	2020		2019	
	Current	Non Current	Current	Non Current
Salaries and employee benefits	423.30	-	287.75	-
Withholding and other taxes payable	159.01	-	87.51	-
Advance from customers	223.46	-	59.28	-
Others	253.40	-	1366.11	-
	<b>1059.17</b>	<b>-</b>	<b>1800.66</b>	<b>-</b>

**2.14 Trade Payables**

	2020 Current	2019 Current
<b>(a) Due to Micro &amp; Small Enterprises</b>	-	-
<b>(b) Dues to others</b>		
For Raw material	956.67	4429.22
For Packing material	820.64	677.66
For Stores and Consumables	147.14	133.13
For Services	539.09	465.95
	<b>2463.54</b>	<b>5705.97</b>

**2.15 Other financial liabilities**

	2020		2019	
	Current	Non Current	Current	Non Current
Creditors For Capital goods	669.00	-	1876.62	-
Unpaid dividends	103.89	-	56.39	-
Dividend payables	-	-	2327.99	-
Interest accrued but not due on borrowings	220.89	-	143.08	-
Current maturities of long term debt	7678.29	-	4028.27	-
Derivative Financial liability	-	874.68	-	311.53
Other Payables	1155.90	-	432.00	-
	<b>9827.96</b>	<b>874.68</b>	<b>8864.35</b>	<b>311.53</b>

**2.16 Provisions**

(₹ in Lakhs)

	2020		2019	
	Current	Non Current	Current	Non Current
Leave Encashment	-	7.16	0.64	-
Provision for tax	-	-	0.06	-
Gratuity	-	24.96	-	15.83
	-	<b>32.12</b>	<b>0.69</b>	<b>15.83</b>

**2.17 Revenue from operations**

	2020	2019
<b>Revenue from</b>		
Sale of Products - Coffee	110521.19	102999.83
Sale of Trade Licences	3394.08	5141.84
<b>Revenue from operations</b>	<b>113915.27</b>	<b>108141.67</b>

**2.18 Other income**

	2020	2019
Interest on Deposits	167.57	314.47
Dividend Income on long-term investments	16.92	9.13
Profit on sale of assets	-	0.06
Scrap sales	0.93	-
Miscellaneous Income	264.35	10.14
	<b>449.77</b>	<b>333.80</b>

**2.19 Cost of materials consumed**

	2020	2019
<b>Raw Material</b>		
Purchases	61188.21	61620.05
Add: Opening Stock	11153.05	9703.03
	72341.26	71323.08
Less: Closing Stock	13149.78	11153.05
	<b>59191.49</b>	<b>60170.03</b>

**2.20 Changes in inventories**

(₹ in Lakhs)

	2020	2019
<b>Work-in-progress</b>		
Opening	167.89	154.90
Closing	370.45	167.89
	(202.56)	(12.99)
<b>Finished goods</b>		
Opening	6113.55	5685.86
Closing	9161.09	6113.55
	(3047.54)	(427.69)
	<b>(3250.11)</b>	<b>(440.69)</b>

**2.21 Employee benefits expense**

	2020	2019
Salaries, Wages and Bonus	4336.12	3692.62
Directors' Remuneration	1582.00	1486.11
Contribution to provident and other funds	463.21	372.78
Staff welfare	652.78	343.17
	<b>7034.11</b>	<b>5894.69</b>

**2.22 Finance costs**

	2020	2019
Interest Expense	1561.28	593.18
Other borrowing costs	235.05	252.62
	<b>1796.33</b>	<b>845.80</b>

**2.23 Other expenses**

	2020	2019
Packing material consumed	5980.14	4881.68
Stores and Consumable consumed	947.56	797.85
Power and fuel	6469.39	4499.99
Repairs and Maintenance to Buildings	38.19	73.16
Repairs and Maintenance to Machinery	1099.75	636.86
Repairs and Maintenance to Other assets	130.27	53.33
Transportation, Ocean Freight, Clearing and Forwarding	3019.26	2210.86
Insurance	203.72	139.50

(₹ in Lakhs)

Rent	106.40	77.98
Rates and Taxes	140.01	142.36
Directors' Sitting Fee	17.45	19.35
Non-whole time Directors' Commission	81.00	63.00
Selling Expenses	2392.98	2006.87
Commission on Sales	411.08	331.32
Travelling and Conveyance	378.24	346.19
Communication Expenses	110.60	78.07
Printing and Stationery	25.01	13.45
Office Maintenance	578.71	271.52
Donations	96.06	112.57
Corporate Social Responsibility (CSR) Expenditure	328.22	298.60
Professional Fees & Expenses	352.20	199.63
Subscription and Membership fee	9.46	3.59
Auditor's Remuneration	39.68	33.81
Foreign Exchange Loss (Net)	(745.90)	392.25
Miscellaneous expenses	161.57	80.39
Allowance for credit losses	(26.13)	159.51
Loss on sale of Investments	5.59	-
Bad debts written off	-	45.56
	<b>22350.50</b>	<b>17969.24</b>

**2.24 Auditors Remuneration**

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
a) Audit fees	35.49	27.81
b) Other charges		
Taxation matters	2.50	2.50
Certification fee	1.20	2.60
c) Reimbursement of out of pocket expenses	0.49	0.90
<b>TOTAL</b>	<b>39.68</b>	<b>33.81</b>

**2.25 Earnings per Share**

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>Earnings</b>		
Profit attributable to equity holders	23,893.26	12,542.90
<b>Shares</b>		
Number of shares at the beginning of the year	13,30,27,920	13,30,27,920
Add: Equity shares issued	-	-
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	13,30,27,920	13,30,27,920
<b>Weighted average number of equity shares outstanding during the year – Basic</b>	<b>13,30,27,920</b>	<b>13,30,27,920</b>
Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS	-	-
<b>Weighted average number of equity shares outstanding during the year – Diluted</b>	<b>13,30,27,920</b>	<b>13,30,27,920</b>
Earnings per share of par value ₹ 2/- -Basic ( ₹ )	17.96	9.43
Earnings per share of par value ₹ 2/- – Diluted ( ₹ )	17.96	9.43

**2.26 Related Parties**

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, members of the Company’s Management Council and Company Secretary are considered as Key Managerial Personnel. List of Key Managerial Personnel of the Company is as below:

- Mr. Challa Rajendra Prasad, Whole time Director
- Mr. Challa Srishant, Managing Director
- Mr. B.Mohan Krishna, Executive Director
- Mr. K.V.L.N.Sarma, Chief Operations Officer
- Mr. V. Lakshmi Narayana, Chief Financial officer
- Ms. Sridevi Dasari, Company Secretary

The following is a summary of significant related party transactions of Parent Company

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
<b>a) Key managerial personnel</b>		
<b>Remuneration &amp; Commission</b>		
Mr. Challa Rajendra Prasad	420.00	743.06
Mr. Challa Srishant	665.00	445.83
Mr. B.Mohan Krishna	497.00	297.22
Mr. K.V.L.N.Sarma	89.57	84.23
Mr. V. Lakshmi Narayana	83.88	55.29
Ms.Sridevi Dasari	16.94	16.73
<b>Rent</b>		
Mr. Challa Srishant	22.30	22.30

(₹ in Lakhs)

<b>b) Non-whole time Directors</b>		
<b>Sitting Fee</b>		
Mr.Vipin K.Singal	2.15	2.15
Mr.K.Chandahas	2.45	2.40
Mr.J.Rambabu	-	2.40
Mr.K.K.Sarma	2.30	2.25
Mr.G.V.Krishna Rau	2.00	2.40
Ms.Kulsoom Noor Saifullah	1.45	2.00
Ms.Challa Shantha Prasad	1.20	1.45
Mr.K Durga Prasad	2.45	2.30
Dr.L.Krishnanand	2.15	2.00
Mr.K.V.Chowdary	1.30	-
<b>Commission</b>		
Mr.Vipin K.Singal	9.00	7.00
Mr.K.Chandahas	9.00	7.00
Mr.J.Rambabu	-	7.00
Mr.K.K.Sarma	9.00	7.00
Mr.G.V.Krishna Rau	9.00	7.00
Ms.Kulsoom Noor Saifullah	9.00	7.00
Ms.Challa Shantha Prasad	9.00	7.00
Mr.K Durga Prasad	9.00	7.00
Dr.L.Krishnanand	9.00	7.00
Mr.K.V.Chowdary	9.00	-
<b>Rent</b>		
Ms.Challa Shantha Prasad	21.46	21.46
<b>c) Relatives of Key Managerial Personnel</b>		
<b>Rent</b>		
Ms.Challa Soumya	7.04	7.04
<b>TOTAL</b>	<b>1,921.64</b>	<b>1775.51</b>

**2.27 Segment Reporting:**

The Company concluded that there is only one operating segment i.e, Coffee products. Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. Accordingly, the Company shall present entity-wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 108.

**2.28 Employee benefits:**
**Gratuity benefits**

In accordance with applicable laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Holding Company makes contributions to the Life Insurance Corporation of India (LIC).

The components of gratuity cost recognized in the statement of profit and loss for the years ended 31<sup>st</sup> March 2020 and 2019 consist of the following:

(₹ in Lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2020	2019
Current service cost	53.02	41.85
Interest cost on net defined benefit liability/(asset)	37.52	31.17
Gratuity cost recognized in statement of profit and loss	<b>90.54</b>	<b>73.02</b>

Details of the employee benefits obligations and plan assets are provided below:

Particulars	As of 31 March	
	2020	2019
Present value of funded obligations	596.84	472.55
Fair value of plan assets	628.16	576.12
<b>Net defined benefit liability/(asset)</b>	<b>(81.57)</b>	<b>(103.57)</b>

Details of changes in the present value of defined benefit obligations are as follows:

Particulars	As of 31 March	
	2020	2019
Defined benefit obligations at the beginning of the year	493.79	343.90
Current service cost	53.02	41.85
Interest cost on defined obligations	37.52	31.17
Re-measurements due to:		
Actuarial loss/(gain) due to change in financial assumptions	19.27	81.77
Actuarial loss/(gain) due to demographic assumptions		
Actuarial loss/(gain) due to experience changes		
Benefits paid	(6.76)	(12.82)
<b>Defined benefit obligations at the end of the year</b>	<b>596.83</b>	<b>485.87</b>



**Details of changes in the fair value of plan assets are as follows:**

(₹ in Lakhs)

Particulars	As of 31 March	
	2020	2019
Fair value of plan assets at the beginning of the year	576.12	399.89
Employer contributions	16.06	156.05
Actuarial loss/(gain) on plan assets	(1.69)	(3.06)
Re-measurements due to:		
Return on plan assets excluding interest on plan assets	44.42	36.07
Benefits paid	(6.76)	(12.82)
<b>Plan assets at the end of the year</b>	<b>628.16</b>	<b>576.13</b>

**Summary of Acturial Assumptions:**

The actuarial assumptions used in accounting for the Gratuity Plan are as follows:

The assumptions used to determine benefit obligations:

Particulars	As of 31 March	
	2020	2019
Discount rate	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%

**Leave Encashment**

The Holding Company accumulates of compensated absences by certain categories of its employees for one year. These employees receive cash in lieu thereof as per the Company's policy. The Company records expenditure on payment basis..

**The Subsidiary company, M/s. Continental coffee Private limited:**

The components of Leave Encashment recognized by The Subsidiary company, M/s. Continental coffee Private limited, in the Financial Statements for the years ended 31<sup>st</sup> March 2020 and 2019 as per Actuarial Valuation consist of the following:

Particulars	As of 31 March	
	2020	2019
Past service cost	8.80	3.22
<b>Present Value of Obligations at the end of the Period</b>	<b>12.02</b>	<b>3.22</b>

**Summary of Acturial Assumptions:**

The actuarial assumptions used in accounting for the Leave Encashment are as follows:

The assumptions used to determine benefit obligations:

Particulars	As of 31 March	
	2020	2019
Discount rate	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%

**Contribution to Provident Fund**

The employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed ₹. 307.58 Lakhs and ₹.196.96 Lakhs to the provident fund plan during the years ended 31<sup>st</sup> March 2020 and 2019, respectively

**Contribution to Superannuation schemes**

Certain categories of employees of the Company participate in superannuation, a defined contribution plan administered by the Life Insurance Corporation of India. The Company makes annual contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its annual contributions. The Company contributed ₹. 166.93 Lakhs and ₹. 278.15 Lakhs to the superannuation Schemes during the years ended 31<sup>st</sup> March 2020 and 2019, respectively.

**2.29 Income Taxes:**
**Income tax expense/ (benefit) recognized in the statement of profit and loss:**

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following:

(₹ in Lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2020	2019
Current taxes expense		
Domestic	5221.64	5249.66
Foreign	52.67	79.62
Deferred taxes expense/(benefit)		
Domestic	663.60	45.86
<b>Total income tax expense/(benefit) recognized in the statement of profit and loss</b>	<b>5937.90</b>	<b>5375.14</b>

**Income tax expense/ (benefit) recognized directly in equity:**

Income tax expense/ (benefit) recognized directly in equity consist of the following:

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2020	2019
Tax effect on actuarial gains/losses on defined benefit obligations	7.41	29.65
<b>Total income tax expense/(benefit) recognized in the equity</b>	<b>7.41</b>	<b>29.65</b>

**Reconciliation of Effective tax rate:**

(₹in Lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2020	2019
<b>Profit before income taxes</b>	<b>22531.51</b>	<b>20864.35</b>
Enacted tax rate in India	34.94%	34.94%
<b>Computed expected tax benefit/(expense)</b>	<b>7872.51</b>	<b>7290.84</b>
<b>Effect of:</b>		
Expenses not deductible for Tax purposes	1054.94	1773.83
Expenses deductible for Tax purposes	(7432.31)	(1984.80)
Taxable at Special Rates	2287.68	2939.55
Others		-
Foreign Taxes	52.67	79.62
Tax effect due to non-taxable for Indian Tax Purpose	(1635.52)	(3615.98)
Tax effect due to loss in Indian Subsidiary	(124.08)	609.46
<b>Income tax benefit/(expense)</b>	<b>2075.90</b>	<b>5329.28</b>

**Deferred tax assets & Liabilities:**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	As of 31 March	
	2020	2019
<b>Deferred tax assets/(liabilities):</b>		
Property, plant and equipment	(7916.44)	(3984.01)
Others	3219.50	22.67
<b>Net deferred tax assets/(liabilities)</b>	<b>4624.94</b>	<b>(3961.34)</b>

**2.30 Financial Risk Management:**

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

**Credit Risk:**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

**Trade Receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The total trade and other receivables impairment loss provided ₹ 158.00 lakhs as at 31<sup>st</sup> March 2020 and Rs. ₹ 184.13 lakhs as at 31<sup>st</sup> March 2019.

(₹ in Lakhs)

Particulars	As of 31 March	
	2020	2019
Period (in days)		
1 – 90	20267.32	17692.92
90 – 180	4679.60	2673.10
More than 180	2022.44	3336.51
<b>Total</b>	<b>26969.36</b>	<b>23702.53</b>

The Company's credit period for customers generally ranges from 60-90 days. The aging of trade receivables that are past due but not impaired is given below:

On account of adoption of Ind AS 109, the Company uses Expected Credit Loss (ECL) model for assessing the impairment loss. For this purpose, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate.

Financial assets that are neither past due nor impaired - None of the Company's cash equivalents, including deposits with banks, were past due or impaired as at 31<sup>st</sup> March 2020

**Reconciliation of allowance for credit losses**

The details of changes in allowance for credit losses during the year ended 31 March 2020 and 31 March 2019 are as follows:

Particulars	As of 31 March	
	2020	2019
<b>Balance at the beginning of the year</b>	<b>184.13</b>	<b>24.62</b>
Impairment of Trade receivables	(26.13)	159.51
<b>Balance at the end of the year</b>	<b>158.00</b>	<b>184.13</b>

**Liquidity Risks:**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

As of 31 March 2020 and 2019, the Company has utilized working capital credit limits from banks for ₹ 14,270.14 Lakhs and ₹ 18,345.60 Lakhs respectively.

As of 31<sup>st</sup> March 2020, the Company had working capital (current assets less current liabilities) of ₹ 35,980.64 Lakhs including cash and cash equivalents of Rs.3,869.25 Lakhs. As of 31<sup>st</sup> March 2019, the Company had working capital of ₹ 22,378.99 Lakhs, including cash and cash equivalents of ₹ 9651.20 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31<sup>st</sup> March 2020:

(₹ in Lakhs)

Particulars	2021	2022	2023	2024	2025	Total
Trade payables	2,463.54	-	-	-	--	2,463.54
Long term borrowings	8578.29	8161.61	6705.81	750.00	750.00	24945.71
Bank overdraft, short-term loans and borrowings*	14270.14	-	-	-	-	14270.14
Other liabilities*	11793.93	-	-	-	-	11793.93

\* The bank overdraft and other liabilities are payable on demand

### Market Risks:

Market risk is the risk that changes in market prices such as commodity prices risk, foreign exchange rates and interest rates which will affect the Company's financial position. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Coffee Industry is dependent on nature, making it susceptible to climate vagaries. The major weather factors that influence coffee yield are rainfall, temperature, light intensity and relative humidity.

### Commodity Price Risk

The Company exposure to Market risk for commodity prices can result in changes to realisation for its Cost of Production for its products. The company mitigates risk by entering into Coffee Future Contracts and with the natural hedge arising on export of Products vis a vis import of Coffee Beans.

### Coffee Futures

The Company uses Coffee future contract to reduce its price risk associated with forecasted purchases of Coffee beans. Throughout the year, the company enters into coffee futures based on market price and anticipated production requirements.

### Currency Risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The company mitigates the currency risk with natural hedge arising on export of Products vis a vis import of Coffee Beans.

### Interest rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

### 2.31 Capital Management

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through equity, borrowings and operating cash flows required.

(₹ in Lakhs)

Particulars	2020	2019
Total Debt	58098.26	58270.51
Total Equity	92839.53	83891.52
<b>Debt Equity Ratio</b>	<b>0.62:1</b>	<b>0.69:1</b>

### 2.32 Contingent Liabilities and Commitments

The following are the details of contingent liabilities and commitments:

Particulars	2020	2019
<b>Contingent Liabilities</b>		
a) Claims against the company/disputed liabilities not acknowledged as debts		
Income Tax*	4402.40	2883.28
Service tax	995.92	552.98
Sales Tax	47.16	-
b) Guarantees		
Bank Guarantees	1423.27	2786.28
	<b>6868.75</b>	<b>6222.54</b>
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	4713.19	1487.72
	<b>4713.19</b>	<b>1487.72</b>

\* Tax deposited under protest ₹ 2883.28 Lakhs



1

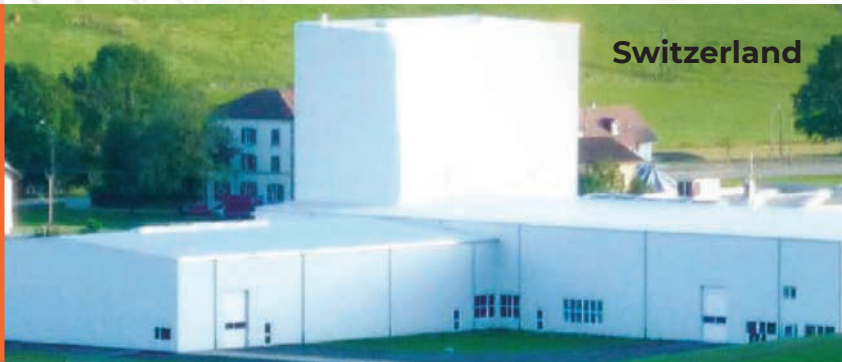
1995



**Duggirala**

2

2010



**Switzerland**

3

2012



**Vietnam**

4

2019



**Kuvvakolli**



## CCL PRODUCTS (INDIA) LIMITED

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