



13<sup>th</sup> July, 2019

To

The Corporate Relations Department  
Bombay Stock Exchange  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai – 400 001  
Fax No.: 022-22723121/3719

Dear Sir,

**Sub: Annual Report for the financial year 2018-19**  
**Ref: Company Code - 519600**

As required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the financial year 2018-19.

The said Annual Report has also been uploaded on the Company's website at [www.cclproducts.com](http://www.cclproducts.com)

This is for your information and necessary records.

Regards,

For **CCL Products (India) Limited**

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

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, Andhra Pradesh, India. | CIN L15110AP1961PLC000874

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



CCL PRODUCTS (INDIA) LIMITED  
ANNUAL REPORT (2018-19)





New Freeze Dried Plant located at Kuvvakolli Village,  
Chittoor District, Andhra Pradesh, India.



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

Wednesday, 07<sup>th</sup> August, 2019  
at 09.30 A.M.  
at Sarojini Picture Palace  
situated at Duggirala – 522 330  
Guntur Dist. Andhra Pradesh  
INDIA

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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. J. Rambabu, IAS (Retd.) (upto 31.03.2019)  
Mr. K. K. Sarma  
Mr. B. Mohan Krishna  
Mr. G.V. Krishna Rau IAS (Retd.)  
Mrs. Kulsoom Noor Saifullah  
Mrs. Challa Shantha Prasad  
Dr. Lanka Krishnanand  
Mr. Kode Durga Prasad, IPS (Retd.)  
Mr. Kosaraju Veerayya Chowdary, IRS (Retd.) (w.e.f. 25.06.2019)  
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.coffee

**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

ICICI Bank Ltd  
State Bank of India  
Citi Bank N.A.  
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. Kata Chandrahas - Chairman Mr. Vipin K. Singal Mr. J. Rambabu (upto 31.03.2019) Mr. K. K. Sarma Mr. G.V. Krishna Rau Mrs. Kulsoom Noor Saifullah Dr. Lanka Krishnanand Mr.Kode Durga Prasad Mr.Kosaraju Veerayya Chowdary (w.e.f. 11.07.2019)	Mr. Vipin K. Singal - Chairman Mr. Kata Chandrahas Mr. J. Rambabu (upto 31.03.2019) Mr. K. K. Sarma Mr. G.V. Krishna Rau Mrs. Kulsoom Noor Saifullah Dr. Lanka Krishnanand Mr. Kode Durga Prasad Mr.Kosaraju Veerayya Chowdary (w.e.f. 11.07.2019)
<b>Nomination and Remuneration Committee</b>	<b>Corporate Social Responsibility Committee</b>
Mr. G.V.Krishna Rau - Chairman Mr. Vipin K. Singal Mr. Kata Chandrahas Mr. J. Rambabu (upto 31.03.2019) Mr. K. K. Sarma Mrs. Kulsoom Noor Saifullah Mrs. Challa Shantha Prasad Dr. Lanka Krishnanand Mr.Kode Durga Prasad Mr.Kosaraju Veerayya Chowdary (w.e.f. 11.07.2019)	Mr. Vipin K Singal- Chairman Mr. Kata Chandrahas Mr. J. Rambabu (upto 31.03.2019) Mr. K. K. Sarma Mr. B. Mohan Krishna Mr. G.V. Krishna Rau Mrs. Kulsoom Noor Saifullah Mr. Challa Srishant Mrs. Challa Shantha Prasad Dr. Lanka Krishnanand Mr. Kode Durga Prasad Mr.Kosaraju Veerayya Chowdary (w.e.f. 11.07.2019)
<b>Risk Management Committee</b>	
Mr. Challa Srishant- Chairman Mr. Vipin K. Singal Mr. Kata Chandrahas Mr. J. Rambabu (upto 31.03.2019) Mr. K. K. Sarma Mr. B. Mohan Krishna Mr. G.V. Krishna Rau Mrs. Kulsoom Noor Saifullah	Mrs. Challa Shantha Prasad Dr. Lanka Krishnanand Mr.Kode Durga Prasad Mr.Kosaraju Veerayya Chowdary (w.e.f. 11.07.2019) Mr. K. V. L. N. Sarma Ms. Sridevi Dasari Mr. N. Sudhakar

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**NOTICE**

Notice is hereby given that the 58<sup>th</sup> Annual General Meeting of the Members of CCL Products (India) Limited will be held on 7<sup>th</sup> August, 2019 at 9.30 A.M. at Sarojini Picture Palace situated at Duggirala, Guntur District, Andhra Pradesh- 522 330 to transact the following items of business:

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**Ordinary Business:**

1. To consider and adopt:
  - (a) the audited Financial Statement of the Company for the year 2018-19 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 2018-19.
2. To declare final dividend of ₹ 1.75/- per Equity Share of ₹ 2/- each to the shareholders for the financial year 2018-19 and to confirm the interim dividend of ₹ 1.75 per Equity Share of ₹ 2/- each.
3. To appoint a director in place of Mrs. Challa Shantha Prasad (DIN 00746477), who retires by rotation and being eligible, offers herself for re-appointment as a Director.

**Special Business:**

4. Appointment of Mrs. Kulsoom Noor Saifullah as an Independent Director :

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

“RESOLVED THAT pursuant to the provisions of Sections 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), Mrs. Kulsoom Noor Saifullah (DIN 02544686), who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 14<sup>th</sup> February, 2019 as per Section 161(1) of the Companies Act, 2013 and who holds her office as such upto the date of this 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 her 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 five consecutive years commencing from 14<sup>th</sup> February, 2019.”

5. Appointment of Mr. K. K. Sarma as Non-Executive Director

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 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder 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. K. K. Sarma (DIN 06672873), who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 14<sup>th</sup> February, 2019 as per Section 161(1) of the Companies Act, 2013 and who holds his office as such upto the date of this 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 Non-Executive Director of the Company, whose office shall be liable to retire by rotation.”

6. Appointment of Mr. Vipin K Singal as an 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. Vipin K Singal (DIN 00505339), who was appointed as an Independent Director at the 53<sup>rd</sup> Annual General Meeting of the Company and who holds his office as such upto the 58<sup>th</sup> Annual General Meeting and who is eligible for re-appointment as such 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 07<sup>th</sup> August, 2019.”

7. Appointment of Mr. Kata Chandrahas as an 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. Kata Chandrahas (DIN 02994302), who was appointed as an Independent Director at the 53<sup>rd</sup> Annual General Meeting of the Company and who holds his office as such upto the 58<sup>th</sup> Annual General Meeting and who is eligible for re-appointment as such 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 07<sup>th</sup> August, 2019.”

8. Appointment of Mr. Kosaraju Veerayya Chowdary as an Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 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. Kosaraju Veerayya Chowdary (DIN 08485334), who was appointed as an Additional Director of the Company by the Board of Directors through circular resolution passed on 25<sup>th</sup> June, 2019 as per Section 161(1) of the Companies Act, 2013 and who holds his office as such upto the date of this 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 25<sup>th</sup> June, 2019.”

9. 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 14<sup>th</sup> February, 2019 to hold his office as such upto 31<sup>st</sup> March, 2020, 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 14<sup>th</sup> March, 2019.”

“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.”

10. Re-appointment of Mr. Challa Srishant as Managing 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 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 the Members of the Company, be and is hereby accorded to the reappointment of Mr. Challa Srishant (DIN 00016035) as Managing Director of the Company with effect from 14<sup>th</sup> February, 2019 for a period of 5 years at a remuneration / commission as laid hereunder and as per the terms and conditions set out in the employment agreement entered on 14<sup>th</sup> March, 2019:

- a) Salary: ₹ 30,00,000/- per month along with other perquisites as per the Rules of the Company and
- b) Commission (in addition to the salary and perquisites, calculated in such a way that the salary and commission shall not exceed 4% of the net profits of the Company computed in terms of section 197 & 198 of Companies Act, 2013).”

“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 Srishant as the Managing Director, 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.”

11. Appointment of Mr. B. Mohan Krishna as Director- Operations

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 the Members of the Company, be and is hereby accorded to the reappointment of Mr. B. Mohan Krishna (DIN 03053172) as Director- Operations of the Company with effect from 14<sup>th</sup> February, 2019 for a period of 5 years at a remuneration / commission as laid hereunder and as per the terms and conditions set out in the employment agreement entered on 14<sup>th</sup> March, 2019:

- a) Salary: ₹ 25,00,000/- per month along with other perquisites as per the Rules of the Company and

- b) Commission (in addition to the salary and perquisites, calculated in such a way that the salary and commission shall not exceed 3% of the net profits of the Company computed in terms of section 197 & 198 of Companies Act, 2013).”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits of the Company in any financial year during the tenure of Mr. B. Mohan Krishna as Director- Operations, 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.”

12. 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 for the year 2019-20 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, 2020, amounting to ₹1,75,000/- (Rupees 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.”

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

Place: Hyderabad  
Date : 11<sup>th</sup> July, 2019

Sd/-  
**Sridevi Dasari**  
Company Secretary & Compliance Officer

**NOTES FOR MEMBERS:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on poll instead of himself/herself and such proxy need not be a member of the Company.
2. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A Proxy Form for the Annual General Meeting is enclosed to the Report.
3. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares will remain closed from Saturday, 03<sup>rd</sup> August, 2019 to Wednesday, 07<sup>th</sup> August, 2019 (both days inclusive).
4. Statement as required under section 102 of the Companies Act, 2013, in respect of special business is annexed hereto.
5. 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 your 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.
6. 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 and change in the address of the members may be communicated to them.
7. 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.
8. 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.
9. Members holding shares in physical form are informed to furnish their bank account details to the RTA to have printed the same on the dividend warrants so as to avoid any possible fraudulent encashment/ misuse of dividend warrants by others.
10. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days during normal business hours upto the date of the meeting.
11. Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting.
12. 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.
13. The final dividend of ₹1.75/- per equity share of ₹ 2/- each, for the year ended 31<sup>st</sup> March, 2019 as recommended by the Board, if declared at the meeting, will be paid to those members whose names appear in the Company's register of members after effecting valid transfers received upto the close of business hours on 2<sup>nd</sup> August, 2019. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details provided as at the close of business hours on 2<sup>nd</sup> August, 2019 by National Securities Depository Limited and Central Depository Services (India)

Limited for this purpose. The dividend on equity shares, if declared at the meeting, will be credited/ dispatched within one month from the date of this meeting.

**14. 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 2012 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 the year ended on 31<sup>st</sup> March 2011, 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.

15. 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.
16. 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 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.
16. As per Listing Regulations, members who intend to transfer their securities are requested to get such securities dematerialized before such transfer.
17. Members may also note that the Notice of the 58<sup>th</sup> Annual General Meeting is available on the Company's website: [www.cclproducts.com](http://www.cclproducts.com). The physical copies of the aforesaid documents are also available at the Company's Registered Office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries,

may write to the Company at: [companysecretary@continental.coffee](mailto:companysecretary@continental.coffee). All documents referred to in the accompanying Notice and the Statement pursuant to Section 102(1) of the Companies Act, 2013, will be available for inspection at the registered office of the Company during business hours on all working days up to the date of 58<sup>th</sup> Annual General Meeting of the Company.

18. Additional information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Secretarial Standards on general meetings 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.
19. Retirement of Directors by rotation: Mrs. Challa Shantha Prasad, Non-Executive Director of the Company, retires by rotation at the ensuing AGM and, being eligible, offers herself for re-appointment.

The Board of Directors recommend the re-appointment of Ms. Challa Shantha Prasad as a Director, liable to retire by rotation

## **E-VOTING**

The business as set out in the Notice may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company is pleased to offer e-voting facility as an alternate to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 58<sup>th</sup> Annual General Meeting. The Company has engaged the services of Central Depository Services India Limited (CDSL) to provide the e-voting facility.

The Members whose names appear in the Register of Members / List of Beneficial Owners as on 31<sup>st</sup> July, 2019 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.

**The e-voting period will commence on 04<sup>th</sup> August, 2019 (09:00 hrs) and will end on 06<sup>th</sup> August, 2019 (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 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

The Company has appointed Mr. M.B. Suneel, Practising Company Secretary, to act as Scrutinizer to conduct and scrutinize the electronic voting process and poll at the 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.

**PROCEDURE FOR E-VOTING:**

**Instructions for members for voting electronically are as under:**

**A. In case of members receiving e-mail (for members whose e-mail address are registered with the Company/Registrars)**

- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on “Shareholders” tab.
- (iii) 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 Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and click on Login.
- (v) 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 voting of any company, then your existing password is to be used.
- (vi) If you are a first time user, follow the steps given below:

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

PAN	<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>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. (The sequence number is provided on the address leaf of the Annual Report)</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field..</li> </ul>
Dividend Bank Details or Date of Birth(DOB)	<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 (iii).</li> </ul>

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members 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.

- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant Company, i.e., CCL Products (India) Limited on which you choose to vote.
- (xi) 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.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - 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 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.
- (xix) 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).

**B. In case of members receiving the physical copy of notice of 58<sup>th</sup> Annual General meeting by courier (for members whose e-mail ids are not registered with the Company/Depositories):**

- i. Please follow all the steps from S.No.(i) to S.No. (xvii) to cast vote

**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 31<sup>st</sup> July, 2019.
- ii. Members can opt for only one mode of voting, i.e., either by poll at the venue of the AGM or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through poll will be treated as invalid.
- iii. Members who are entitled to vote, but do not have access to e-voting facility may vote at the AGM venue through Ballot Paper for all businesses specified in the accompanying Notice.
- v. The member who cast their vote by e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their vote again.
- iv. The Scrutinizer, after scrutinising the votes cast at the meeting through poll and through remote e-voting 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 [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchanges.
- v. The result of the voting on the Resolutions at the Meeting will be announced by the Chairman or any other person authorized by him within two days of the AGM.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item No. 4**

With a view to realign the constitution of the Board of Directors in line with the Listing Regulations, as amended, based on the recommendation of the Nomination and Remuneration Committee, it was proposed to appoint Mrs. Kulsoom Noor Saifullah as an Independent Director of the Company. Further, the Board of Directors appointed Mrs. Kulsoom Noor Saifullah as Additional Director (Independent category) in their Meeting held on 14<sup>th</sup> February, 2019, who holds her office as such upto the date of ensuing AGM. Pursuant to the provisions of Section 149 read with Schedule IV to the Companies Act, 2013, appointment of an Independent Director requires approval of members.

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

**Brief profile of Mrs. Kulsoom Noor Saifullah**

Born in Delhi in 1956, Mrs. Kulsoom Noor Saifullah completed her high school education with a GCE "O" levels from London University. She went on to study BA (English Honours) at the prestigious LSR College, New Delhi. As an entrepreneur exporter, she has exported leather products to both East and West Europe. In 1998, she established UCC India, an International Trade and investment Consultancy, mentoring foreign multinationals wishing to invest in India. In 1999, she was appointed as advisor and sole representative of the Donetsk Regional Administration, Government of Ukraine in India. During her tenure she has facilitated large scale multimillion dollar investments both in India and Ukraine. She was also the principal advisor in India to



Xstrata Plc (one of the largest mining groups in the world) and also other well known clients in the mining and infrastructure sector. She is well versed with Russian, Italian, and German languages.

She has been actively involved in social welfare projects. Together with the well known journalist Swaminathan Aiyar, she established the Small Farmers Development Foundation in 1992 and became its first President. The Foundation worked in the arid Mewat region of Haryana introducing dry land farming in the region and organizing drinking water to local villages which had only brackish water unfit for human consumption.

In 2010, she retired from active professional assignments to co-found The India Harmony Foundation together with her husband, Mr. Zafar Saifullah who shared the firm belief that true economic development could only take place in India if social justice and harmony prevailed in the country. She designs and edits the Foundation's in house journal "India Harmony" which is circulated to all Chief Ministers, Governors and Members of Parliament in India. It has received high praise from all quarters.

Keeping in view her vast expertise and knowledge, it will be in the interest of the Company that Mrs. Kulsoom Noor Saifullah be appointed as an Independent Director of the Company.

Mrs. Kulsoom Noor Saifullah is a member of the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Risk Management Committee of the Board of Directors of the Company. She does not hold any shares of the Company.

Details of directorships and other details of Mrs. Kulsoom Noor Saifullah 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 her continued association would be of immense benefit to the Company and it is desirable to avail services of Mrs. Kulsoom Noor Saifullah as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mrs. Kulsoom Noor Saifullah as an Independent Director, for the approval by the shareholders of the Company.

Copy of the draft letter for appointment of Mrs. Kulsoom Noor Saifullah as an Independent Director setting out the terms and conditions would be available for inspection by members at the registered office of the Company during normal business hours on any working day.

Except, Mrs. Kulsoom Noor Saifullah, 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. 4. This Explanatory Statement may also be regarded as a disclosure under Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Your Board of Directors recommend the Ordinary Resolution for your approval.

#### **Item No. 5**

With a view to realign the constitution of the Board of Directors in line with the Listing Regulations, as amended, based on the recommendation of the Nomination and Remuneration Committee, it was proposed to appoint Mr. K. K. Sarma as a Non-Executive Director of the Company. Further, the Board of Directors appointed Mr. K. K. Sarma as Additional Director (Non-Executive) in their Meeting held on 14<sup>th</sup> February, 2019, who holds his office as such upto the date of ensuing AGM.

The Company has received a notice in writing pursuant to the provisions of Section 160(1) of the Act, from a member of the Company, proposing his candidature to the office of Independent Director. Mr. K. K. Sarma 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. Pursuant to the provisions of Section 152 of the Companies Act, 2013, any such proposal requires approval of members in their General Meeting.

**Brief profile of Mr. K. K. Sarma**

Mr. K. K. Sarma is a Commerce Graduate from Osmania University, having more than 30 years of experience in the fields of setting up of various projects and administration of Companies.

He played an active role in implementing and setting up an Instant Coffee Manufacturing Unit for Asian Coffee Ltd, in Andhra Pradesh. He also served as General Manager, Administration of CCL Products (India) Ltd. for a period of more than 20 years, prior to his retirement. He was also actively involved in the administration and management of all the CCL Group Companies during his tenure.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. K. K. Sarma be appointed as a Non- Executive Director of the Company.

Mr. K. K. Sarma is a member of the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Risk Management Committee of the Board of Directors of the Company. He does not hold any shares of the Company.

Details of his directorships and other details 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 avail services of Mr. K. K. Sarma as Non-Executive Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. K. K. Sarma as Non-Executive Director, for the approval by the shareholders of the Company.

Copy of the draft letter for appointment of Mr. K. K. Sarma as Non-Executive Director setting out the terms and conditions would be available for inspection by members at the registered office of the Company during normal business hours on any working day.

Except Mr. K. K. Sarma, 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 Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Your Board of Directors recommend the Ordinary Resolution for your approval.

**Item No. 6**

As the members are aware, Mr. Vipin K Singal was appointed as an Independent Director of the Company by the members in their Annual General Meeting held on 19<sup>th</sup> July, 2014 for a period of 5 consecutive years, i.e., from the 53<sup>rd</sup> Annual General Meeting till the 58<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. Vipin K Singal be reappointed as an Independent Director of the Company for another term of 5 years. Hence, the appointment of Mr. Vipin K Singal 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. Vipin K Singal 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. Vipin K Singal 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. Vipin K Singal fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Vipin K Singal is independent of the management and possesses appropriate skills, experience and knowledge.

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**Brief profile of Mr. Vipin K Singal**

Mr. Vipin K Singal is a businessman by profession. He completed his Graduation in Agricultural Engineering from Punjab Agricultural University.

Mr. Singal heads the Delhi Express Travels Group, which is engaged in arranging international air tickets – business and leisure, inbound tourism, outbound holidays, cruises, hotels & resorts in India, domestic tourism and promotion & marketing of Eurail in India. He has been associated with travel and tourism industry for the last 3 decades, affording him vast experience in the field of business and management.

He is the Managing Director of Delhi Express Travels Pvt. Ltd., Director of BSRC Holdings Pvt. Ltd. and Senses Experience Advisors Pvt. Ltd.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Vipin K Singal be appointed as an Independent Director of the Company.

Mr. Vipin K Singal is the Chairman of Corporate Social Responsibility Committee member of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee of the Board of Directors of the Company. He is holding 5000 shares of the Company as on 31<sup>st</sup> March, 2019.

Details of directorships and other details Mr. Vipin K Singal 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. Vipin K Singal as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Vipin K Singal as an Independent Director, for the approval by the shareholders of the Company.

Copy of the draft letter for appointment of Mr. Vipin K Singal as an Independent Director setting out the terms and conditions would be available for inspection by members at the registered office of the Company during normal business hours on any working day.

Except Mr. Vipin K Singal, 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. 6. This Explanatory Statement may also be regarded as a disclosure under Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Your Board of Directors recommend the Special Resolution for your approval.

**Item No. 7**

As the members are aware, Mr. Kata Chandrahas was appointed as an Independent Director of the Company by the members in their Annual General Meeting held on 19<sup>th</sup> July, 2014 for a period of 5 consecutive years, i.e., from the 53<sup>rd</sup> Annual General Meeting till the 58<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. Kata Chandrahas be reappointed as an Independent Director of the Company for another term of 5 years. Hence, the appointment of Mr. Kata Chandrahas 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. Mr. Kata Chandrahas 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. Kata Chandrahas 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. Kata Chandrahas fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Kata Chandrahas is independent of the management and possesses appropriate skills, experience and knowledge.

**Brief profile of Mr. Kata Chandrahas**

Mr. Kata Chandrahas (DIN 02994302) studied M.Sc. (Physics) in India and MBA from the United Kingdom. He was selected for the Indian Revenue Service in 1976 and served the Income Tax Department at Hyderabad, Delhi, Chennai, Pune, Allahabad and Nagpur in various positions until his retirement as the Chief Commissioner of Income Tax, Chennai in September, 2009. He served as Under Secretary in the Finance Ministry, New Delhi during 1984-85 and as Personal Secretary to the Union Minister of State for Finance during 1985-88.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Kata Chandrahas be appointed as an Independent Director of the Company.

Mr. Kata Chandrahas is the Chairman of Audit Committee and Stakeholders Relationship Committee, member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Board of Directors of the Company. He is holding 24686 shares of the Company as on 31<sup>st</sup> March, 2019.

Details of directorships and other details Mr. Kata Chandrahas 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. Kata Chandrahas as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Kata Chandrahas as an Independent Director, for the approval by the shareholders of the Company.

Copy of the draft letter for appointment of Mr. Kata Chandrahas as an Independent Director setting out the terms and conditions would be available for inspection by members at the registered office of the Company during normal business hours on any working day.

Except Mr. Kata Chandrahas, 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. 7. This Explanatory Statement may also be regarded as a disclosure under Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Your Board of Directors recommend the Special Resolution for your approval.

**Item No. 8**

The members may note that, based on the recommendation of the Nomination and Remuneration Committee, Mr. Kosaraju Veerayya Chowdary was appointed as an Additional Director (Independent category) by the Board of Directors through circular resolution passed on 25<sup>th</sup> June, 2019, who holds his office as such upto the date of ensuing AGM.

Pursuant to the provisions of Section 149 read with Schedule IV to the Companies Act, 2013, appointment of an Independent Director requires approval of members.

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. Mr. Kosaraju Veerayya Chowdary 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. Kosaraju Veerayya Chowdary 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. Kosaraju Veerayya Chowdary fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Kosaraju Veerayya Chowdary is independent of the management and possesses appropriate skills, experience and knowledge.

**Brief profile of Mr. Kosaraju Veerayya Chowdary**

Mr. Kosaraju Veerayya Chowdary has done his graduation in Mathematics from Loyola College Chennai in the year 1973 and Post Graduation in Mathematics from IIT, Chennai in the year 1975.

He started his career as a probationary officer in Andhra Bank from 1976 to 1978. He later joined Indian Revenue Service in September, 1978 through Civil Services Examination of 1977.

On deputation, he went to the Department of Revenue as Under Secretary during 1985-87 and to the Department of Company Affairs as Deputy Secretary from 1987 to 1989.

He was Secretary to the Company Law Board for about one and half years and held several Executive Positions until he retired as Chairman of CBDT on 31<sup>st</sup> October, 2014.

On Superannuation, he was appointed as an Advisor to the Department of The Revenue on issues relating to black money.

He was appointed as the Central Vigilance Commissioner from June, 2015 to June, 2019 by a warrant issued by The President of India.

He is a Member on the Advisory Board of Comptroller and Auditor General of India. He was elected as a Member of The Executive Committee of International Association of Anti Corruption Agencies.

Keeping in view her vast expertise and knowledge, it will be in the interest of the Company that Mr. Kosaraju Veerayya Chowdary be appointed as an Independent Director of the Company.

Mr. Kosaraju Veerayya Chowdary was appointed as an Additional Director through circular resolution on 25<sup>th</sup> June, 2019.

Mr. Kosaraju Veerayya Chowdary is a member of the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Risk Management Committee of the Board of Directors of the Company. He does not hold any shares of the Company.

Details of directorships and other details Mr. Kosaraju Veerayya Chowdary 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 association would be of immense benefit to the Company and it is desirable to avail services of Mr. Kosaraju Veerayya Chowdary as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Kosaraju Veerayya Chowdary as an Independent Director, for the approval by the shareholders of the Company.

Copy of the draft letter for appointment of Mr. Kosaraju Veerayya Chowdary as an Independent Director setting out the terms and conditions would be available for inspection by members at the registered office of the Company during normal business hours on any working day.

Except Mr. Kosaraju Veerayya Chowdary, 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. 8. This Explanatory Statement may also be regarded as a disclosure under Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Your Board of Directors recommend the Ordinary Resolution for your approval.

**Item No. 9**

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, in their Meeting held on 14<sup>th</sup> February, 2019, reappointed Mr. Challa Rajendra Prasad as the Executive Chairman of the Company to hold the office as such till 31<sup>st</sup> March, 2020. 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 approval.

Except Mr. Challa Srishant, Managing Director and Mr. B. Mohan Krishna, Director- Operations and Mrs. 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. 9. 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 25 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 1,30,65,400 shares of the Company as on 31<sup>st</sup> March, 2019. Details of directorships and other details Mr. Challa Rajendra Prasad 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.

Employment Agreement containing the terms and Conditions of the appointment of Mr. Challa Rajendra Prasad are mentioned would be available for inspection by members at the registered office of the Company during normal business hours on any working day.

**Item No. 10**

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, in their Meeting held on 14<sup>th</sup> February, 2019, reappointed Mr. Challa Srishant as the Managing Director of the Company for another term of 5 years with immediate effect. 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 approval.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, appointment of Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed that Mr. Challa Srishant be re-appointed as Managing Director of the Company at a remuneration as mentioned in the resolution.

Except Mr. Challa Rajendra Prasad, Executive Chairman and Mr. B. Mohan Krishna, Director- Operations and Mrs. Challa Shantha Prasad, Director of the Company and Mr. Challa Srishant, 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. 10. 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 Srishant**

Mr. Challa Srishant is a lawyer by education, having graduated in Law from the National Academy of Legal Studies And Research (NALSAR), University of Law, Hyderabad. He also holds a Diploma in Information Technology Laws from the Asian School of Cyber Laws.

He was awarded a gold medal in Corporate Law at the NALSAR, University of Law and was also Andhra Pradesh State topper and gold medalist in Mathematics prior to that.

Mr. Srishant has around 15 years experience in the coffee industry alone. He is Promoter of the Company and holds 1,37,22,000 shares of the Company as on 31<sup>st</sup> March, 2019.

Details of directorships and other details Mr. Challa Srishant 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.

Employment Agreement containing the terms and Conditions of the appointment of Mr. Challa Srishant would be available for inspection by members at the registered office of the Company during normal business hours on any working day.

**Item No. 11**

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, in their Meeting held on 14<sup>th</sup> February, 2019, reappointed Mr. B. Mohan Krishna as the Director - Operations of the Company for another term of 5 years with immediate effect. 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 approval.

Except Mr. Challa Rajendra Prasad, Executive Chairman, Mr. Challa Srishant, Managing Director and Mrs. Challa Shantha Prasad, Director of the Company and Mr. B. Mohan Krishna, 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. 11. 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. B. Mohan Krishna**

Mr. B. Mohan Krishna is a Civil Engineer with more than 15 years of varied experience in the field of implementation of Civil, Mechanical and Electrical Projects. He is acquainted with the latest technological innovations in the field of Civil Engineering and implementation of Plants. He is the Managing Director of a mechanical engineering Company and involved actively in modernising the Plant.

He has hands on experience in dealing with various issues involved in obtaining approvals from various Government Departments and overseeing implementation of the projects on turnkey basis.

Details of directorships and other details Mr. B. Mohan Krishna 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.

Employment Agreement containing the terms and Conditions of the appointment of Mr. B. Mohan Krishna are mentioned, would be available for inspection by members at the registered office of the Company during normal business hours on any working day.

**Item No. 12**

Pursuant to the recommendation of the Audit Committee, the Board of Directors had at its meeting held on 13<sup>th</sup> May, 2019, 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 require ratification by the shareholders and hence this resolution is put for the consideration of the shareholders.

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. 12.

Hence the resolution is recommended by your approval.

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

Place: Hyderabad  
Date : 11<sup>th</sup> July, 2019

Sd/-  
**Sridevi Dasari**  
Company Secretary & Compliance Officer



**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	Mrs. Challa Shantha Prasad
Date of Appointment including terms and conditions of appointment	She was appointed as a Non-Executive Director in the Annual General Meeting of the Company held on 26.09.2016
Date of first appointment on the Board	29.07.2016
Date of Birth	09.12.1953 (AGE: 65)
Expertise in Specific Functional areas and Experience	She has been actively involved with various social causes and has been part of many philanthropic efforts both on a personal level and as part of the Pranic Healing Foundation. She also holds office as a trustee in various Organizations such as the MCKS Trust Fund, World Pranic Healing Foundation and AP Pranic Healing Foundation
Educational Qualification	Masters in Anthropology from Delhi University
Directorships in other Companies	1) Unijolly Investments Company Limited 2) Healthy Investments Ltd
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	NA
Shareholding in the Company as on 31.03.2019	1,82,70000 Shares
Relationship between Directors inter-se/ Manager and KMPs	Mrs. 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.
Number of Meetings of the Board attended during the year	5 of 5

**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	Mrs. Kulsoom Noor Saifullah
Date of Appointment including terms and conditions of appointment	She was appointed as an Additional Director in the Board meeting held on 14.02.2019 in the capacity of Non-Executive Independent Director of the Company
Date of first appointment on the Board	19.01.2015
Date of Birth	01/09/1956 (AGE: 62)
Expertise in Specific Functional areas and Experience	<p>As an entrepreneur exporter she has exported leather products to both East and West Europe.</p> <p>She was also appointed as advisor and sole representative of the Donetsk Regional Administration, Government of Ukraine in India.</p> <p>She has been actively involved in social welfare projects.</p> <p>She is the founder of The India Harmony Foundation.</p>
Educational Qualification	BA (English Honours)
Directorships in other Companies	Good Earth Mining Private Limited
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	NA
Shareholding in the Company as on 31.03.2019	NIL
Relationship between Directors inter-se/ Manager and KMPs	NIL
Number of Meetings of the Board attended during the year	4 of 5

**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. K. K. Sarma
Date of Appointment including terms and conditions of appointment	He was appointed as an Additional Director in the Board meeting held on 14.02.2019 in the capacity of Non-Executive Director of the Company
Date of first appointment on the Board	03.07.2013
Date of Birth	11.04.1950 (AGE: 69)
Expertise in Specific Functional areas and Experience	<p>He is having more than 30 years of experience in the fields of setting up of various projects and administration of Companies.</p> <p>He played an active role in implementing and setting up an Instant Coffee Manufacturing Unit for Asian Coffee Ltd, in Andhra Pradesh. He also served as General Manager, Administration of CCL Products (India) Ltd. for a period of more than 20 years, prior to his retirement. He was also actively involved in the administration and management of all the CCL Group Companies during his tenure.</p>
Educational Qualification	Commerce Graduate from Osmania University
Directorships in other Companies	Continental Coffee Private Limited Karafa Private Limited (from 01-04-2019)
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	NA
Shareholding in the Company as on 31.03.2018	NIL
Relationship between Directors inter-se/ Manager and KMPs	NIL
Number of Meetings of the Board attended during the year	5 of 5

**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. Vipin K Singal
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 19.07.2014 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.
Date of first appointment on the Board	12.04.1994
Date of Birth	25.01.1949 (AGE: 70)
Expertise in Specific Functional areas and Experience	Mr. Vipin K Singal is a businessman by profession.  Mr. Singal heads the Delhi Express Travels Group, which is engaged in arranging international air tickets – business and leisure, inbound tourism, outbound holidays, cruises, hotels & resorts in India, domestic tourism and promotion & marketing of Eurail in India. He has been associated with travel and tourism industry for the last 3 decades, affording him vast experience in the field of business and management.
Educational Qualification	Graduation in Agricultural Engineering from Punjab Agricultural University.
Directorships in other Companies	1) Delhi Express Travels Private Limited 2) BSRC Holdings Private Limited
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	NA
Shareholding in the Company as on 31.03.2019	5000 shares
Relationship between Directors inter-se/ Manager and KMPs	NIL
Number of Meetings of the Board attended during the year	4 of 5

**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. Kata Chandrahas
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 19.07.2014 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.
Date of first appointment on the Board	07.09.2011
Date of Birth	01.07.1950 (AGE: 68)
Expertise in Specific Functional areas and Experience	He was selected for the Indian Revenue Service in 1976 and served the Income Tax Department at Hyderabad, Delhi, Chennai, Pune, Allahabad and Nagpur in various positions until his retirement as the Chief Commissioner of Income Tax, Chennai in September, 2009. He served as Under Secretary in the Finance Ministry, New Delhi during 1984-85 and as Personal Secretary to the Union Minister of State for Finance during 1985-88.
Educational Qualification	M. Sc Physics, MBA from United Kingdom and got selected in Indian Revenue Services in 1976
Directorships in other Companies	KMV Projects Limited
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	NA
Shareholding in the Company as on 31.03.2019	24686 Shares
Relationship between Directors inter-se/ Manager and KMPs	NIL
Number of Meetings of the Board attended during the year	5 of 5

**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. Kosaraju Veerayya Chowdary
Date of Appointment including terms and conditions of appointment	He was appointed as an Additional Director of the Company in the capacity of Non-Executive Independent Director through circular resolution on 25.06.2019
Date of first appointment on the Board	25.06.2019
Date of Birth	10.10.1954 (AGE: 64)
Expertise in Specific Functional areas and Experience	<p>He started his career as a probationary officer in Andhra Bank from 1976 to 1978. He later joined Indian Revenue Service in September, 1978 through Civil Services Examination of 1977.</p> <p>On deputation, he went to the Department of Revenue as Under Secretary during 1985-87 and to the Department of Company Affairs as Deputy Secretary from 1987 to 1989.</p> <p>He was Secretary to the Company Law Board for about one and half years and held several Executive Positions until he retired as Chairman of CBDT on 31st October, 2014.</p> <p>On Superannuation, he was appointed as an Advisor to the Department of the Revenue on issues relating to black money.</p> <p>He was appointed as the Central Vigilance Commissioner from June, 2015 to June, 2019 by a warrant issued by The President of India.</p> <p>He is a Member on the Advisory Board of Comptroller and Auditor General of India. He was elected as a Member of The Executive Committee of International Association of Anti Corruption Agencies.</p>
Educational Qualification	Graduation in Mathematics from Loyola College, Chennai and Post Graduation in Mathematics from IIT Chennai
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	NA
Shareholding in the Company as on 31.03.2019	NIL
Relationship between Directors inter-se/ Manager and KMPs	NIL
Number of Meetings of the Board attended during the year	NA

**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	He served as Executive Chairman of the Company for a term of 5 years till 14 <sup>th</sup> February, 2019 and is re-appointed to the office of Executive Chairman w.e.f 14.02.2019 to hold office as such till 31.03.2020
Date of first appointment on the Board	24.11.1982
Date of Birth	11.06.1952 (AGE: 66)
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 25 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 Lakshmi pathi Technologies 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	As mentioned in the Resolution
Shareholding in the Company as on 31.03.2019	1,30,65,400 Shares
Relationship between Directors inter-se/ Manager and KMPs	Mr. Challa Rajendra Prasad – spouse of Mrs. 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	5 of 5

**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 Srishant
Date of Appointment including terms and conditions of appointment	He served as Managing Director of the Company for a term of 5 years till 14 <sup>th</sup> February, 2019 and is re-appointed to the office of Managing Director for another term of 5 years w.e.f 14.02.2019.
Date of first appointment on the Board	18.07.2005
Date of Birth	15.04.1983 (AGE: 36)
Expertise in Specific Functional areas and Experience	He has around 15 years of experience in the coffee industry alone and he is a Director and he also holds Directorships in several national and international companies across the world, engaged in diverse businesses ranging from manufacturing to construction and Information Technology and a passionate investor in e-commerce ventures.
Educational Qualification	LLB from NALSAR, University of Law, Hyderabad and also holds Diploma in Information Technology Laws from the Asian School of Cyber Laws.
Directorships in other Companies	1) Continental Coffee Private Limited 2) Aries Habitat Private Limited 3) Karafa Private Limited 4) Daily Food Products Private Limited 5) Facemap Infotechnologies 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	As mentioned in the Resolution
Shareholding in the Company as on 31.03.2019	1,37,22,000 Shares
Relationship between Directors inter-se/ Manager and KMPs	Mr. Challa Srishant - son of Mr. Challa Rajendra Prasad, Executive Chairman and Mrs.Challa Shantha Prasad, Director and brother-in-law of Mr. B. Mohan Krishna, Executive Director of the Company.
Number of Meetings of the Board attended during the year	5 of 5



**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 (Director - Operations) of the Company for a term of 2 years till 14 <sup>th</sup> February, 2019 and is re-appointed to the office of Director – Operations for another term of 5 years w.e.f 14.02.2019
Date of first appointment on the Board	03.07.2013
Date of Birth	21.01.1981 (AGE: 38)
Expertise in Specific Functional areas and Experience	<p>He has around 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 is the Managing Director of a mechanical engineering Company and involved actively in modernising the Plant.</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 Engineer from JNTU, Hyderabad
Directorships in other Companies	1) Continental Coffee Private Limited 2) Helical Tubes and Ducts Pvt Ltd
Membership / Chairmanships of committees of Other Boards (other than the Company)	Nil
Details of Remuneration sought to be paid last drawn by such person	As mentioned in the Resolution
Shareholding in the Company as on 31.03.2019	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 Mrs. 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	5 of 5

## Directors' Report

### Financial Results and Performance of your Company for the year ended 31<sup>st</sup> March, 2019

(₹ in Lakhs)

Particulars	2019	2018
Revenue from operations	80,913	82,466
Profit for the year after meeting all expenses (before Interest, Depreciation & Tax)	19,891	16,867
Less:		
Interest	812	620
Depreciation and other write offs	1221	1122
Provision for Taxation	5,315	5,349
Net Profit	12,543	9,776

### Company Performance

Turnover of the Company is ₹ 80,913 Lakhs and the net profit of the Company is ₹ 12,543 Lakhs. Profit includes dividend received from Ngon Coffee Company Limited, wholly owned subsidiary of the Company.

### Financial Results and Performance of CCL Group for the year ended 31<sup>st</sup> March, 2019

(₹ in Lakhs)

Particulars	2019	2018
Revenue from operations	108,142	113,800
Profit for the year after meeting all expenses (before Interest, Depreciation & Tax)	24,882	24,374
Less:		
Interest	846	783
Depreciation and other write offs	3172	3408
Provision for Taxation	5,375	5,369
Net Profit	15,489	14,813

### Company Performance

Turnover of the Company is ₹ 1,08,142 Lakhs and the net profit of the Company is ₹ 15,489 Lakhs.

### Transfer of amount to General Reserve

No amount has been transferred to reserves during the year.

### Dividend

Your Directors have declared an interim dividend of ₹ 1.75/- per equity share of face value of ₹ 2/- each for the year 2018-19 and also pleased to recommend a final dividend of ₹ 1.75/- per equity share of face value of ₹ 2/- each for the year 2018-19 subject to the approval of shareholders. 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>

**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.

The Board of Directors decided to continue Jayanti Pte Ltd as its wholly owned subsidiary. However, it has been decided by the Board to transfer the shares held by Jayanti Pte Ltd in step down subsidiaries, Continental Coffee SA and Ngon Coffee Company Limited to the parent Company and accordingly, all the shares held by Jayanti Pte Ltd has been transferred to your Company.

**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 and a brief operational performance of the Company is as below:

(₹ in Lakhs)

<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Revenue from operations	3804	7,707
Profit for the year after meeting all expenses (before Interest, Depreciation & Tax)	170	569
Less:		
Interest	1	7
Depreciation and other write offs	93	473
Provision for Taxation	30	26
Net Profit/Loss	46	63

**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 and a brief operational performance is as below:

(₹ in Lakhs)

<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Revenue from operations	26,146	29,707
Profit for the year after meeting all expenses (before Interest, Depreciation & Tax)	8,524	7,511
Less:		
Interest	30	156
Depreciation and other write offs	1,824	1,800
Provision for Taxation	50	-
Net Profit/Loss	6,620	5,555

**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 and a brief operational performance is as below:

(₹ in Lakhs)

Particulars	2019	2018
Revenue from operations	4921	2367
Profit for the year after meeting all expenses (before Interest, Depreciation & Tax)	(572)	(573)
Less:		
Interest	4	-
Depreciation and other write offs	33	14
Provision for Taxation	1	-
Net Profit/Loss	(610)	(587)

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.

**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>

**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 approved the appointment M/s. Ramanatham & Rao, Chartered Accountants, Hyderabad, as the Statutory Auditors of the Company, to hold office till the conclusion of 61<sup>st</sup> Annual General Meeting.

**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 cost audit of the products manufactured by the Company during the financial year 2019-20 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.

**Reporting of Frauds**

During the year under review, there was no instance of fraud review, 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, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as 'Annexure IV' to this report.

**Secretarial Auditors' observation and reply by the Board**

With reference to the observation made by the Secretarial Auditors, the Board of Directors would like to inform that the referred delay of 1 day in furnishing prior intimation of Board Meeting to the BSE & NSE was purely on account of misinterpretation of the term "working day" while calculating the number of days for the said purpose of prior intimation. However, subsequently, the Company paid the fine of ₹ 10,000/- each, as levied by the NSE and BSE.

**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.

**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 under review, pursuant to regulation 17(1A) of the SEBI Listing Regulations, Mr. J. Rambabu, Independent Director of the Company resigned from the office of directorship with effect from 01<sup>st</sup> April, 2019, owing to attainment of age i.e. 75 years as prescribed under the Regulations.

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors have appointed Mr. Kosaraju Veerayya Chowdary, IRS (Retd.) as an Additional Director of the Company through circular resolution on 25<sup>th</sup> June, 2019, who holds office till the ensuing Annual General Meeting. The Board, considered the appointment of Mr. Kosaraju Veerayya Chowdary as an Independent Director subject to approval of shareholders. Accordingly, a resolution seeking approval of Shareholders for his appointment as an Independent Director for a period of five years commencing from 25<sup>th</sup> June, 2019 is included at Item No.8 of the Notice convening the Annual General Meeting.

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors have appointed Mrs.Kulsoom Noor Saifullah as an Additional Director of the Company in their meeting held on 14<sup>th</sup> February, 2019, who holds office till the ensuing Annual General Meeting. The Board, considered the appointment of Mrs.Kulsoom Noor Saifullah as an Independent Director subject to approval of shareholders. Accordingly, a resolution seeking approval of Shareholders for his appointment as an Independent Director for a period of five years commencing from 14<sup>th</sup> February, 2019 is included at Item No.4 of the Notice convening the Annual General Meeting.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mrs. Challa Shantha Prasad, Non-Executive Director of the Company retire by rotation and being eligible, has offered herself for re-appointment.

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors have appointed Mr.K. K. Sarma as an Additional Director of the Company in their meeting held on 14<sup>th</sup> February, 2019, who holds office till the ensuing Annual General Meeting. The Board, considered the appointment of Mr.K. K. Sarma as Non-Executive non Independent Director, whose office is liable to retire by rotation, subject to approval of shareholders. Accordingly, a resolution seeking approval of Shareholders for his appointment as Non-Executive Director is included at Item No.5 of the Notice convening the Annual General Meeting.

Mr.Vipin K Singal and Mr. Kata Chandrahas were appointed as Independent Directors for a term of 5 years in the 53<sup>rd</sup> Annual General Meeting of the Company till the conclusion of 58<sup>th</sup> Annual General Meeting. Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors considered their appointment as Independent Directors of the Company for another term of five consecutive years commencing from 07<sup>th</sup> August, 2019, subject to approval of shareholders. Accordingly, resolution seeking approval of Shareholders for their appointment as Independent Directors are included at Item Nos.6 and 7 respectively, of the Notice convening the Annual General Meeting.

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, 2020, Mr. Challa Srishant was re-appointed as Managing Director of the Company for a period of five years and Mr. B. Mohan Krishna was re-appointed as Director-Operations for a period of five years, by the Board of Directors of the Company in their meeting held on 14<sup>th</sup> February, 2019 with immediate effect, subject to approval of shareholders in the Annual General Meeting. Accordingly, resolutions seeking approval of Shareholders for their appointment are included at Item Nos.9, 10 and 11 respectively, of the Notice convening the Annual General Meeting.

#### **Other Key Managerial Personnel**

During the year under review, based on recommendation of Nomination and Remuneration Committee, Mr. K V L N Sarma was elevated to the position of Chief Operations Officer in the capacity of Key Managerial Personnel of the Company from his previous designation as Chief Financial Officer in the capacity of Key Managerial Personnel and Mr. V. Lakshmi Narayana was appointed as Chief Financial Officer of the Company by the Board of Directors in their meeting held on 14<sup>th</sup> July, 2018.

#### **Meetings of the Board**

Five 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.

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**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 recommendations made by the Audit Committee were accepted by the Board of Directors.

**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 and removal and shall carry out evaluation of every Director's performance, recommend the remuneration package of both the Executive and 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 of 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 judgement, 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: ₹ 75 crores
2. At SEZ in Kuvvakolli, Chittoor District for establishment of new Freeze Dried coffee plant.: ₹ 162 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 2018-19 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 2018-19 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.



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**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 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 related party transactions are placed before the Audit Committee as also 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 a 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 given 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	Amounts at the year ended 2018-19	Maximum Amount of Loans/Advances Investments outstanding during the year 2018-19
1	CCL Products (India) Limited (Holding Company)	Loan Given to :- (Wholly Owned Subsidiary)	Nil	Nil
2	CCL Products (India) Limited (Holding Company)	Investment by the Loanee in the shares of subsidiary company, when the company has made a loan or advance in the nature of loan	Not Applicable	Not Applicable

**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-subsidiary.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, the details forming part of the extract of the 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 ₹1,56,586/- pertaining to financial year 2010-11, which remained unclaimed for a period of seven years had been transferred by the Company to the Investor Education and Protection Fund established by the Central Government during the financial year 2018-19.

**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 2010-11 were transferred by the Company in the name of Investor Education and Protection Fund during the financial

year 2018-19 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 herewith annexed 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 the per 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a compliance report on Corporate Governance for the year 2018-19 and a Certificate from the Auditors of the Company are furnished which form 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 such 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 2018-19 of the Company and the date of the report.

### **Green initiative in Corporate Governance**

The Ministry of Corporate Affairs (MCA) has taken a 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 having email addresses and for the members who have not registered their email addresses, physical copies are sent through the permitted mode.

### **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.

On behalf of the Board  
Sd/-

Place: Hyderabad  
Date: 11<sup>th</sup> July, 2019

**Challa Rajendra Prasad**  
Executive Chairman

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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.

Regulation 43A of the Listing Regulations makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate Dividend Distribution Policy.

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:

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

The financial parameters and internal factors which would be considered while declaration 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 for various classes of shares do not apply to the Company. This Policy is subject to review and the Board shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

**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.

#### **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's 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



**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 COMPANY FINANCIAL HIGHLIGHTS – 2018-19**

SI No	Particulars	Continental Coffee Private Limited	Jayanti Pte. Ltd.	Continental Coffee SA	Ngon Coffee Company Ltd
1	Capital	7,00,00,000	2,17,79,131	1,11,00,000	3,44,56,46,33,286
2	Reserves	(15,72,19,817)	(2,15,68,339)	(39,26,164)	6,78,92,27,91,850
3	Total Assets	23,56,07,809	2,19,031	1,17,30,170	10,26,53,77,55,371
4	Total Liabilities	23,56,07,809	2,19,031	1,17,30,170	10,26,53,77,55,371
5	Turnover	49,21,45,661	3,245	55,32,023	8,96,93,85,35,431
6	Profit/(Loss) before Taxation	(6,10,18,442)	(5,649)	74,398	2,23,77,92,76,795
7	Provision for Taxation	72,694	-	43,592	1,70,29,51,553
8	Profit/(Loss) after Taxation	(6,09,45,748)	(5,649)	30,806	2,22,07,63,25,242
9	Dividend	-	-	-	96,14,70,57,450
10	Investment	-	-	-	-
11	Percentage of shareholding	100	100	100	100
	Reporting Currency	INR	USD	CHF	VND
	Exchange Rate used for Conversion :				
	- Average Yearly Rates for Profit and Loss Account Items	-	67.1077	68.7629	0.002915
	- Year end rates for Balance Sheet Items	-	69.1713	69.6361	0.002990

**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 : 13<sup>th</sup> May, 2019

Sd/-

**V.Lakshmi Narayana**

Chief Financial Officer

Sd/-

**Sridevi Dasari**

Company Secretary

Sd/-

**K. Chandrahas**

Director

Sd/-

**Challa Srishant**

Managing Director

**By order of the Board**

Sd/-

**Challa Rajendra Prasad**

Executive Chairman

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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, 2018 to 31<sup>st</sup> March, 2019.
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 well being 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:**

- 2% of the average net profits of the Company made during the three immediately preceding financial years
- Any income arising therefrom
- 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 exclusive 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 wherever 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:**<http://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. J. Rambabu (Independent Director) (upto 31<sup>st</sup> March, 2019)

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. Kosaraju Veerayya Chowdary (Independent Director) (w.e.f. 11<sup>th</sup> July, 2019)

Mr. B. Mohan Krishna (Director- Operations)

Mr. Challa Srishant (Managing Director)

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

Average net profit: ₹ 14354 Lakhs

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

The Company is required to spend ₹ 287.09 Lakhs towards CSR.

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

**a. Total amount spent for the financial year:** ₹ 298.60 Lakhs (out of which, ₹ 4 Lakhs pertains to the amount that has to be spent for the year 2017-18)

**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	845000	845000	845000	By the Company
3	Building R O Plant	To provide Safe Drinking Water.	Guntur District, Chittoor District	940000	940000	940000	By the Company
4	Promoting Education	Education	Tenali, Hyderabad rural, Guntur rural	4908665	4908665	4908665	By the Company
5	Providing tree guards	Environment	Guntur Rural	1329825	1329825	1329825	By the Company
6	Contribution to health centres and medicines	Health and Hygiene	Guntur Rural, East Godavari Rural	7183451	7183451	7183451	By the Company
7	Providing infrastructure facilities in rural areas	Development of infrastructure	Guntur rural	8835744	8835744	8835744	By the Company
8	Self employment skill development	Woman empowerment and Youth skill development	Rural areas of Hyderabad	5712404	5712404	5712404	By the Company
	<b>Total</b>			<b>29860089</b>	<b>29860089</b>	<b>29860089</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

 Place: Hyderabad  
Date : 11<sup>th</sup> July, 2019

 For CCL Products (India) Limited  
Sd/-

**Vipin K. Singal**  
Chairman- CSR Committee

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**FORM NO: MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> March, 2019**  
**[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]**

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) LTD., (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, 2019 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, 2019 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, 2009 **(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, 1998 **( 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. mentioned above subject to the following observations:

- There was a delay of one day in furnishing prior intimation of Board Meeting to the Stock Exchanges pursuant to Regulation 29(2) (Listing Obligation and Disclosure Requirements), Regulation 2015. The Company paid the fine as levied by the NSE and BSE.

**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, however subject to shorter Notice in one instances, 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.

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

**P S Rao**  
Partner  
M. No.: 9769  
C.P. No.: 3829

Place: Hyderabad  
Date: 09<sup>th</sup> July, 2019

[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.]

**Annexure A**

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 practises 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 practises 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.

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

**P S Rao**  
Partner  
M. No.: 9769  
C.P. No.: 3829

Place: Hyderabad  
Date: 09<sup>th</sup> July, 2019

**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, 2019, 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, 2019 are as follows:

Name of the related party	Nature of relationship	Duration of contracts	Sailent terms	2018-19 Amount (₹ in Lakhs)	2017-18 Amount (₹ in Lakhs)
Nature of Contract Equity Investment Continental Coffee Private Limited	Subsidiary	01-04-2015 - ongoing	Not applicable	-	400.00
Rent Mr.Challa Srishant	Managing Director	01-04-2001 - ongoing and renewed every year	Based on Transfer price guidelines	22.30	26.50
Mrs.Challa Shantha Prasad	Director	01-04-1995 - ongoing and renewed every year	Based on Transfer price guidelines	21.46	19.36
Mrs.Challa Soumya	Daughter of Executive Chairman	01-01-2010 - ongoing and renewed every year	Based on Transfer price guidelines	7.04	4.94
Sale of Instant Coffee Continental Coffee SA (formerly Grandsaugreen SA)	Subsidiary	01-02-2009 - ongoing	Based on Transfer price guidelines	4,119.15	6,674.34
Continental Coffee Private Limited	Subsidiary	01-04-2015 - ongoing	Based on Transfer price guidelines	3,523.66	1,770.86



<b>Annexure -VI</b> <b>FORM NO. MGT 9</b> <b>EXTRACT OF ANNUAL RETURN</b> <b>as on financial year ended 31.03.2019</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>					
Sl No	Name & Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	*ontinental Coffee Private Limited 7-1-24/2/D, Greendale, Ameerpet, Hyderabad- 500016	U15492TG2011PTC074429	Subsidiary	100	2(87)
2	Jayanti Pte. Limited 10, Jalan Besar, # 10-12, Sim Lim Tower, Singapore – 208787	Foreign Company	Subsidiary	100	2(87)
3	Ngon Coffee Company Limited Cu Kuin Industrial Complex, CU Kuin District, Dak Lak Province, Vietnam	Foreign Company	Subsidiary	100	2(87)
4	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	59884700	0	59884700	45.02%	60232700	0	60232700	45.28	0.26
b) Central Govt. or State Govt.									
c) Bodies Corporates									
d) Bank/FI									
e) Any other									
<b>SUB TOTAL:(A) (1)</b>	<b>59884700</b>	<b>0</b>	<b>59884700</b>	<b>45.02%</b>	<b>60232700</b>	<b>0</b>	<b>60232700</b>	<b>45.28</b>	<b>0.26</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>59884700</b>	<b>0</b>	<b>59884700</b>	<b>45.02%</b>	<b>60232700</b>	<b>0</b>	<b>60232700</b>	<b>45.28</b>	<b>0.26</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	2043083	0	2043083	1.54	658602	0	658602	0.49	-1.05
b) Banks/FI	23682	0	23682	0.02	26075	0	26075	0.02	0.00
c) Central govt									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS									
h) Foreign Portfolio Investors Corporate (FPI)	33944978	0	33944978	25.52	36581401	0	36581401	27.50	1.98
h) Foreign Venture Capital Funds*									
i) Alternate Investment Funds	3470498	0	3470498	2.61	2994373	0	2994373	2.25	-0.36
j) Others (specify)									
<b>SUB TOTAL (B)(1):</b>	<b>39482241</b>	<b>0</b>	<b>39482241</b>	<b>29.69</b>	<b>40260451</b>	<b>0</b>	<b>40260451</b>	<b>30.26</b>	<b>0.57</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	2396439	47000	2443439	1.84	2889540	42000	2931540	2.20	0.37
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	11563959	599963	12163922	9.14	10603079	538253	11141332	8.37	-0.88
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	4717068	129000	4846068	3.64	4416320	0	4416320	3.31	-0.44
c) Others (specify)									
i) Non-resident Indians & Foreign Nationals	12052799	1839740	13892539	10.43	12868860	826740	13695600	10.28	0.15
ii) Trust	0	0	0	0.00	8057	0	8057	0.01	0.01
iv) Clearing Members	102061	0	102061	0.08	124240	0	124240	0.09	0.01
v) IEPF Authority	212950	0	212950	0.16	217680	0	217680	0.16	
<b>SUB TOTAL (B)(2):</b>	<b>31045276</b>	<b>2615703</b>	<b>33660979</b>	<b>25.29</b>	<b>31127776</b>	<b>1406993</b>	<b>32534769</b>	<b>24.42</b>	<b>-0.87</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>70527517</b>	<b>2615703</b>	<b>73143220</b>	<b>54.98</b>	<b>71388227</b>	<b>1406993</b>	<b>72795220</b>	<b>54.68</b>	<b>-0.30</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>130412217</b>	<b>2615703</b>	<b>133027920</b>	<b>100</b>	<b>131620927</b>	<b>1406993</b>	<b>133027920</b>	<b>100</b>	<b>0.00</b>

**(ii) SHARE HOLDING 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	18250000	13.72	0	18270000	13.73	0	0.01
2	Challa Soumya	13155300	9.89	0	13175300	9.90	0	0.01
3	Challa Srishant	13614000	10.23	0	13722000	10.32	0	0.09
4	Challa Rajendra Prasad	12865400	9.67	0	13065400	9.82	0	0.15
5	Challa Ajitha	1000000	0.75	0	1000000	0.75	0	0.00
6	B. Mohan Krishna	1000000	0.75	0	1000000	0.75	0	0.00
	<b>Total</b>	<b>59884700</b>	<b>45.02</b>	<b>0</b>	<b>60232700</b>	<b>45.28</b>	<b>0</b>	<b>0.26</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 (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning 01.04.2018/ end of the year (31.03.2019)	% of total shares of the company				No of shares	% of total shares of the company
1	Challa Shantha Prasad	18250000	13.72	01/04/18				
				05/10/18	20000	Increase	18270000	13.73
2	Challa Soumya	18270000	13.73	31/03/19				
		13155300	9.89	01/04/18				
		13175300	9.90	05/10/18	20000	Increase	13175300	9.90
				31/03/19				
3	Challa Srishant	13614000	10.23	01/04/18				
				27/07/18	100000	Increase	13714000	10.31
				05/10/18	8000	Increase	13722000	10.32
4	Challa Rajendra Prasad	13722000	10.32	31/03/19				
		12865400	9.67	01/04/18				
				27/07/18	100000	Increase	12965400	9.75
				05/10/18	100000	Increase	13065400	9.82
5	Mohan Krishna B	13065400	9.82	31/03/19				
		1000000	0.75	01/04/18		Nil Moment during the year		
6	Ajitha Challa	1000000	0.75	31/03/19				
		1000000	0.75	01/04/18		Nil Moment during the year		
		1000000	0.75	31/03/19				

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

Sl. No	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No.of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% of total shares of the company				No of shares	% of total shares of the company
1	SMALLCAP WORLD FUND, INC	10642173	8.00	01/04/18		Nil movement during the year		
2	FIAM GROUP TRUST FOR EMPLOYEE BENEFIT PLANS - FIAM EMERGING MARKETS COMMINGLED POOL	10642173	8.00	31/03/18				
		5776687	4.34	01/04/18				
				06/07/18	2263	Increase	5778950	4.34
				09/07/18	382615	Increase	6161565	4.63
				13/07/18	16461	Increase	6178026	4.64
				20/07/18	215151	Increase	6393177	4.80
				27/07/18	723310	Increase	7116487	5.35
				07/09/18	-3481	Decrease	7113006	5.35
				14/09/18	-34557	Decrease	7078449	5.32
				21/09/18	-17295	Decrease	7061154	5.31
				29/09/18	-13765	Decrease	7047389	5.30
				05/10/18	-36055	Decrease	7011334	5.27
				12/10/18	-204042	Decrease	6807292	5.12
		19/10/18	-67091	Decrease	6740201	5.07		
		26/10/18	-53176	Decrease	6687025	5.03		
		02/11/18	-34071	Decrease	6652954	5.00		
		09/11/18	-18002	Decrease	6634952	4.99		
		16/11/18	-16142	Decrease	6618810	4.97		
		23/11/18	-99347	Decrease	6519463	4.90		
		30/11/18	-17167	Decrease	6502296	4.89		
		07/12/18	-20097	Decrease	6482199	4.87		
		14/12/18	-224206	Decrease	6257993	4.70		
		21/12/18	-8412	Decrease	6249581	4.70		
		28/12/18	-7204	Decrease	6242377	4.69		
		31/12/18	-151802	Decrease	6090575	4.58		
		04/01/19	-64747	Decrease	6025828	4.53		

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

Sl. No	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% of total shares of the company				No of shares	% of total shares of the company
				11/01/19	-8265	Decrease	6017563	4.52
				18/01/19	-239632	Decrease	5777931	4.34
				25/01/19	-9810	Decrease	5768121	4.33
				01/02/19	-1268	Decrease	5766853	4.33
				08/02/19	-51065	Decrease	5715788	4.30
				15/02/19	-173376	Decrease	5542412	4.17
				22/02/19	-111549	Decrease	5430863	4.08
				01/03/19	-839015	Decrease	4591848	3.45
				08/03/19	-1051159	Decrease	3540689	2.66
				15/03/19	-63756	Decrease	3476933	2.61
				22/03/19	-6926	Decrease	3470007	2.61
				29/03/19	-16635	Decrease	3453372	2.59
		3453372	2.59	31/03/19				
3	GEORGALIS HELEANNA GABRIELLE	2109100	1.59	01/04/18		Nil movement during the year		
		2109100	1.59	31/03/19				



4 MALABAR INDIA FUND LIMITED	2950645	2.22	01/04/18	31660	Increase	2982305	2.24
			06/04/18	717	Increase	2983022	2.24
			08/06/18	41887	Increase	3024909	2.27
			22/06/18	25736	Increase	3050645	2.29
			30/06/18				
	3050645	1.43	31/03/19				
	1176652	0.88	01/04/18				
			13/04/18	45604	Increase	1222256	0.92
			20/04/18	173646	Increase	1395902	1.05
			27/04/18	150502	Increase	1546404	1.16
5 FIDELITY INVESTMENT TRUST FIDELITY EMERGING ASIA FUND			04/05/18	13526	Increase	1559930	1.17
			16/11/18	4200	Increase	1564130	1.17
			23/11/18	1400	Increase	1565530	1.17
			30/11/18	15800	Increase	1581330	1.19
			07/12/18	25300	Increase	1606630	1.21
			14/12/18	5500	Increase	1612130	1.21
			21/12/18	1300	Increase	1613430	1.21
			04/01/19	22200	Increase	1635630	1.23
			11/01/19	1300	Increase	1636930	1.23
			18/01/19	2800	Increase	1639730	1.23
			25/01/19	1400	Increase	1641130	1.23
			01/02/19	5600	Increase	1646730	1.24
			08/02/19	5400	Increase	1652130	1.24
			15/02/19	43700	Increase	1695830	1.27
			31/03/19				
	1695830	1.27					

6	# FIDELITY INVESTMENT TRUST- FIDELITY PACIFIC BASIN FUND	947967	0.71	01/04/18	2800	Increase	950767	0.71
				16/11/18		Increase	952167	0.71
				23/11/18	1400	Increase	966485	0.73
				30/11/18	14318	Increase	988985	0.74
				07/12/18	22500	Increase	993085	0.75
				14/12/18	4100	Increase	994385	0.75
				21/12/18	1300	Increase	1013385	0.76
				04/01/19	19000	Increase	1018985	0.76
				01/02/19	5600	Increase	1023434	0.77
				08/02/19	4449	Increase	1074334	0.81
				15/02/19	50900	Increase	1152399	0.87
				22/02/19	78065	Increase	1185399	0.89
		01/03/19	33000	Increase	1250367	0.94		
		08/03/19	64968	Increase				
7	# AMERICAN FUNDS INSURANCE SERIES GLOBAL SMALL CAPITALIZATION FUND	1250367	0.94	31/03/19				
		0	0.00	01/04/18				
				27/07/18	13813	Increase	13813	0.01
				03/08/18	62763	Increase	76576	0.06
				10/08/18	58517	Increase	135093	0.10
				17/08/18	929156	Increase	1064249	0.80
				24/08/18	185751	Increase	1250000	0.94
				31/03/19				
				01/04/18				
				11/05/18	-76744	Decrease	1205059	0.90
				18/05/18	-82866	Decrease	1122193	0.84
				12/10/18	128811	Increase	1251004	0.94
		16/11/18	-35479	Decrease	1215525	0.91		
		25/01/19	68619	Increase	1284144	0.96		
		15/03/19	-21425	Decrease	1262719	0.95		
		22/03/19	-8715	Decrease	1254004	0.94		
		29/03/19	-19392	Decrease	1234612	0.93		
9	SUDHIR KONERU	1234612	0.93	31/03/19				
		1002410	0.75	01/04/18	0	Nil movement during the year		
10	* NAVEEN BIKKASANI	1002410	0.75	31/03/19				
		1000000	0.75	01/04/18	0	Nil movement during the year		
		1000000	0.75	31/03/19				

11	* ARUNA MEDARA	1000000	0.75	01/04/18	0	Nil movement during the year		
12	* BIKKASANI P R	1000000 1000000	0.75 0.75	31/03/19 01/04/18	0	Nil movement during the year		
13	* VALUEQUEST INDIA MOAT FUND	1000000 1879283	0.75 1.41	31/03/19 01/04/18	555000	Increase	2434283	1.83
		2439842	1.83	27/04/18	5559	Increase	2439842	1.83
14	INDIA WHIZDOM FUND	1946771	1.46	31/03/19 01/04/18		Nil movement during the year		
15	# MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.	1946771 0	1.46 0.00	31/03/19 01/04/18	26281	Increase	26281	0.02
				08/02/19	107132	Increase	133413	0.10
				15/02/19	53756	Increase	187169	0.14
				22/02/19	34837	Increase	222006	0.17
				01/03/19	884051	Increase	1106057	0.83
				08/03/19	169418	Increase	1275475	0.96
		1275475	0.96	15/03/19 31/03/19				

\* Ceased to be in the list of Top 10 shareholders as on 31-03-2019. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2018.

# Not in the list of Top 10 shareholders as on 01-04-2018. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2019.

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

Sl. No	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% of total shares of the company				No of shares	% of total shares of the company
<b>A</b>	<b>Directors</b>							
1	Challa Rajendra Prasad Executive Chairman	12865400	9.67	01/04/18				
				27/07/18	100000	Increase	12965400	9.75
				05/10/18	100000	Increase	13065400	9.82
2	Challa Srishant Managing Director	13065400	9.82	31/03/19				
		13614000	10.23	01/04/18				
				27/07/18	100000	Increase	13714000	10.31
				05/10/18	8000	Increase	13722000	10.32
3	Kode Durga Prasad Non-Executive Director	13722000	10.32	31/03/19				
		8400	0.006	01/04/18		Nil movement during the year		
		8400	0.006	31/03/19				
4	Vipin K Singal Non-Executive Director	5000	0.003	01/04/18	0	Nil movement during the year		
		5000	0.003	31/03/19				
5	K Chandrahas Non-Executive Director	24686	0.020	01/04/18		Nil Holding /movement during the year		
		24686	0.020	31/03/19				
6	J Rambabu Non-Executive Director	0	0	01/04/18	0	Nil Holding /movement during the year		
		0	0	31/03/19				
7	K K Sarma Non-Executive Director	0	0	01/04/18		Nil Holding /movement during the year		
		0	0	31/03/19				

8	B Mohan Krishna Director Operations	1000000	0.75	01/04/18	0	Nil movement during the year	
9	G V Krishna Rau Non-Executive Director	1000000	0.75	31/03/19	0	Nil movement during the year	
10	Kulsoom Noor Saifullah Non-Executive Director	0	0	01/04/18	0	Nil holding/movement during the year	
11	Challa Shanitha Prasad Non-Executive Director	18250000	13.72	01/04/18	20000	Increase	18270000
12	Krishnanand Lanka Non-Executive Director	18270000	13.73	31/03/19	0	Nil holding/movement during the year	
<b>B Key Managerial Personnel (KMPS)</b>							
1	K V L N Sarma Chief Operations Officer	10000	0.07	01/04/18	0	Nil movement during the year	
2	Lakshmi Narayana Vuduta Chief Financial Officer	10000	0.07	31/03/19	0	Nil Holding /movement during the year	
3	Sridevi Dasari Company Secretary & Compliance Officer	0	0	01/04/18	0	Nil Holding/movement during the year	

**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>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	30,842.82	-	-	30,842.82
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	97.53	-	-	97.53
<b>Total (i+ii+iii)</b>	<b>30,940.35</b>	-	-	<b>30,940.35</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	9,341.15	-	-	9,341.15
Reduction	-	-	-	-
Net Change	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	40,138.42	-	-	40,138.42
ii) Interest due but not paid	-	-	-	143.08
iii) Interest accrued but not due	143.08	-	-	-
<b>Total (i+ii+iii)</b>	<b>40,281.50</b>	-	-	<b>40,281.50</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 in ₹
		Executive Chairman	Managing Director	Director	
1	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	48,00,000	36,00,000	36,00,000	1,20,00,000
	(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)	6,95,06,000	4,09,83,000	2,61,22,000	13,66,11,000
5	Others, please specify				
	<b>Total (A)</b>	<b>7,43,06,000</b>	<b>4,45,83,000</b>	<b>2,97,22,000</b>	<b>14,86,11,000</b>
	<b>Ceiling as per the Act</b>				<b>14,86,11,000</b>

**B. Remuneration to other directors:**

SI.No	Particulars of Remuneration	Name of the Directors						Total Amount in ₹
		Vipin K. Singal	K. Chandrahas	J. Rambabu	K. K. Sarma	G. V. Krishna Rau		
1	Non whole time directors							
	(a) Fee for attending board committee meetings	2,15,000	2,40,000	2,40,000	2,25,000	2,40,000		11,60,000
	(b) Commission	7,00,000	7,00,000	7,00,000	7,00,000	7,00,000		35,00,000
	(c) Others, please specify							
	Director Remuneration							
	Director Remuneration							
	<b>Total (1)</b>	<b>9,15,000</b>	<b>9,40,000</b>	<b>9,40,000</b>	<b>9,25,000</b>	<b>9,40,000</b>	<b>9,40,000</b>	<b>46,60,000</b>
2	<b>Other Non Executive Directors</b>							
	(a) Fee for attending board committee meetings	2,00,000		1,45,000	2,00,000	2,30,000		7,75,000
	(b) Commission	7,00,000		7,00,000	7,00,000	7,00,000		28,00,000
	(c) Others, please specify.							
	Total (2)	<b>9,00,000</b>		<b>8,45,000</b>	<b>9,00,000</b>	<b>9,30,000</b>		<b>35,75,000</b>
	<b>Total (B)=(1+2)</b>							<b>82,35,000</b>
	<b>Total Managerial Remuneration</b>							<b>15,68,46,000</b>
	<b>Overall Ceiling as per the Act.</b>							<b>16,34,73,000</b>



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

Sl. No.	Particulars of Remuneration		Key Managerial Personnel			Total Amount in ₹
1	Gross Salary	CEO	Company Secretary	COO	CFO	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		16,72,615	84,22,560	55,29,231	1,56,24,406
	(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>16,72,615</b>	<b>84,22,560</b>	<b>55,29,231</b>	<b>1,56,24,406</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					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

NIL

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

Soluble Instant coffee, more commonly referred to as instant coffee is commercially prepared in solid form by either freeze-drying or spray-drying, after which it can be rehydrated.

Instant coffees have now been on the market for many decades because of its convenience. Soluble coffee consumption has been increasing at a higher rate. With the invention of new technologies, the quality of instant coffee has significantly improved, thereby attracting even traditional roast and ground coffee customers. The inherent convenience of making instant coffee as opposed to preparing roast and ground coffee is also a major factor that is causing an increase in instant coffee sales in this fast paced world. Due to an increasing acceptance, instant coffee has also spread to the tea drinking cultures.

**Business Review**

Your Company has already established its longstanding presence in the international markets in two forms of instant coffee – Spray Dried and Freeze Dried and keeps upgrading the same with latest technology available globally to get better yield. Now, it is focusing to make a mark in the Indian domestic market which is very encouraging.

The Company's endeavours through its quality control division to enhance the quality of products by a careful mix of various blends and essence and to give the products at best prices to the customer are showing results by taking the products to new competitive markets. Efforts to achieve the right mix of raw materials are also giving advantage to the Company in achieving the best quality products at the most competitive price.

The enhanced production capacity of the plant at Duggirala, enabled the Company to cater to the increased demand for instant coffee in international markets.

Your Company through its subsidiary, Continental Coffee Private Limited is keen to grab a pie of domestic market. Domestic business turnover was around ₹ 76 crores which included retail as well as institutional sales. A team of professionals has been put to create a distribution network which will be supplemented with demand creating activities as well. More focus is on product development with an aim to increase coffee consumption among the consumers. Continental Xtra and Continental Speciale, instant coffee brands of the Company are being seeded in select markets of South India. The freeze dried coffee, Continental Premium is being targeted to institutional segment and retail through e-commerce. During the year your Company introduced roast and ground coffee under the brand name Malgudi and premix coffee with THIS as brand name.

During the year under review the sales of your Company is ₹ 80,913 lakhs and net profit is ₹ 12,543 lakhs.

Earnings per share (EPS) (Face value of ₹ 2/- per share) for the current year is ₹ 9.43.

**Industry Structure and Developments**

As per Wiseguy report, the global instant coffee market is valued at 23500 million US\$ in 2018 is expected to reach 32900 million US\$ by the end of 2025, growing at a CAGR of 4.3% during 2019-2025.

Despite the dominance of fresh coffee in the coffee industry, instant coffee is quickly becoming popular all over the world. Transportation of instant coffee is cheaper, as it has lower shipping weight and volume than beans or ground coffee. Moreover, instant coffee offers convenience in preparation, shelf life, which increases its demand among the urban consumers.

The instant coffee market in India is growing at a rate of more than 15% year on year. A positive consumer outlook towards new experiences such as premium coffee, 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.

The demand for the supermarket brands has been consistently growing across Europe. CCL is able to cater the needs of the supermarkets and has a considerably good market share across supermarket private labels across Europe. The coffee consumers are preferring premium products such as Freeze Dried Coffee and thereby creating a market for the premium products.

### **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. Coffee is the second most traded commodity in the world.

As per ICO, world consumption in coffee year for the year 2018-19 is estimated at 164.99 million bags compared to 161.38 million bags in 2017-18. The largest growth occurred in Asia & Oceania where consumption increased by 4.4% to 36.9 million bags. Demand in Africa is estimated to rise by 2.5% to 11.17 million bags, and in North America by 2.2% to 30.61 million bags. Europe's consumption is estimated to increase by 1.5% to 53.82 million bags, and South America's consumption is estimated 1% higher at 27.24 million bags. However, demand in Central America & Mexico is expected to slow, with an increase of 0.2% to 5.27 million bags.

Asia Pacific with a share of around 38% is 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.

Among others, the demand for instant coffee is particularly high in the rest of Europe. Countries, such as Poland, Russia, and Bulgaria exhibit a considerably high demand rate, which is estimated to continue to rise in the years to come, retaining the second position in the global instant coffee market.

North America and few European countries, on the other hand, are expected to experience a decline in the demand for instant coffee in the near future because of a greater preference for filter coffee. The new line of machines and capsules that pours cold carbonated drinks, being the latest trend in North America, also indicates a bumpy ride for the market for instant coffee in this region over the coming years.

Vietnam's instant coffee market is expected to continue to grow steadily in coming years due to various market trends. The growth of instant coffee is stemmed from the rising demand among young and adolescent consumers, who seek convenience and quick methods for consuming hot beverages in tune with their busy lifestyle.

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

### **Risks and Concerns**

#### **Manufacturing and Operational Risk:**

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.

**Competition & Market Risk:**

The coffee markets in which we do business are highly competitive and competition in these markets is likely to become increasingly more intense due to relatively low barriers to entry. The industry in which we compete is particularly sensitive to price pressure, as well as quality, reputation and viability for wholesale and brand loyalty for retail. To the extent that one or more of our competitors becomes more successful with respect to any key competitive factor, our ability to attract and retain customers could be adversely affected.

**Sale and Marketing Risk:**

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.

**Forex Risk:**

Fluctuation in the foreign currency, especially caused due to any regional debt or other international crisis may affect the forex markets internationally thereby impacting the foreign exchange rates which if result in strengthening the domestic currency may affect the profitability of the Company to the extent of the conversion costs. Fortunately, as the Company mostly deals with USD in all its commercial transactions, the impact of foreign exchange fluctuations is minimal.

**Technology Changes:**

Any innovation and new technology in producing high quality instant coffee and making the current production technologies redundant and obsolete may prove to be a potential risk which can be addressed by the Company by upgrading the existing technology and improving the production techniques by constant in house research and development.

**Opportunities and Threats**

The presence in Vietnam helps the Company to cater to the coffee needs of ASEAN countries and also this is in close proximity to many South-East Asian nations, Japan, Korea, China etc. Most of these countries have granted Vietnam a most favoured nation status with reduced or NIL duty structures in addition to having savings on logistics.

The huge potential in domestic market for soluble coffee made the Company concentrate even on domestic sales both in private label segment and through its established brands. The soluble coffee consumption in India is expected to witness a growth of more than 15% year on year and Your Company has made a successful entry in the retail market with its brands.

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.

**Financial performance with respect to operational performance**

During the year, the Company has achieved a turnover of ₹ 80,913 Lakhs recording a net profit of ₹ 12,543 Lakhs. Since the plant at Duggirala is operating at optimal capacity, there is no significant change in the net profit arrived during the year as compared to previous year.

**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 imparted 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 530 employees in the Company as on 31<sup>st</sup> March, 2019.

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

**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 there was no Significant change in the financial ratio's compared to previous year. However, 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		Charges(%)	Reason for change
	2018-19	2017-18		
Current Ratio	1.40	2.30	39.13	Decreased due to enhanced working capital requirements
Debt Equity Ratio	0.87	0.64	33.85	Increased due to ongoing capital expenditure towards various facilities

**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 2018-19, comparing with previous financial year 2017-18.

**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 )

**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.

### 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 2018-19

Name	Age	Qualification	Designation Commencement of Employment	Date of (Years)	Experience	Gross Remuneration	Previous Employment
Mr. Challa Rajendra Prasad	67	B.E.(Mech.)	Executive Chairman	01-04-1994	43	7,43,06,000	Asian Coffee Ltd
Mr. Challa Srishant	36	B.A., B.L.(Hons.)	Managing Director	18-07-2005	15	4,45,83,000	
Mr. B.Mohan Krishna	38	B.Tech	Director -Operations	01-06-2017	16	2,97,22,000	Elmech Enterprises Limited

b) Other top ten employees throughout the Financial Year 2018-19 : this information is available in the website of the Company [www.cclproducts.com](http://www.cclproducts.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 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19, 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 2018-19 (₹.in Lakhs)	% increase in Remuneration in the Financial Year 2018-19. ₹ 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	743.06	1.10	166.77	The marginal increase is inline with the operations of the Company for the year 2018-19
2	Mr.Challa Srishant Managing Director	445.83	1.33	100.06	
3	Mr.B.Mohan Krishna Director - Operations	297.22	0.75	66.71	
4	Mr.K.V.L.N.Sarma Chief Operations Officer	84.23	9.47	Not Applicable	
5	Mr.V.Lakshmi Narayana Chief Financial Officer	55.29	Not Applicable	Not Applicable	
6	Mrs.Sridevi Dasari Company Secretary	16.73	17.57	Not Applicable	
7	Mr.Vipin K.Singal, Non Executive Director	7.00	0.00	1.57	
8	Mr.Kata Chandrahas Non Executive Director	7.00	0.00	1.57	
9	Mr.J.Rambabu Non Executive Director	7.00	0.00	1.57	
10	Mr.K.K.Sarma, Non Executive Director	7.00	0.00	1.57	
11	Mr.G.V.Krishna Rau Non Executive Director	7.00	0.00	1.57	
12	Mrs.Kulsoom Noor Saifullah Non Executive Director	7.00	0.00	1.57	
13	Mrs.Challa Shantha Prasad Non Executive Director	7.00	0.00	1.57	
14	Dr.Krishnanand Lanka Non Executive Director	7.00	0.00	1.57	
15	Mr.Kode Durga Prasad Non Executive Director	7.00	Not Applicable	1.57	



- ii) The median remuneration of employees of the Company during the financial year was ₹ 4.66 Lakhs
- iii) In the financial year, there was an increase of 12.49% in the median remuneration of employees
- iv) There were 530 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2019
- v) In the financial year, there was an increase of 5.20% 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

On behalf of the Board

sd/-  
**Challa Rajendra Prasad**  
Executive Chairman

Place : Hyderabad  
Date : 11<sup>th</sup> May, 2019

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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 upgrade 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.

An Electrostatic Precipitator (ESP) was installed to curb pollution from the boiler which enhance eco friendly operations at the Plant.

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

The Company has made additional investments mainly to recycle solid waste generated to reduce consumption of fuel for the boiler and for upgradation of the ETP and has built a Zero Liquid Discharge system. With the ZLD system, water can be recycled and used which will reduce the consumption of raw water. During the year the Company spent ₹ 23 crores for incorporating latest technology available in the market to increase operational efficiency.

Major refurbishment undertaken for the Freeze Dried Unit has improved the efficiency in productivity resulting in less wastage of the product during production process and led to effective utilization of energy (in the form of steam and electricity consumption). The Heat recovery system will lead to the reduction of steam and fuel being used in processes.

**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>374.32</b>
<b>Earned</b>	<b>719.13</b>

Place : Hyderabad  
Date : 11<sup>th</sup> July, 2019

On behalf of the Board

sd/-  
**Challa Rajendra Prasad**  
Executive Chairman

**BUSINESS RESPONSIBILITY REPORT  
for the financial year 2018-19**

[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**

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, 2018 to 31 <sup>st</sup> March, 2019
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 : Kuvakolli 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 : Kuvakolli 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 85 Countries as on 31 <sup>st</sup> March, 2019. The Company has a significant presence nationally and globally.

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

No.	Particulars	Company Information
1	Paid up capital (INR)	₹ 266,055,840
2	Total Turnover (INR)	₹ 83,931 Lakhs
3	Total profit after taxes (INR)	₹ 12,543 Lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	During the financial year 2018-19, CCL has incurred expenditure for an amount of ₹ 2.98 Crores which is 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 III of the Director's Report in this Annual Report 2018-19 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> </ul>

**SECTION C: OTHER DETAILS**

No.	Particulars	Company Information
1	Company Subsidiaries/ Joint Ventures	Subsidiary Companies <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> </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

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

(b) Details of BR head

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:**

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 anti competitive.



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 31-03-2018</b>	<b>Received during 2018-19</b>	<b>Redressed during 2018-19</b>	<b>Pending as on 31-03-2019</b>
Customer Complaints	Nil	Nil	Nil	Nil
Investor Complaints	Nil	25	25	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 process 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. The water after the process of extraction is supplied to the

neighbouring farmers due to its organic nature which helps them to get better yield. More than 90% of the waste generated is being recycled.

**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: 530 as on 31.03.2019.
2. Please indicate the Total number of employees hired on contractual basis : 598
3. Please indicate the Number of permanent women employees : 29
4. Please indicate the Number of permanent employees with disabilities: 1
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.-

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.**

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 25 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. 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. 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 2018-19.

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 consultation 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	8,45,000
3	Promoting Education	49,08,665
4	Health and hygiene	71,83,451
5	Infrastructure facilities	88,35,744
6	Enviornmental Protection	13,29,825
7	Pure drinking water facilities	9,40,000
8	Others	57,12,404
	<b>TOTAL</b>	<b>2,98,60,089</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 nonprofit 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 2018–19. 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, 2019: 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, 2019.
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.

**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')]

**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, 2019, 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 (14 <sup>th</sup> July, 2018)	No. of Directorships in other Companies		Chairmanships/ memberships in other Companies		Name of other listed entities where he/she is a director and the category of directorship
		Held	Attended		Private	Public	Chairman ship	Member ship	
Mr. C.Rajendra Prasad	Promoter & Executive Director	5	5	Yes	4	-			
Mr. Vipin K Singal	Independent Non-Executive Director	5	4	Yes	2	-			
Mr. Kata Chandrahas	Independent Non-Executive Director	5	5	Yes	-	1			
Mr. J. Rambabu	Independent Non-Executive Director	5	5	Yes	-	1		1	
Mr. K. K. Sarma	Non-Executive Director	5	5	Yes	2	-			
Mr. B. Mohan Krishna	Promoter & Executive Director	5	5	Yes	2				
Mr. G. V. Krishna Rau	Independent Non-Executive Director	5	5	Yes					



Mrs. Kulsoom Noor Saifullah	Independent Non-Executive Director	5	4	Yes	1			
Mrs. Challa Shantha Prasad	Promoter & Non-Executive Director	5	5	Yes	-	2		1. Unijolly Investments Company Ltd.- Non-Executive Director 2. Healthy Investments Ltd. Whole Time Director
Dr. Krishnanand Lanka	Non-Executive Director	5	5	Yes				
Mr. Kode Durga Prasad	Independent Non-Executive Director	5	5	Yes	-	2		Navabharat Ventures Ltd.- Independent Director
Mr. Challa Srishant	Promoter & Executive Director	5	5	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 and 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 5 times in the financial year 2018-19 on the following dates, with a gap not exceeding one hundred and twenty days between any two meetings:

21 <sup>st</sup> May, 2018	14 <sup>th</sup> July, 2018	22 <sup>nd</sup> October, 2018	14 <sup>th</sup> February, 2019	23 <sup>rd</sup> March, 2019
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( c ) Disclosure of relationships between Directors inter-se:

- ◆ Mr. Challa Rajendra Prasad – spouse of Mrs. 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 Mrs. 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 Mrs. Challa Shantha Prasad, Director and brother-in-law of Mr. Challa Srishant, Managing Director of the Company
- ◆ Mrs. 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	8,400
4	Mrs. Challa Shantha Prasad, Non-Executive Director	1,8270,000

(e) Web link where details of familiarisation 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/2019/04/familiarization-programme-for-independentdirectors.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.

(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.

(h) During the year under review, Mr. J. Rambabu, IAS (Retd.) Independent Director has resigned from the Directorship of the Company before the expiry of his term of appointment pursuant to Regulation 17(1A) of the Listing Regulations, on attainment of 75 years of age. Further Mr. J. Rambabu mentioned that other than this there were no other material reasons for his resignation.

### Committees of the Board

Currently, there are five Board Committees – The Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk 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**

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. J. Rambabu	Member	4	4
Mr. K. K. Sarma	Member	4	4
Mr. G.V. Krishna Rau	Member	4	4
Mrs. Kulsoom Noor Saifullah	Member	4	4
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.

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 invitees 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:

21 <sup>st</sup> May, 2018	14 <sup>th</sup> July, 2018	22 <sup>nd</sup> October, 2018	14 <sup>th</sup> February, 2019
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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	4
Mr. Vipin K Singal	Member	4	3
Mr. Kata Chandrahas	Member	4	4
Mr. J. Rambabu	Member	4	4
Mr. K. K. Sarma	Member	4	4
Mrs. Kulsoom Noor Saifullah	Member	4	3
Mrs. Challa Shantha Prasad	Member	4	4
Dr. Lanka Krishnanand	Member	4	3
Mr. Kode Durga Prasad	Member	4	4

**(c) Meetings during the year**

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

21 <sup>st</sup> May, 2018	14 <sup>th</sup> July, 2018	14 <sup>th</sup> February, 2019	23 <sup>rd</sup> March, 2019
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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 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 2018-19

<b>Name of the Non-Executive Director</b>	<b>Sitting Fees Paid for FY 2018-19 in ₹</b>	<b>Commission for the year 2018-19 in ₹</b>
Mr. Vipin K Singal	2,15,000	7,00,000
Mr. Kata Chandrahas	2,40,000	7,00,000
Mr. J. Rambabu	2,40,000	7,00,000
Mr. K.K. Sarma	2,25,000	7,00,000
Mr. G.V. Krishna Rau	2,40,000	7,00,000
Mrs. Kulsoom Noor Saifullah	2,00,000	7,00,000
Mrs. Challa Shantha Prasad	1,45,000	7,00,000
Dr. Lanka Krishnanand	2,00,000	7,00,000
Mr. Kode Durga Prasad	2,30,000	7,00,000

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	48,00,000	--	6,95,06,000
Mr. Challa Srishant	36,00,000	--	4,09,83,000
Mr. B. Mohan Krishna	36,00,000	--	2,61,22,000

(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 6 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. J. Rambabu	Member	4	4
Mr. K. K. Sarma	Member	4	4
Mr. G. V. Krishna Rau	Member	4	4
Mrs. Kulsoom Noor Saifullah	Member	4	4
Dr. Lanka Krishnanand	Member	4	4
Mr. Durga Prasad Kode	Member	4	4

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

21 <sup>st</sup> May, 2018	14 <sup>th</sup> July, 2018	22 <sup>nd</sup> October, 2018	14 <sup>th</sup> February, 2019
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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 25 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, 2019.

**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 shares 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 Registrar and Share Transfer Agent 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 Practicing 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, 2019, 13,16,20,927 Equity Shares of ₹ 2/- each representing 98.94% of the total no. of shares are in dematerialized form.

**(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	2	2
Mr. Kata Chandrahas	Member	2	2
Mr. J. Rambabu	Member	2	2
Mr. K. K. Sarma	Member	2	2
Mr. B. Mohan Krishna	Member	2	2
Mr. Challa Srishant	Member	2	2
Mr. G.V. Krishna Rau	Member	2	2
Mrs. Kulsoom Noor Saifullah	Member	2	2
Mrs. Challa Shantha Prasad	Member	2	2
Dr. Krishnanand Lanka	Member	2	2
Mr. Kode Durga Prasad	Member	2	2

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

21 <sup>st</sup> May, 2018	14 <sup>th</sup> February, 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 6 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:

<b>Name of the Director</b>	<b>Category</b>
Mr. Challa Srishant	Chairman
Mr. Vipin K Singal	Member
Mr. K. Chandrahas	Member
Mr. J. Rambabu	Member
Mr. K. K. Sarma	Member
Mr. B. Mohan Krishna	Member
Mr. G.V. Krishna Rau	Member
Mrs. Kulsoom Noor Saifullah	Member
Mrs. Challa Shantha Prasad	Member
Dr. Lanka Krishnanand	Member
Mr. Kode Durga Prasad	Member
Mr. K V L N Sarma (Chief Operations Officer)	Member
Ms. Sridevi Dasari (Company Secretary)	Member
Mr. N. Sudhakar (GM-Technical)	Member

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**

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, 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.
31 <sup>st</sup> March 2016	26-09-2016	Monday	10.00 A.M.	No Special Resolution was passed at the AGM.

Mr. Y. Suryanarayana, Advocate, conducted the e-voting process and the Poll.

No Special Resolution has been passed through the exercise of postal ballot last year.

**(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 58<sup>th</sup> Annual General Meeting of the company will be held on 07<sup>th</sup> August, 2019 at 9.15 A.M. at Sarojini Picture Palace situated at Duggirala, Guntur District, Andhra Pradesh- 522330.

- Financial Calendar : 1<sup>st</sup> of April, 2019 to 31<sup>st</sup> of March, 2020.
- Results for the quarter ending
 

30 <sup>th</sup> June 2019	Second/Third week of July, 2019
30 <sup>th</sup> September 2019	First/Second week of October, 2019
31 <sup>st</sup> December 2019	First/Second week of February 2020
31 <sup>st</sup> March 2020	Second /Third week of May, 2020
- Date of Book closure : From Saturday, 03<sup>rd</sup> August, 2019 to , 07<sup>th</sup> August, 2019 (both days inclusive)
- Dividend Payment Date : Within 30 days from the date of AGM.
- 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**

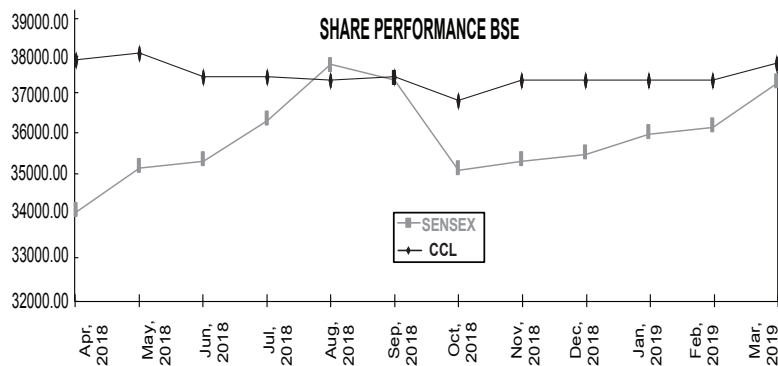
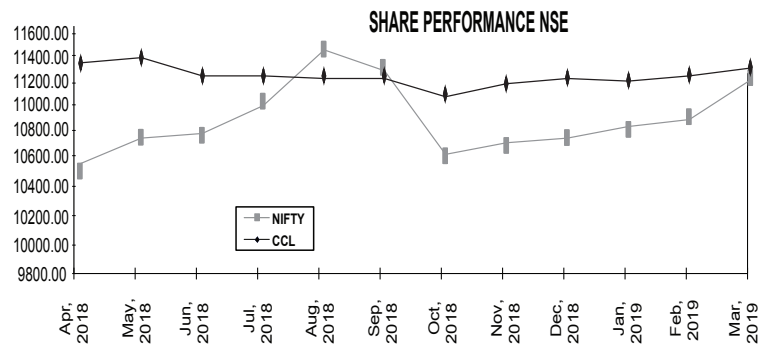
Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Limited	519600
National Stock Exchange of India Limited	CCL
ISIN for both NSDL and CDSL	INE421D01022

The Listing fees for the year 2019-20 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 2018-19 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 2018	315.9	277.25	62,557	315.00	275.85	21,66,346
May 2018	320.00	290.00	2,36,880	320.95	290.35	23,26,196
June 2018	299.90	253.50	55,647	299.95	253.50	8,89,553
July 2018	284.55	263.00	3,41,535	286.00	262.25	28,00,454
August 2018	292.00	253.00	7,31,678	292.45	252.55	15,93,538
September 2018	300.00	250.20	50,501	294.75	250.00	8,34,090
October 2018	266.75	225.05	4,89,341	254.80	225.50	16,57,482
November 2018	290.00	255.00	43,068	276.45	252.40	12,74,793
December 2018	285.00	260.25	23,055	285.00	262.00	16,48,034
January 2019	279.50	262.10	2,53,021	277.20	260.75	4,73,764
February 2019	282.85	258.05	2,72,094	289.90	257.10	19,78,144
March 2019	306.40	277.20	95,738	306.90	273.15	21,05,283



**Distribution Schedule:**
**Distribution Schedule as on 31<sup>st</sup> March, 2019**

S. No	Nominal Value	Amount in ₹	% to Total Capital	No. of Share Holders	% to Total Holders
1	Upto 5000	8809166	3.31	18361	94.82
2	5001 to 10000	3270756	1.23	444	2.29
3	10001 to 20000	3366298	1.27	213	1.10
4	20001 to 30000	1706002	0.64	67	0.35
5	30001 to 40000	1923376	0.72	53	0.27
6	40001 to 50000	1120428	0.42	25	0.13
7	50001 to 100000	6548740	2.46	91	0.47
8	100001 and above	239311074	89.95	110	0.57
	<b>TOTAL</b>	<b>266055840</b>	<b>100</b>	<b>19364</b>	<b>100</b>

**Categories of Shareholders as on 31<sup>st</sup> March, 2019:**

S. No	Category of Shareholders	No. of Shares	Percentage
1	Promoter & Promoter Group	60232700	45.27
2	Mutual Funds	658602	0.50
3	Alternate Investment Funds	2994373	2.25
4	Foreign Portfolio Investors	36581401	27.50
5	Financial Institutions & Banks	26075	0.02
6	Other Bodies Corporate	3281517	2.46
7	Resident Individuals	15556022	11.70
8	Non-Resident Individuals	13697230	10.30
	<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, 98.94% of the Company's Shares are dematerialised as on 31<sup>st</sup> March, 2019.

- Securities suspended from trading: Not applicable
- Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion and likely impact on equity: Nil
- Commodity price risk or foreign exchange risk and hedging activities: We have started availing EPC (Export Packing Credit in Rupee) from December 2018 against which we have taken forward cover partly (USD 2.42 mn) and balance is being covered under natural hedging.
- 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
  
  - Address for Correspondence & any query on Annual Reprt : SEZ – Kuvvakolli Village  
Varadaiah Palem Mandal  
Chitoor District, Andhra Pradesh
  
  - Registrar and Transfer Agents : 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
  
  - Contact Person : Venture Capital and Corporate  
Investments Pvt Ltd  
12-10-167, Bharat Nagar,  
Hyderabad - 500 018, T.S, India  
E-mail: info@vccipl.com
  
  - Share Transfer System : Mr. E S K Prasad, Chief Executive  
Ph: 040 23818475 / 76  
Telefax: 040 23868024
  
  - Transfer of unpaid/unclaimed dividend amounts to Investor will Education and Protection Fund : 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.
  
  - Compliance Certificate : Members are requested to claim any unclaimed dividends for the year 2011-2012, as the same Fund 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 58<sup>th</sup> Annual Report.

**Secretarial Audit:**

- a) M/s P S Rao & Associates, Practicing Company Secretaries have conducted a Secretarial Audit of the Company for the year 2018-19. 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, Practicing Company Secretaries, certifying due compliance of share transfer formalities by the Company.
- c) M/s P S Rao & Associates, Practicing 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).

**(11) 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.

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>

- b. There was one non-compliance during the year by the Company. There was one day delay in intimation of Board Meeting where payment of interim dividend was proposed by the Board and Company paid ₹10,000/- to BSE and NSE Limited . Other than this 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.
- c. 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>

- d. 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

- e. 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>

- f. Disclosure of commodity price risks and commodity hedging activities- We have started availing EPC (Export Packing Credit in Rupee) from December 2018 against which we have taken forward cover partly (USD 2.42 mn) and balance is being covered under natural hedging.
- g. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) - Not Applicable
- h. 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.
- i. 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.
- j. 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- ₹ 14,40,000/-
- k. 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.

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

All the corporate governance requirements are complied with

**(13) 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.

**(14) 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 of the Listing Regulations 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	NA
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

**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.

#### • Meeting of Independent Directors

During the year under review, the Independent Directors met on 15<sup>th</sup> February, 2019, 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.

- Management Discussion and Analysis Report forms part of Annual Report as an annexure to the Directors' Report.
- 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>

#### • 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>

#### • 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 Indian Subsidiary Company as at the end of the financial year 2018-19.

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.

#### • 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, 2019 and the same is annexed herewith.
- Disclosures with respect to demat suspense account/ unclaimed suspense account: Not Applicable

**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, 2019.

For **CCL Products ( India) Limited**

Place: Hyderabad  
Date: 11<sup>th</sup> July, 2019

Sd/-  
**Challa Srishant**  
Managing Director

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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, 2019 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

For **CCL Products (India) Limited**

Sd/-  
**Lakshmi Narayana Vuduta**  
Chief Financial Officer

Place: Hyderabad  
Date : 11<sup>th</sup> July, 2019

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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, 2019 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

Place : Hyderabad  
Date: 11<sup>th</sup> July, 2019

Sd/-  
**P S Rao**  
M. No.: 9769  
C.P No.: 3829

**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, 2019, 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.: 9769

C.P No.: 3829

Place : Hyderabad  
Date: 09<sup>th</sup> July, 2019

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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 2019, 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, 2019, 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 thereunder, 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.

**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. Revenue recognition</b></p> <p>As described in Note 1.16 to the standalone financial statements, the Company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>The Company adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>Our audit procedures on adoption of Ind AS 115, Revenue from contracts with Customers ('Ind AS 115'), which is the new accounting standard, include –</p> <ul style="list-style-type: none"> <li>• Evaluated the design and implementation of the processes and internal controls relating to implementation of the new accounting standard;</li> <li>• Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams;</li> <li>• Evaluated the changes made to IT systems to reflect the changes required in revenue recognition as per the new accounting standard;</li> <li>• Evaluated the cumulative effect adjustments as at 1st April 2018 for compliance with the new accounting standard; and</li> <li>• Evaluated the appropriateness of the disclosures provided under the new accounting standard and assessed the completeness and mathematical accuracy of the relevant disclosures</li> </ul>
<p><b>2. 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, 2019 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 1st April 2018 to evaluate whether any change was required to management's position on these uncertainties.</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 attention 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 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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. 2.37 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

Place: Hyderabad  
Date: 13<sup>th</sup> May, 2019

**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, 2019 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, 2019 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

Place: Hyderabad  
Date: 13<sup>st</sup> May, 2019

**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 2019, 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 thereunder.
- 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 2019 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:

Name of the Statute	Nature of Dues	Amount ₹ in Lakhs	Period	Forum Where dispute is pending
The Income Tax Act, 1961	Income Tax	2883.28 (Amount deposited under protest)	Assessment years from 2006-07 to 2009-10	A P High Court



- 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

Place: Hyderabad  
Date: 13<sup>st</sup> May, 2019

**STANDALONE BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2019**

(₹ in Lakhs)

	Note No.	2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property plant and Equipment	2.1	22042.75	21160.22
Capital Work Inprogress		42412.52	21342.94
Intangible assets	2.2	0.82	3.11
<b>Financial assets</b>			
Investments	2.3	15857.69	15788.51
Other financial assets	2.4	341.75	328.86
Other non current assets	2.5	3850.30	3681.92
		<b>84505.83</b>	<b>62305.56</b>
<b>Current assets</b>			
Inventories	2.6	14519.30	14497.65
<b>Financial assets</b>			
Trade receivables	2.7	14890.76	12498.06
Cash and cash equivalent	2.8	3898.17	802.97
Other financial assets	2.4	588.60	8.27
Other current assets	2.5	2878.94	8069.02
		<b>36775.77</b>	<b>35875.98</b>
<b>TOTAL ASSETS</b>		<b>121281.59</b>	<b>98181.53</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2.9	2660.56	2660.56
Other Equity	2.10	62243.91	56805.20
		<b>64904.47</b>	<b>59465.76</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.11	19264.56	18174.91
Other Financial Liability	2.15	311.53	-
Deferred tax liabilities (net)	2.12	3986.52	3921.25
		<b>23562.61</b>	<b>22096.16</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.11	16845.60	12661.46
Trade payables			
(a) Total outstandings dues of micro and small enterprises		-	-
(b) Total outstandings dues of creditors other than micro and small enterprises	2.14	5430.85	795.73
Other financial liabilities	2.15	8808.66	1174.12
Provisions	2.16	-	-
Other current liabilities	2.13	1729.41	1988.30
		<b>32814.52</b>	<b>16619.61</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>121281.59</b>	<b>98181.53</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

Sd/-

**K.SREENIVASAN**

Partner

M.No.206421

Place : Hyderabad

 Date : 13<sup>th</sup> May, 2019

Sd/-

**V.Lakshmi Narayana**

Chief Financial Officer

Sd/-

**Sridevi Dasari**

Company Secretary

Sd/-

**K. Chandrahas**

Director

Sd/-

**Challa Rajendra Prasad**

Executive Chairman

Sd/-

**Challa Srishant**

Managing Director

**STANDALONE PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(₹ in Lakhs)

	Note No.	2019	2018
<b>Income</b>			
Revenue from operations	2.17	80913.29	82465.76
Other income	2.18	3017.96	401.91
<b>Total Revenue</b>		<b>83931.25</b>	<b>82867.67</b>
<b>Expenses</b>			
Cost of materials consumed	2.19	45946.74	51402.48
Changes in inventories	2.20	2.74	(1677.47)
Employee benefits expense	2.21	4137.55	3725.54
Finance costs	2.22	811.54	619.71
Depreciation and amortization expense	2.1 & 2.2	1221.41	1122.29
Other expenses	2.23	13953.43	12549.72
<b>Total Expenses</b>		<b>66073.41</b>	<b>67742.28</b>
<b>Profit before tax</b>		<b>17857.83</b>	<b>15125.39</b>
<b>Tax expense</b>			
(1) Current tax		5249.66	5252.10
(2) Deferred tax		65.27	97.12
<b>Profit for the year</b>		<b>12542.90</b>	<b>9776.18</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss		(84.84)	(96.06)
Tax on items that will not be reclassified to profit or loss		29.65	33.24
		(55.19)	(62.82)
<b>Items that will be reclassified to profit or loss:</b>			
Tax on items that may be reclassified to profit or loss		(311.53)	-
Items that may be reclassified subsequently to profit or loss		-	-
		(311.53)	-
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>(366.72)</b>	<b>(62.82)</b>
<b>Total comprehensive income for the year</b>		<b>12176.17</b>	<b>9713.36</b>
<b>Earnings per share:</b>			
Basic earnings per share of Rs.2/-each		9.43	7.35
Diluted earnings per share of Rs.2/- each		9.43	7.35

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

**By order of the Board**

Sd/-

**Challa Rajendra Prasad**

Executive Chairman

Sd/-

**V.Lakshmi Narayana**

Chief Financial Officer

Sd/-

**Sridevi Dasari**

Company Secretary

Sd/-

**K. Chandras**

Director

Sd/-

**Challa Srishant**

Managing Director

Place : Hyderabad

 Date : 13<sup>th</sup> May, 2019

### Statement of changes in equity

#### Statement of changes in equity for the period ended 31.03.2019

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
133,027,920 Equity Shares of Rs.2 each, fully paid up	26,60,56,000	-	26,60,56,000
	<b>26,60,56,000</b>	-	<b>26,60,56,000</b>
Equity share capital	Opening balance as at 1 Apr 2017	Changes in equity share capital during the year	Closing balance as at 31 Mar 2018
133,027,920 Equity Shares of Rs.2 each, fully paid up	26,60,56,000	-	26,60,56,000
	<b>26,60,56,000</b>	-	<b>26,60,56,000</b>

(₹. in Lakhs)

PARTICULARS	Retained Earnings	General Reserve	Capital Reserve	Actuarial Gains or Losses	Derivative at Fair Value	Total Equity
Balance as at 1/4/2018	28064.12	28820.70	-	(79.62)	-	56805.20
Profit for the year	12542.90	-	-	-	-	12542.90
Additions during the year	-	-	-	-	-	-
Dividend paid	(6737.46)	-	-	-	-	(6737.46)
Amount transfer to general reserve	-	-	-	-	-	-
Net change in fair value of FVTPL investments and others	-	-	-	-	-	-
Measurement of derivatives at fair value	-	-	-	-	(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>-</b>	<b>(134.82)</b>	<b>(311.53)</b>	<b>62243.91</b>

PARTICULARS	Retained Earnings	General Reserve	Capital Reserve	Actuarial Gains or Losses	Derivative at Fair Value	Total Equity
Balance as at 1/4/2017	22290.67	28820.70	-	(16.81)	-	51,094.56
Profit for the year	9776.18	-	-	-	-	9,776.18
Additions during the year	-	-	-	-	-	-
Dividend paid	(4002.73)	-	-	-	-	(4,002.73)
Amount transfer to general reserve	-	-	-	-	-	-
Net change in fair value of FVTPL investments and others	-	-	-	-	-	-
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit	-	-	-	(62.81)	-	(62.81)
<b>Balance as at 31/03/2018</b>	<b>28064.12</b>	<b>28820.70</b>	<b>-</b>	<b>(79.62)</b>	<b>-</b>	<b>56805.20</b>

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**

(₹ in Lakhs)

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Net profit before tax	17857.83	15125.39
Adjustments for :		
Depreciation and amortization expense	1221.41	1122.29
Provision for doubtful debts/advances/ impairment	18.18	(17.34)
Bad debts written off	-	156.75
Dividend Income ACMIL	(9.13)	(6.88)
Dividend Income Ngon Coffee Company Limited	(2930.43)	-
(Gain)/Loss on Investments carried at fair value through profit & loss	-	0.94
Fixed Assets written off	-	-
Profit on sale of assets	(0.06)	-
Other Comprehensive Income	(84.84)	(96.06)
<b>Operating profit before working capital changes</b>	<b>16072.98</b>	<b>16285.09</b>
Movements in Working Capital		
(Increase)/Decrease in Trade Receivables	(2410.88)	(2190.90)
(Increase)/Decrease in Other financial assets	(593.22)	(72.07)
(Increase)/Decrease in Inventories	(21.65)	(782.50)
(Increase)/Decrease in Other Current Assets	(371.95)	(905.84)
(Increase)/Decrease in Other Non Current Assets	(168.38)	351.15
Increase/(Decrease) in Trade Payables	4635.12	174.12
Increase/(Decrease) in Other financial liabilities	421.94	90.97
Increase/(Decrease) in Other Current liabilities	(258.89)	(74.19)
Increase/(Decrease) in Provisions	-	(16.75)
Changes in Working Capital	1232.09	(3426.01)
<b>Cash generated from operations</b>	<b>17305.07</b>	<b>12859.08</b>
Direct Taxes Paid	(5912.00)	(5655.00)
<b>Net Cash from operating activities</b>	<b>11393.07</b>	<b>7204.08</b>
<b>Cash flows from Investing Activities</b>		
Dividends Received from ACMIL	9.13	6.88
Dividends Received from Ngon Coffee Company Limited	2930.43	-
Purchase of Fixed Assets (Including CWIP)	(23602.05)	(22122.20)
Sale of Fixed Assets	430.87	-
Creditor for Capital goods	848.42	1002.48
Advance for Fixed Assets	5847.27	(2439.49)
Investment in Subsidiaries	(69.18)	(400.00)
Purchase/Sale of Investment	-	2.11
<b>Net Cash used in Investing Activities</b>	<b>(13605.11)</b>	<b>(23950.22)</b>
<b>Cash flows from/(used in) Financing Activities</b>		
Proceeds from Long term borrowings	5117.92	18174.91
Proceeds from/(Repayment of) Short-term borrowings	4184.14	2816.11
Dividend paid	(5653.69)	(3325.70)
Corporate Dividend tax	(677.03)	(677.03)
<b>Net Cash used in Financing Activities</b>	<b>2971.34</b>	<b>16988.29</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>759.29</b>	<b>242.15</b>
Cash and Cash equivalents at the beginning of the year	754.50	512.35
<b>Cash and Cash equivalents at the ending of the year (Refer Note 2.8)</b>	<b>1513.79</b>	<b>754.50</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

Sd/-

**K.SREENIVASAN**

Partner

M.No.206421

Place : Hyderabad

Date : 13<sup>th</sup> May, 2019

Sd/-

**V.Lakshmi Narayana**

Chief Financial Officer

Sd/-

**Sridevi Dasari**

Company Secretary

Sd/-

**K. Chandrahas**

Director

Sd/-

**Challa Rajendra Prasad**

Executive Chairman

Sd/-

**Challa Srishant**

Managing Director

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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.

#### 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 judgments

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.,

### **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.

Effective April 1, 2018, the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

## **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 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 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 items produced while bringing the asset to that location and condition (such as samples produced when testing equipment).

The proceeds from trial run production from the SEZ Unit (new plant) located at Sullurpet is a directly attributable cost and net proceeds have been deducted from the Preoperative expenses which are to be capitalised to eligible PPE.

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 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 to 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).

##### 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 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 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.

#### **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 are 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 licence**

The Company earns revenue from Sale of goods and sale of Trade licences.

**Sale of goods:**

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has adopted Ind AS 115 using the cumulative catchup method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018).

The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated i.e. the comparative information continues to be reported under Ind AS 18. The impact of adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognized when the company satisfies a performance obligation by 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 licence:***

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 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.

**1.18 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.

#### **1.19 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.

#### **1.20 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.

#### **1.21 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.

#### **1.22 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.

**1.23 Recent Accounting Pronouncements.**

**Ind AS 116 Leases :**

**Ind AS 116, Leases:** The Ministry of Corporate Affairs has notified the Ind AS 116, Leases which will be effective from April 1, 2019. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Company is currently evaluating the effect of Ind AS 116 on the financial statements

**Amendment to Ind AS 12 'Income Taxes':** On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. 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. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

**Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:** On March 30, 2019, 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 for annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

**Amendment to Ind AS 19 ‘Employee Benefits’:** On March 30, 2019, 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 will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

**2.1: Property, plant and equipment**

(₹.in Lakhs)

Particulars	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	2544.31
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 Expenses	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	64.83
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	25.18
<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>21160.22</b>

Particulars	Gross carrying value			Accumulated depreciation / impairment			Net carrying value			
	As at 1 <sup>st</sup> April 2017	Additions	Disposals	As at 31 <sup>st</sup> March 2018	As at 1 <sup>st</sup> April 2017	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Land	2522.71	-	-	2522.71	-	-	-	-	-	2522.71
Buildings	2745.17	-	-	2745.17	100.42	100.44	-	-	200.86	2644.75
Plant and equipment	16713.36	564.19	-	17277.55	874.00	901.28	-	-	1775.28	15839.36
Lab Equipment	3.36	6.03	-	9.39	0.02	0.12	-	-	0.14	3.34
Material Handling Equipment	40.31	1.82	-	42.13	4.30	5.10	-	-	9.40	36.01
Fire fighting Expenses	0.82	-	-	0.82	0.06	-	-	-	0.06	0.76
Vehicles	377.48	100.24	-	477.72	48.59	65.28	-	-	113.87	328.89
Computers	59.91	38.07	-	97.98	13.14	20.01	-	-	33.15	46.77
Office Equipment	66.43	67.12	-	133.55	17.67	22.78	-	-	40.45	48.76
Furniture & Fixtures	12.79	17.47	-	30.26	1.78	2.07	-	-	3.85	26.41
<b>Total</b>	<b>22542.34</b>	<b>794.94</b>	<b>-</b>	<b>23337.28</b>	<b>1059.98</b>	<b>1117.08</b>	<b>-</b>	<b>-</b>	<b>2177.06</b>	<b>21160.22</b>

a. All fixed assets including Factory land and buildings located at Duggirala, Guntur district and proposed new manufacturing unit located at kuvvakoili village, chittoor district, have been given as a security for availing Credit facilities from banks.

**2.2: Other Intangible assets**

(₹.in Lakhs)

Particulars	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	-	-	12.71	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>12.71</b>	<b>3.11</b>

Particulars	Gross carrying value			Accumulated depreciation / impairment				Net carrying value		
	As at 1 <sup>st</sup> April 2017	Additions	Disposals	As at 31 <sup>st</sup> March 2018	As at 1 <sup>st</sup> April 2017	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Computer Software	13.53	-	-	13.53	5.21	5.21	-	-	10.42	8.32
<b>Total</b>	<b>13.53</b>	<b>-</b>	<b>-</b>	<b>13.53</b>	<b>5.21</b>	<b>5.21</b>	<b>-</b>	<b>-</b>	<b>10.42</b>	<b>8.32</b>

**2.3 Investments**

(₹.in Lakhs)

	2019		2018	
	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 S\$ 1/- each)	-	11125.57	-	11125.57
Ngon Coffee Company limited (344564633286 Equity Shares Face Value of VND 1/- each)	-	3877.18	-	3814.93
Continental Coffee SA (earlier known as Grandsaugreen SA) (11100000 Equity Shares Face Value of CHF 1/- each)	-	6.92	-	-
Continental Coffee Private Limited (70,00,000 Equity Shares Face Value of Rs.10/- each)	-	700.00	-	700.00
<b>Aggregate amount of unquoted Investments</b>	-	<b>15709.67</b>	-	<b>15640.50</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 Rs.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>15857.69</b>	-	<b>15788.51</b>

**2.4 Other Financial Assets**

	2019		2018	
	Current	Non Current	Current	Non Current
Rental Deposits	-	27.89	-	27.17
Electricity and Other Security Deposits	-	313.86	-	301.69
Other Receivables	580.32	-	-	-
Tender Deposit	8.27	-	8.27	-
	<b>588.60</b>	<b>341.75</b>	<b>8.27</b>	<b>328.86</b>

**2.5 Other Non Current Assets and Current Assets**

(₹.in Lakhs)

	2019		2018	
	Current	Non Current	Current	Non Current
Advance Tax (Net of Provision for tax)	294.66	967.01	155.77	798.64
Deposits with Statutory authorities	-	2883.28	-	2883.28
Advances to Employees	35.58	-	60.54	-
Prepaid Expenses	67.10	-	74.92	-
Input tax and other taxes receivables	1762.13	-	1431.89	-
Advance to Creditors	236.28	-	60.82	-
Advances for Capital goods/services	437.82	-	6285.08	-
Other receivables	45.38	-	-	-
	<b>2878.94</b>	<b>3850.30</b>	<b>8069.02</b>	<b>3681.92</b>

**2.6 Inventories**

	2019 Current	2018 Current
Raw materials	9236.78	9120.74
Raw materials in Transit	-	581.77
Work-in-progress	151.30	139.53
Finished goods	3036.22	3050.73
Stores, spares and consumables	893.04	826.41
Packing materials	1201.96	778.47
	<b>14519.30</b>	<b>14497.65</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**

	2019 Current	2018 Current
<b>Trade Receivables</b>		
Unsecured, considered good	14930.89	12676.76
Less: Allowances for credit losses	40.13	21.95
Less: Bad debts Written off	-	156.75
	<b>14890.76</b>	<b>12498.06</b>

Trade Receivables hypothecated as security for availing working capital facilities

**2.8 Cash and Cash Equivalents**

(₹.in Lakhs)

	<b>2019</b>	<b>2018</b>
<b>a) Cash and Cash equivalents</b>		
i) Cash on hand	1.00	2.87
ii) Balances with banks - Current Accounts	1294.44	429.74
<b>b) Other Bank Balances (with restricted use)</b>		
(i) Margin Money Deposit Accounts (against Bank Guarantees)	182.16	282.16
(ii) Unclaimed Dividend Account	56.39	48.47
(iii) Dividend Account	2327.99	-
Interest accrued but not due on deposits	36.19	39.73
	<b>3898.17</b>	<b>802.97</b>

**Cash and Cash Equivalents include the following for Cash flow purpose**

	<b>2019</b>	<b>2018</b>
Cash and Cash Equivalents/ Bank Balances	3898.17	802.97
Less: Unclaim dividend	56.39	48.47
Less: Dividend account	2327.99	-
<b>Cash and Cash Equivalents/ Bank Balances</b>	<b>1513.79</b>	<b>754.50</b>



(₹.in Lakhs)		
<b>2.9 Share Capital</b>	<b>2019</b>	<b>2018</b>
<b>Authorized Share Capital</b> 150,000,000 Equity Shares of Rs.2 each (Previous year :150,000,000 Equity Shares of Rs.2 each)	3000.00	3000.00
<b>Issued Subscribed and Paid up Share Capital</b> 133,027,920 Equity Shares of Rs.2 each, fully paid up (Previous year :133,027,920 Equity Shares of Rs.2 each, fully paid up)	2660.56	2660.56
	<b>2660.56</b>	<b>2660.56</b>

Details of shareholders holding more than 5% shares :	No. of shares	% Holding	No. of shares	% Holding
1. Challa Rajendra Prasad	13065400	9.82%	12865400	9.67%
2. Challa Shantha Prasad	18270000	13.73%	18250000	13.72%
3. Challa Srishant	13175300	9.90%	13155300	9.89%
4. Challa Soumya	13722000	10.32%	13614000	10.23%
5. Smallcap World Fund Inc	10642173	8.00%	10642173	8.00%

**2.9.1 Reconciliation of Number of Shares :**

	<b>2019</b>	<b>2018</b>
Number of Shares at the beginning of the year Add : Shares issued during the year	133027920	133027920
<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)

	2019	2018
<b>Retained Earnings</b>		
Opening Balance	28064.12	22290.67
Add: Current year Transfer	12542.90	9776.18
Less: Dividend Paid (Including Dividend distribution Tax)	(6737.46)	(4002.73)
<b>Total</b>	<b>33869.56</b>	<b>28064.12</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	(79.62)	(16.81)
Add: Current year Transfer	(55.19)	(62.81)
Less: Written Back in Current year	-	-
<b>Total</b>	<b>(134.81)</b>	<b>(79.62)</b>
<b>Measurement of Derivative instrument at fair value (OCI)</b>		
Opening Balance	-	-
Add: Current year Transfer	(311.53)	-
<b>Total</b>	<b>(311.53)</b>	<b>-</b>
<b>Total Other Equity</b>	<b>62243.91</b>	<b>56805.20</b>

**2.11 Borrowings**

	2019		2018	
	Current	Non Current	Current	Non Current
<b>Secured Borrowings:</b>				
<b>Term loans from Banks</b>				
Yes bank term loan	-	-	-	1493.55
Yes bank buyers credit for capital goods	-	-	-	420.34
HDFC Bank	-	4133.33	-	-
Citi bank External commercial borrowings	-	15131.22	-	16261.02
Working Capital Facilities (packing credit)	16845.60	-	12661.46	-
	<b>16845.60</b>	<b>19264.56</b>	<b>12661.46</b>	<b>18174.91</b>

Term loan from HDFC bank of ₹ 50 Crs carrying floating interest rate of 8.55% repayable in twelve equal quarterly installments at the end of each quarter commencing from 29th June, 2019 . And term loan from HDFC bank of ₹ 10 Crs carrying floating interest rate of 8.55% repayable in ten equal quarterly

installments at the end of each quarter commencing from 29th December, 2019 after initial moratorium period of six months from the date of disbursement.

Term loan 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 including the land, building located at Duggirala, Guntur district and proposed new manufacturing unit located at kuvvakoli village, chittoor district. 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. The coupon rate is linked to LIBOR/Marginal Cost Fund based lending rates (MCLR) as applicable.

(₹.in Lakhs)

### 2.12 Deferred Tax Liabilities

	2019	2018
Opening Balance	3921.25	3824.13
Add : On account of IND AS Adjustment	69.26	-
Add : On account of depreciation	-	93.13
Add : On account of deferment of Processing Charges	(3.99)	3.99
<b>Closing Balance</b>	<b>3986.52</b>	<b>3921.25</b>

### 2.13 Other Non Current Liabilities & Current liabilities

Particulars	2019		2018	
	Current	Non Current	Current	Non Current
Salaries and employee benefits	263.10	-	215.22	-
Withholding and other taxes payable	40.92	-	38.63	-
Advance from customers	59.28	-	70.26	-
Others	1366.11	-	1664.19	-
	<b>1729.41</b>	<b>-</b>	<b>1988.30</b>	<b>-</b>

### 2.14 Trade Payables

	2019 Current	2018 Current
Due to Micro & Small Enterprises		
<b>Dues to others</b>		
For Raw material	4322.33	117.58
For Packing material	677.66	221.93
For Stores and Consumables	133.07	187.12
For Services	297.79	269.10
	<b>5430.85</b>	<b>795.73</b>

**2.15 Other financial liabilities**

(₹.in Lakhs)

	2019		2018	
	Current	Non Current	Current	Non Current
Creditors For Capital goods	1876.62	-	1028.20	-
Unpaid dividends	56.39	-	48.47	-
Dividend Payable	2327.99	-	-	-
Interest accrued but not due on borrowings	143.08	-	97.45	-
Current Maturities of Long Term Borrowings	4028.27	-	-	-
Derivative Financial Liability	-	311.53	-	-
Other Payables	376.31	-	-	-
	<b>8808.66</b>	<b>311.53</b>	<b>1174.12</b>	<b>-</b>

**2.16 Provisions**

	2019	2018
Leave Encashment	-	-
Provision for tax	-	-
	-	-

**2.17 Revenue from operations**

	2019	2018
Revenue from :		
Sale of Products - Coffee	75771.45	78708.33
Trade Licences	5141.84	3735.01
Service Tax Refund	-	22.42
<b>Revenue from operations</b>	<b>80913.29</b>	<b>82465.76</b>

**2.18 Other income**

	2019	2018
Interest on Deposits	78.35	111.01
Dividend Income on long-term investments	9.13	6.88
Dividend Income from Ngon Coffee Company Ltd	2930.43	-
Profit on sale of assets	0.06	-
Miscellaneous Income	-	284.02
	<b>3017.96</b>	<b>401.91</b>

**2.19 Cost of materials consumed**

	2019	2018
Raw Material		
Purchases	46062.78	49708.71
Add: Opening Stock	9120.74	10814.51
	55183.52	60523.22
Less: Closing Stock	9236.78	9120.74
	<b>45946.74</b>	<b>51402.48</b>

**2.20 Changes in inventories**

(₹.in Lakhs)

	<b>2019</b>	<b>2018</b>
<b>Work-in-progress</b>		
Opening	139.53	100.27
Closing	151.30	139.53
	(11.76)	(39.26)
<b>Finished goods</b>		
Opening	3050.73	1412.52
Closing	3036.22	3050.73
	14.50	(1638.21)
	<b>2.74</b>	<b>(1677.47)</b>

**2.21 Employee benefits expense**

	<b>2019</b>	<b>2018</b>
Salaries, Wages and Bonus	2201.37	1909.29
Directors' Remuneration	1486.11	1470.00
Contribution to provident and other funds	320.03	250.90
Staff welfare	130.02	95.35
	<b>4137.55</b>	<b>3725.54</b>

**2.22 Finance costs**

	<b>2019</b>	<b>2018</b>
Interest Expense	579.92	373.52
Other borrowing costs	231.62	246.19
	<b>811.54</b>	<b>619.71</b>

**2.23 Other expenses**

	<b>2019</b>	<b>2018</b>
Packing material consumed	4506.19	3716.23
Stores and Consumable consumed	480.51	476.89
Power and fuel	3461.58	3216.98
Repairs and Maintenance to Buildings	17.23	31.27
Repairs and Maintenance to Machinery	607.21	911.66
Repairs and Maintenance to Other assets	42.27	33.94
Transportation, Ocean Freight, Clearing and Forwarding	1453.59	1477.59
Insurance	80.78	70.51
Rent	62.18	51.79
Rates and Taxes	118.24	157.70
Directors' Sitting Fee	19.35	15.70
Non-whole time Directors' Commission	63.00	70.00
Selling Expenses	1317.83	596.14
Commission on Sales	287.72	338.44
Travelling and Conveyance	138.86	124.23
Communication Expenses	61.21	54.60
Printing and Stationery	8.47	11.05

(₹.in Lakhs)

Office Maintenance	212.02	234.77
Donations	53.61	27.10
Corporate Social Responsibility (CSR) Expenditure	298.60	282.82
Professional Fees & Expenses	146.19	126.13
Subscription and Membership fee	3.59	5.88
Auditor's Remuneration	15.50	15.05
Foreign Exchange Loss (Net)	479.23	229.40
Miscellaneous expenses	0.30	0.14
Allowance for credit losses	18.18	(17.34)
Loss on sale of Investments	-	0.94
Excise duty	-	133.37
Bad debts written off	-	156.75
	<b>13953.43</b>	<b>12549.72</b>

**2.24 Auditors Remuneration**

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
a) Audit fees	9.50	9.50
b) Other charges		
Taxation matters	2.50	2.50
Certification fee	2.60	2.40
c) Reimbursement of out of pocket expenses	0.90	0.65
<b>TOTAL</b>	<b>15.50</b>	<b>15.05</b>

**2.25 Earnings per Share**

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
Earnings		
Profit attributable to equity holders	<b>12542.90</b>	<b>9776.18</b>
Shares		
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 ( ₹)	9.43	7.35
Earnings per share of par value ₹ 2/- – Diluted ( ₹)	9.43	7.35

**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

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 Management Personnel. List of Key Management Personnel of the Company are given below:

- Mr. Challa Rajendra Prasad, Whole Time Director
- Mr. Challa Srishant, Managing Director
- Mr. B. Mohan Krishna, Director Operations
- Mr. K.V.L.N.Sarma, Chief Operating Officer
- Mr. V. Lakshmi Narayana, Chief Financial Officer
- Mrs. Sridevi Dasari, Company Secretary

The following is a summary of significant related party transactions:

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>a) Key managerial personnel</b>		
<b><i>Remuneration &amp; Commission</i></b>		
Mr. Challa Rajendra Prasad	743.06	735.00
Mr. Challa Srishant	445.83	440.00
Mr. B.Mohan Krishna	297.22	295.00
Mr. K.V.L.N.Sarma	84.23	76.94
Mr. V. Lakshmi Narayana	55.29	-
Mrs. Sridevi Dasari	16.73	14.23
<b><i>Rent</i></b>		
Mr.Challa Srishant	22.30	26.50
<b>b) Non-whole time Directors</b>		
<b><i>Sitting Fee</i></b>		
Mr. I.J.Rao	-	0.90
Mr. Vipin K.Singal	2.15	2.05
Mr. K.Chandrasahas	2.40	2.05
Mr. J.Rambabu	2.40	2.05
Mr. K.K.Sarma	2.25	2.05
Mr. G.V.Krishna Rau	2.40	2.05
Mrs. Kulsoom Noor Saifullah	2.00	1.90
Mrs. Challa Shantha Prasad	1.45	1.10
Mr. K Durga Prasad	2.30	-
Mr. L.Krishnanand	2.00	1.55

<b>Commission</b>		
Mr. I.J.Rao	-	7.00
Mr. Vipin K.Singal	7.00	7.00
Mr. K.Chandrabhas	7.00	7.00
Mr. J.Rambabu	7.00	7.00
Mr. K.K.Sarma	7.00	7.00
Mr. G.V.Krishna Rau	7.00	7.00
Mrs. Kulsoom Noor Saifullah	7.00	7.00
Mrs. Challa Shantha Prasad	7.00	7.00
Mr. K Durga Prasad	7.00	7.00
Mr. L.Krishnanand	7.00	7.00
<b>Rent</b>		
Mrs.Challa Shantha Prasad	21.46	19.36
<b>c) Relatives of Key Managerial Personnel</b>		
<b>Rent</b>		
Mrs. Challa Soumya	7.04	4.94
<b>TOTAL</b>	<b>1775.51</b>	<b>1697.67</b>

**Transactions with Subsidiaries:**

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>Continental Coffee SA, Switzerland</b>		
Sale of Instant Coffee	4119.15	6674.34
Trade Receivable	2988.59	204.46
<b>Continental Coffee Private Limited, India</b>		
Sale of Instant Coffee	3523.66	1770.86
Trade Receivable	1521.70	1306.74
Equity Investment	-	400.00
<b>TOTAL</b>	<b>12153.10</b>	<b>10356.41</b>

**2.27 Earnings/expenditure in foreign currency:**
**Expenditure in Foreign currency:**

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Travel Expenses	17.22	13.52
Professional Fees	22.84	15.16
Purchase of Raw Materials	37276.60	42189.31
Purchase of Stores & Spares	100.74	231.84
Other expenses	14.29	17.81
<b>Total</b>	<b>37431.69</b>	<b>42467.64</b>



**Earnings in Foreign currency:**

Particulars	For the year ended 31 <sup>st</sup> March 2019	
	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
FOB Value of Exports	68973.60	73795.59
Dividend	2939.55	6.88
<b>Total</b>	<b>71913.15</b>	<b>73802.47</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 31st March 2019 and 2018 consist of the following:

Particulars	For the Years ended 31 <sup>st</sup> March	
	2019	2018
Current service cost	32.71	25.54
Interest on net defined benefit liability/(asset)	27.00	16.77
<b>Gratuity cost recognized in statement of profit and loss</b>	<b>59.71</b>	<b>42.31</b>

Details of the employee benefits obligations and plan assets are provided below:

Particulars	As of 31 <sup>st</sup> March	
	2019	2018
Present value of funded obligations	472.55	343.90
Fair value of plan assets	576.12	399.89
<b>Net defined benefit liability / (asset) recognized</b>	<b>(103.57)</b>	<b>(55.99)</b>

Details of changes in the present value of defined benefit obligations are as follows:

Particulars	As of 31 <sup>st</sup> March	
	2019	2018
Defined benefit obligations at the beginning of the year	343.90	213.82
Current service cost	32.71	25.55
Interest on defined obligations	27.00	16.77
Re-measurements due to:		
<i>Actuarial loss/(gain) due to change in financial assumptions</i>	81.77	96.26
<i>Actuarial loss/(gain) due to demographic assumptions</i>		
<i>Actuarial loss/(gain) due to experience changes</i>		
Benefits paid	(12.82)	(8.50)
<b>Defined benefit obligations at the end of the year</b>	<b>472.56</b>	<b>343.90</b>

Particulars	As of 31 <sup>st</sup> March	
	2019	2018
Fair value of plan assets at the beginning of the year	399.89	268.58
Employer contributions	156.05	118.47
Actuarial loss/(gain) on plan assets	(3.06)	0.20
Re-measurements due to:		
<i>Return on plan assets excluding interest on plan assets</i>	36.07	21.15
Benefits paid	(12.82)	(8.50)
<b>Plan assets at the end of the year</b>	<b>576.13</b>	<b>399.89</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 <sup>st</sup> March	
	2019	2018
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 ₹ 151.55 Lakhs and ₹124.85 Lakhs to the provident fund plan during the years ended 31st March 2019 and 2018, 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 ₹ 264.85 Lakhs and ₹ 222.12 Lakhs to the superannuation Schemes during the years ended 31st March 2019 and 2018, respectively.

**2.30 Income Taxes:**
**a) 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:

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2019	2018
<i>Current taxes expense</i>		
Domestic	5249.66	5252.10
<i>Deferred taxes expense/(benefit)</i>		
Domestic	65.27	97.12
<b>Total income tax expense/(benefit) recognized in the statement of profit and loss</b>	<b>5314.93</b>	<b>5349.22</b>

**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	
	2019	2018
Tax effect on actuarial gains/losses on defined benefit obligations	29.65	33.24
<b>Total income tax expense/(benefit) recognized in the equity</b>	<b>29.65</b>	<b>33.24</b>

**c) Reconciliation of Effective tax rate**

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2019	2018
<b>Profit before income taxes</b>	<b>17857.83</b>	<b>15125.39</b>
Enacted tax rate in India	34.94%	34.61%
<b>Computed expected tax benefit/(expense)</b>	<b>6240.24</b>	<b>5234.59</b>
<b>Effect of:</b>		
Expenses not deductible for Tax purposes	1773.83	531.41
Expenses deductible for Tax purposes	(1984.80)	(571.39)
Taxable at Special Rates	2939.55	1.19
Others	-	23.04
<b>Income tax benefit/(expense)</b>	<b>5626.76</b>	<b>5218.84</b>
<b>Effective tax rate</b>	<b>31.51%</b>	<b>34.50%</b>

The Company's average effective tax rate for the years ended March 31, 2019 and 2018 were 31.51% and 34.50%, respectively.

**d) 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	
	2019	2018
<b><i>Deferred tax assets/(liabilities):</i></b>		
<b>Property, plant and equipment</b>	<b>(3990.51)</b>	<b>(3917.26)</b>
Others	3.99	(3.99)
<b>Net deferred tax assets/(liabilities)</b>	<b>(3986.52)</b>	<b>(3921.25)</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 March 2019. Of the total trade and other receivables, impairment loss is provided for Rs. 40.13 as at 31 March 2019 and Rs.21.95 at 31st March 2018.

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:

Particulars	As of 31 <sup>st</sup> March	
	2019	2018
<b>Period (in days)</b>		
1 – 90	12591.76	11091.61
90 – 180	2226.04	1347.00
More than 180	113.10	81.40
<b>Total</b>	<b>14930.90</b>	<b>12,520.01</b>

Other than trade receivables, the Company has no significant class of financial assets that are past due or impaired as at 31st March, 2019.

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 March 2019 and 31 March 2018 are as follows:

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2019	2018
<b>Balance at the beginning of the year</b>	<b>21.95</b>	<b>39.29</b>
Impairment of Trade receivables	18.18	(17.34)
<b>Balance at the end of the year</b>	<b>40.13</b>	<b>21.95</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 March 2019 and 2018, the Company has utilized working capital credit limits from banks for ₹168.45 Cr. and ₹126.61 Cr. respectively.

As of 31<sup>st</sup> March 2019, the Company had working capital (current assets less current liabilities) of ₹3961.25 Lakhs including cash and cash equivalents of Rs 3898.17 Lakhs. As of 31<sup>st</sup> March 2018, the Company had working capital (current assets less current liabilities) of ₹ 19256.37 Lakhs including cash and cash equivalents of ₹ 802.97 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31<sup>st</sup> March 2019:

Particulars	2020	2021	2022	Thereafter	Total
Trade payables	5430.85	-	-	-	5430.85
Long term borrowings	6389.87	6389.87	4323.21	2161.60	19264.56
Bank overdraft, short-term loans and borrowings*	16845.60	-	-	-	16845.60
Other liabilities*	8521.61	-	-	-	8521.61

\*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	2019	2018
Total Debt	56377.13	38715.77
Total Equity	64904.47	59465.76
<b>Debt Equity Ratio</b>	<b>0.87:1</b>	<b>0.65:1</b>

**2.33 Contingent Liabilities and Commitments:**

The following are the details of contingent liabilities and commitments:

Particulars	2019	2018
a) Claims against the company/disputed liabilities not acknowledged as debts		
Income Tax*	2883.28	2883.28
Service Tax	552.98	-
b) Guarantees		
Bank Guarantee	** 2786.28	1522.91
	<b>6222.54</b>	<b>4406.19</b>
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	1487.72	4936.29
	<b>1487.72</b>	<b>4936.29</b>

\* Tax deposited under protest ₹ 2883.28 Lakhs

\*\* Including Corporate guarantee value of ₹ 1500.00 lakhs

As per our report of even date

**For RAMANATHAM & RAO**

Chartered Accountants

Sd/-

**K.SREENIVASAN**

Partner

M.No.206421

Place : Hyderabad

Date : 13<sup>th</sup> May, 2019

**By order of the Board**

Sd/-

**Challa Rajendra Prasad**

Executive Chairman

Sd/-

**V.Lakshmi Narayana**

Chief Financial Officer

Sd/-

**Sridevi Dasari**

Company Secretary

Sd/-

**K. Chandrahas**

Director

Sd/-

**Challa Srishant**

Managing Director

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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 and Continental Coffee Private Limited, Hyderabad (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, 2019, 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, 2019, 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 thereunder, 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.

**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. Revenue recognition</b></p> <p>As described in Note 1.17 to the standalone financial statements, the Company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>The Group adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>Our audit procedures on adoption of Ind AS 115, Revenue from contracts with Customers ('Ind AS 115'), which is the new accounting standard, include</p> <ul style="list-style-type: none"> <li>• Evaluated the design and implementation of the processes and internal controls relating to implementation of the new accounting standard;</li> <li>• Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams;</li> <li>• Evaluated the changes made to IT systems to reflect the changes required in revenue recognition as per the new accounting standard;</li> <li>• Evaluated the cumulative effect adjustments as at 1st April, 2018 for compliance with the new accounting standard; and</li> <li>• Evaluated the appropriateness of the disclosures provided under the new accounting standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</li> </ul>
<p><b>2. 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. 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 upto the year ended March 31, 2019 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 1st April 2018 to evaluate whether any change was required to management's position on these uncertainties.</p>

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**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.

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**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.
- 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.

### **Other Matters**

We did not audit the financial information of 4 subsidiaries whose financial statements reflect total assets of Rs. 41,369.50 lakhs as at 31st March, 2019, total revenues of Rs. 34,871.20 Lakhs and total net profit after tax amounting to Rs. 6,052.84 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 respective 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 31st March, 2019 taken on record by the Board of Directors of the parent, none of the directors of the parent is disqualified as on 31st March, 2019 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

Place: Hyderabad  
Date: 13<sup>th</sup> May, 2019

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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, 2019 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 31st March, 2019 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

Place: Hyderabad  
Date: 13<sup>th</sup> May, 2019

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2019**

(₹ in Lakhs)

PARTICULARS	Note	2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property plant and Equipment	2.1	38298.48	37108.78
Capital Work Inprogress		42412.52	22638.66
Intangible assets	2.2	1.50	3.79
<b>Financial assets</b>			
Investments	2.3	148.01	148.01
Other financial assets	2.4	354.98	328.86
Other non current assets	2.5	3850.30	3688.04
		<b>85065.78</b>	<b>63916.14</b>
<b>Current assets</b>			
Inventories	2.6	20194.83	18315.64
<b>Financial assets</b>			
Trade receivables	2.7	23518.39	18203.21
Cash and cash equivalent	2.8	9651.20	4420.65
Other financial assets	2.4	651.83	8.27
Other current assets	2.5	3080.00	8490.99
		<b>57096.25</b>	<b>49438.76</b>
<b>TOTAL ASSETS</b>		<b>142162.03</b>	<b>113354.90</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2.9	2660.56	2660.56
Other Equity	2.10	81230.96	71333.00
		<b>83891.52</b>	<b>73993.56</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.11	19264.56	18174.91
Other current liabilities	2.15	311.53	-
Deferred tax liabilities (net)	2.12	3961.34	3915.48
Provisions	2.16	15.83	-
		<b>23553.25</b>	<b>22090.39</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.11	18345.60	12661.46
<b>Trade payables</b>			
(a) Total outstanding dues of micro and small enterprises		-	-
(b) Total outstanding dues of creditors other than micro and small enterprises	2.14	5705.97	1033.13
Other financial liabilities	2.15	8864.35	1436.10
Provisions	2.16	0.69	-
Other current liabilities	2.13	1800.66	2140.26
		<b>34717.26</b>	<b>17270.95</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>142162.03</b>	<b>113354.90</b>

The accompanying Significant accounting policies and notes form an integral part of the Consolidated financial statements.

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

**K.SREENIVASAN**

Partner

M.No.206421

Place : Hyderabad

 Date : 13<sup>th</sup> May, 2019

Sd/-

**V.Lakshmi Narayana**

Chief Financial Officer

Sd/-

**Sridevi Dasari**

Company Secretary

Sd/-

**K.Chandrasahas**

Director

Sd/-

**Challa Rajendra Prasad**

Executive Chairman

Sd/-

**Challa Srishant**

Managing Director



**CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(₹ in Lakhs)

PARTICULARS	Note No.	2019	2018
<b>Income</b>			
Revenue from operations	2.17	108141.67	113800.05
Other income	2.18	333.80	484.86
<b>Total Revenue</b>		<b>108475.47</b>	<b>114284.91</b>
<b>Expenses</b>			
Cost of materials consumed	2.19	60170.03	71950.78
Changes in inventories	2.20	(440.69)	(2893.55)
Employee benefits expense	2.21	5894.69	4749.31
Finance costs	2.22	845.80	782.79
Depreciation and amortization expense	2.1 & 2.2	3172.04	3408.51
Other expenses	2.23	17969.24	16104.42
<b>Total Expenses</b>		<b>87611.12</b>	<b>94102.26</b>
<b>Profit before tax</b>		<b>20864.35</b>	<b>20182.65</b>
<b>Tax expense</b>			
(1) Current tax		5329.28	5277.78
(2) Deferred tax		45.86	91.73
<b>Profit for the year</b>		<b>15489.21</b>	<b>14813.14</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss		(84.84)	(96.06)
Tax on items that will not be reclassified to profit or loss		29.65	33.24
		<b>(55.19)</b>	<b>(62.81)</b>
<b>Items that will be reclassified to profit or loss:</b>			
Tax on items that may be reclassified to profit or loss		1201.40	415.56
Items that may be reclassified subsequently to profit or loss		-	-
		<b>1201.40</b>	<b>415.56</b>
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>1146.20</b>	<b>352.75</b>
<b>Total comprehensive income for the year</b>		<b>16635.42</b>	<b>15165.88</b>
<b>Earnings per share:</b>			
Basic earnings per share of Rs.2/-each		11.64	11.14
Diluted earnings per share of Rs.2/- each		11.64	11.14

The accompanying Significant accounting policies and notes form an integral part of the Consolidated financial statements.

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

**K.SREENIVASAN**  
 Partner

 M.No.206421  
 Place : Hyderabad  
 Date : 13<sup>th</sup> May, 2019

 Sd/-  
**V.Lakshmi Narayana**  
 Chief Financial Officer

 Sd/-  
**Sridevi Dasari**  
 Company Secretary

 Sd/-  
**K.Chandrasahas**  
 Director

**By order of the Board**

 Sd/-  
**Challa Rajendra Prasad**  
 Executive Chairman

 Sd/-  
**Challa Srishant**  
 Managing Director

**Statement of changes in equity**

**Statement of changes in equity for the period ended 31.03.2019**

<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>
133,027,920 Equity Shares of Rs.2 each, fully paid up	26,60,56,000	-	26,60,56,000
	<b>26,60,56,000</b>	<b>-</b>	<b>26,60,56,000</b>

<b>Equity share capital</b>	<b>Opening balance as at 1 Apr 2017</b>	<b>Changes in equity share capital during the year</b>	<b>Closing balance as at 31 Mar 2018</b>
133,027,920 Equity Shares of Rs.2 each, fully paid up	26,60,56,000	-	26,60,56,000
	<b>26,60,56,000</b>	<b>-</b>	<b>26,60,56,000</b>

(₹.in Lakhs)

	Retained Earnings	General Reserve	Foreign Currency Translation Reserve	Capital Reserve	Actuarial Gains or Losses	Derivative at Fair Value	Total Equity
Balance as at 1/4/2018	40872.41	28820.70	1719.51	-	(79.62)	-	71333.00
Profit for the year	15489.21	-	0.00	-	-	-	15489.21
Additions during the year	-	-	1,512.93	-	-	-	1512.93
Dividend paid	(6737.46)	-	-	-	-	-	(6737.46)
Amount transfer to general reserve	-	-	-	-	-	-	-
Net change in fair value of FVTPL investments and others	-	-	-	-	-	-	-
Measurement of derivatives at fair value	-	-	-	-	-	(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>-</b>	<b>(134.81)</b>	<b>(311.53)</b>	<b>81230.96</b>

	Retained Earnings	General Reserve	Foreign Currency Translation Reserve	Capital Reserve	Actuarial Gains or Losses	Derivative at Fair Value	Total Equity
Balance as at 1/4/2017	30062.00	28820.70	1303.95	-	(16.81)	-	60,169.84
Profit for the year	14813.14	-	-	-	-	-	14,813.14
Additions during the year	-	-	415.56	-	-	-	415.56
Dividend paid	(4002.73)	-	-	-	-	-	(4,002.73)
Amount transfer to general reserve	-	-	-	-	-	-	-
Net change in fair value of FVTPL - investments and others-	-	-	-	-	-	-	-
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit	-	-	-	-	(62.81)	-	(62.81)
<b>Balance as at 31/03/2018</b>	<b>40872.41</b>	<b>28820.70</b>	<b>1719.51</b>	<b>-</b>	<b>(79.62)</b>	<b>-</b>	<b>71333.00</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**

(₹ in Lakhs)

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Net profit before tax	20864.35	20182.65
Adjustments for :		
Depreciation and amortization expense	3172.04	3408.51
Provision for doubtful debts/advances/ impairment	-	(26.08)
Bad debts written off	-	156.75
Dividend Income	(9.13)	(6.88)
(Gain)/ Loss on Investments carried at fair value through profit & loss	-	0.94
Foreign currency Translation	1512.93	(120.14)
Other Comprehensive Income	(84.84)	(96.06)
<b>Operating profit before working capital changes</b>	<b>25455.36</b>	<b>23499.69</b>
<b>Movements in Working Capital</b>		
(Increase)/Decrease in Trade Receivables	(5315.18)	(2059.79)
(Increase)/Decrease in Other financial assets	(669.68)	(69.53)
(Increase)/Decrease in Inventories	(1879.19)	(39.24)
(Increase)/Decrease in Other Current Assets	(390.41)	(1157.59)
(Increase)/Decrease in Other non current assets	(162.26)	325.19
Increase/(Decrease) in Trade Payables	4672.84	(190.52)
Increase/(Decrease) in Other financial liabilities	474.88	37.89
Increase/(Decrease) in Other Current liabilities	(339.61)	159.53
Increase/(Decrease) in Provisions	16.52	(16.76)
Changes in Working Capital	(3592.08)	(3329.88)
<b>Cash generated from operations</b>	<b>21863.28</b>	<b>20169.81</b>
Direct Taxes Paid	(5706.38)	(5655.00)
<b>Net Cash from operating activities</b>	<b>16156.90</b>	<b>14514.81</b>
<b>Cash flows from Investing Activities</b>		
Dividends Received	9.13	6.88
Purchase of Fixed Assets (Including CWIP)	(24133.31)	(23279.89)
Sale of Fixed Assets	-	-
Advance for Fixed Assets	5801.39	(2403.04)
Creditors for capital goods	848.42	1002.48
Purchase/Sale of Investment	-	2.11
<b>Net Cash used in Investing Activities</b>	<b>(17474.37)</b>	<b>(24671.46)</b>
<b>Cash flows from/(used in) Financing Activities</b>		
Repayment from Long term borrowings	(259.24)	(4094.83)
Proceeds from Long term borrowings	5117.92	18174.91
Proceeds from/(Repayment of) Short-term borrowings	5684.14	2816.11
Dividend paid	(5653.69)	(3325.70)
Corporate Dividend tax	(677.03)	(677.03)
<b>Net Cash used in Financing Activities</b>	<b>4212.10</b>	<b>12893.46</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>2894.63</b>	<b>2736.81</b>
Cash and Cash equivalents at the beginning of the year	4372.18	1635.37
<b>Cash and Cash equivalents at the ending of the year (Refer Note 2.8)</b>	<b>7266.82</b>	<b>4372.18</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

Sd/-

**K.SREENIVASAN**

Partner

M.No.206421

Place : Hyderabad

Date : 13<sup>st</sup> May, 2019

Sd/-

**V.Lakshmi Narayana**

Chief Financial Officer

Sd/-

**Sridevi Dasari**

Company Secretary

Sd/-

**K.Chandras**

Director

Sd/-

**Challa Rajendra Prasad**

Executive Chairman

Sd/-

**Challa Srishant**

Managing Director

**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.

**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%

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#### 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.

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.

Effective April 1, 2018, the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

### 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)



The proceeds from trail run production from the SEZ Unit (new plant) located at Sullurpet is a directly attributable cost and net proceeds has been deducted from the Preoperative expenses which are to be capitalised to eligible PPE.

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
<i>Intangible Assets</i>	
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.

***a. 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).

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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 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.

### 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.

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.

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.

### **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 licence***

The Company earns revenue from Sale of goods and sale of Trade licences.

**Sale of goods:**

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has adopted Ind AS 115 using the cumulative catchup method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018).

The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. The impact of adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognized, when the company satisfies a performance obligation by 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 Licence:**

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 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 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.



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**1.19 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.

***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.

**1.20 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.

**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.**

**Ind AS 116 Leases :**

**Ind AS 116, Leases:** The Ministry of Corporate Affairs has notified the Ind AS 116, Leases which will be effective from April 1, 2019. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Company is currently evaluating the effect of Ind AS 116 on the financial statements

**Amendment to Ind AS 12 'Income Taxes':** On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. 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. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

**Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:** On March 30, 2019, 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 for annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

**Amendment to Ind AS 19 'Employee Benefits':** On March 30, 2019, 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 will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

**2.1: Property, plant and equipment**

(₹. in Lakhs)

Particulars	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	1321.40	8410.26
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	-	-	5.88	20.80	21.56
Material Handling Equipment	24.84	31.13	-	-	55.97	4.42	6.43	-	-	10.85	45.12	20.42
Fire fighting Expenses	0.83	-	-	-	0.83	0.06	-	-	-	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	200.46	398.63
Computers	104.38	40.90	-	-	145.28	34.30	29.98	-	-	64.28	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>

Particulars	Gross carrying value					Accumulated depreciation / impairment					Net carrying value	
	As at 1 <sup>st</sup> April, 2017	Additions	Disposals	Foreign Exchange Fluctuation	As at 31 <sup>st</sup> March, 2018	As at 1 <sup>st</sup> April, 2017	For the year	Impairment for the year	Disposals	Foreign Exchange Fluctuation	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Land	3425.33	-	-	43.35	3468.68	-	-	-	-	-	3468.68	3425.33
Buildings	9131.39	64.68	-	197.77	9393.84	355.12	432.38	-	-	54.98	842.48	8776.27
Plant and equipment	29017.56	672.88	356.39	325.42	29659.47	2406.28	2831.10	-	-	(23.79)	5213.59	26611.28
Lab Equipment	20.65	6.03	-	-	26.68	0.02	5.10	-	-	-	5.12	20.63
Material Handling Equipment	23.02	1.82	-	-	24.84	4.30	0.12	-	-	-	4.42	18.72
Fire fighting Expenses	0.83	-	-	-	0.83	0.06	-	-	-	-	0.06	0.77
Vehicles	392.65	126.55	-	1.05	520.25	41.90	79.01	-	-	0.71	121.62	350.75
Computers	59.90	44.48	-	-	104.38	13.14	21.16	-	-	-	34.30	46.76
Office Equipment	87.56	77.30	-	0.57	165.43	30.20	32.03	-	-	0.56	62.79	102.64
Furniture & Fixtures	18.67	18.96	-	2.87	40.50	6.47	2.40	-	-	2.87	11.74	28.76
<b>Total</b>	<b>42177.56</b>	<b>1012.70</b>	<b>356.39</b>	<b>571.03</b>	<b>43404.90</b>	<b>2857.49</b>	<b>3403.30</b>	<b>-</b>	<b>-</b>	<b>35.33</b>	<b>6296.12</b>	<b>39320.07</b>

a. All fixed assets including Factory land and buildings located at Duggirala, Guntur district and proposed new manufacturing unit located at kuvvakoli village, chittoor district, have been given as a security for availing Credit facilities from banks.

**2.2: Other Intangible assets**

(₹.in Lakhs)

Particulars	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	14.21	-	-	14.21	10.42	2.29	-	-	12.71	3.79
<b>Total</b>	<b>14.21</b>	<b>-</b>	<b>-</b>	<b>14.21</b>	<b>10.42</b>	<b>2.29</b>	<b>-</b>	<b>-</b>	<b>12.71</b>	<b>3.79</b>

Particulars	Gross carrying value			Accumulated depreciation / impairment				Net carrying value		
	As at 1 <sup>st</sup> April, 2017	Additions	Disposals	As at 31 <sup>st</sup> March, 2018	As at 1 <sup>st</sup> April, 2017	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Computer Software	13.61	0.60	-	14.21	5.21	5.21	-	-	10.42	8.40
<b>Total</b>	<b>13.61</b>	<b>0.60</b>	<b>-</b>	<b>14.21</b>	<b>5.21</b>	<b>5.21</b>	<b>-</b>	<b>-</b>	<b>10.42</b>	<b>8.40</b>

(₹.in Lakhs)

**2.3 Investments**

	2019		2018	
	Current	Non Current	Current	Non Current
<b>Investments at amortized cost( Unquoted Non Trade Investments:</b>				
Coffee Futures Exchange India Ltd	-	0.10	-	0.10
(Equity Subscription for Membership as Ordinary member - 1 share of Rs.10,000)	-	147.91	-	147.91
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>		<b>148.01</b>		<b>148.01</b>
<b>Total Investments</b>		<b>148.01</b>		<b>148.01</b>

(₹.in Lakhs)

	2019		2018	
	Current	Non Current	Current	Non Current
Rental Deposits	-	27.89	-	27.17
Electricity and Other Security Deposits	-	327.09	-	301.69
Other Receivables	643.55	-	-	-
Tender Deposit	8.27	-	8.27	-
	<b>651.83</b>	<b>354.98</b>	<b>8.27</b>	<b>328.86</b>

**2.5 Other Non Current Assets and Current Assets**

	2019		2018	
	Current	Non Current	Current	Non Current
Advance Tax (Net of Provision for tax)	294.66	967.01	155.77	798.64
Deposits with Statutory authorities	-	2883.28	-	2889.40
Advances to Employees	35.88	-	60.68	-
Prepaid Expenses	77.78	-	113.54	-
Input tax and other taxes receivables	1848.43	-	1547.10	-
Advance to Creditors	236.28	-	211.06	-
Other receivables	87.13	-	101.60	-
Advances for Capital goods/services	499.85	-	6301.24	-
	<b>3080.00</b>	<b>3850.30</b>	<b>8490.99</b>	<b>3688.04</b>

**2.6 Inventories**

(₹in Lakhs)

	<b>2019 Current</b>	<b>2018 Current</b>
Raw materials	11153.05	9703.03
Raw materials in Transit	-	581.77
Work-in-progress	167.89	154.90
Finished goods	6112.43	5685.87
Stores, spares and consumables	1527.66	1371.13
Packing materials	1233.79	818.94
	<b>20194.83</b>	<b>18315.64</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>2019 Current</b>	<b>2018 Current</b>
<b>(Unsecured, considered good) Trade Receivables</b>		
Outstanding for a period exceeding six months from the date they are due for payment	-	278.82
Others	23702.52	18105.76
Less: Allowances for credit losses	184.13	24.62
Less: Bad debts written off	-	156.75
	<b>23518.39</b>	<b>18203.21</b>

Trade Receivables hypothecated as security for availing working capital facilities

**2.8 Cash and Cash Equivalents**

	<b>2019</b>	<b>2018</b>
<b>a) Cash and Cash equivalents</b>		
i) Cash on hand	10.32	13.41
ii) Balances with banks - Current Accounts	7038.15	4036.88
<b>b) Other Bank Balances (with restricted use)</b>		
(i) Margin Money Deposit Accounts (against Bank Guarantees)	182.16	282.16
(ii) Unclaimed Dividend Account	56.39	48.47
(iii) Dividend Account	2327.99	-
Interest accrued but not due on deposits	36.19	39.73
	<b>9651.20</b>	<b>4420.65</b>



**Cash and Cash Equivalents include the following for Cash flow purpose** (₹in Lakhs)

	<b>2019</b>	<b>2018</b>
Cash and Cash Equivalents/ Bank Balances	9651.20	4420.65
Less: Unclaim dividend	56.39	48.47
Less: dividend	2327.99	-
<b>Cash and Cash Equivalents/ Bank Balances</b>	<b>7266.82</b>	<b>4372.18</b>

**2.9 Share Capital**

	<b>2019</b>	<b>2018</b>
<b>Authorized Share Capital</b> 150,000,000 Equity Shares of Rs.2 each (Previous year :150,000,000 Equity Shares of Rs.2 each)	3000.00	3000.00
<b>Issued Subscribed and Paid up Share Capital</b> 133,027,920 Equity Shares of Rs.2 each, fully paid up (Previous year :133,027,920 Equity Shares of Rs.2 each, fully paid up)	2660.56	2660.56
	<b>2660.56</b>	<b>2660.56</b>

<b>Details of shareholders holding shares : more than 5%</b>	<b>No. of shares</b>	<b>% Holding</b>	<b>No. of shares</b>	<b>% Holding</b>
1. Challa Rajendra Prasad	13065400	9.82%	12865400	9.67%
2. Challa Shantha Prasad	18270000	13.73%	18250000	13.72%
3. Challa Srishant	13175300	9.90%	13155300	9.89%
4. Challa Soumya	13722000	10%	13614000	10.23%
5. Smallcap World Fund Inc	10642173	8.00%	10642173	8.00%

**2.9.1 Reconciliation of Number of Shares :**

	<b>2019</b>	<b>2018</b>
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>

**2.10 “ Other Equity”**

(₹in Lakhs)

	<b>2019</b>	<b>2018</b>
Retained Earnings		
Opening Balance	40872.41	30062.00
Add: Current year Transfer	15489.21	14813.14
Less: Dividend Paid( Including Dividend distribution Tax)	(6737.46)	(4002.73)
<b>Total</b>	<b>49624.16</b>	<b>40872.41</b>
General Reserve		
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>
Foreign Currency Translation Reserve		
Opening Balance	1719.51	1303.95
Add: Current year Transfer	1512.93	415.56
Less: Written Back in Current year	-	-
<b>Total</b>	<b>3232.44</b>	<b>1719.51</b>
<b>Acturial Gains or Losses (OCI)</b>		
Opening Balance	(79.62)	(16.81)
Add: Current year Transfer	(55.19)	(62.81)
Less: Written Back in Current year	-	-
<b>Total</b>	<b>(134.81)</b>	<b>(79.62)</b>
<b>Measurement of derivative instrument at Fair value (OCI)</b>		
Opening Balance	-	-
Add: Current year Transfer	(311.53)	-
<b>Total</b>	<b>(311.53)</b>	<b>-</b>
<b>Total Other Equity</b>	<b>81230.96</b>	<b>71333.00</b>

**2.11 Borrowings**

	2019		2018	
	Current	Non Current	Current	Non Current
<b>Secured Borrowings:</b>				
<b>Term loans from Banks</b>				
Yes bank term loan	-	-	-	1493.55
Yes bank buyers credit for capital goods	-	-	-	420.34
HDFC Bank	-	4133.33	-	-
Citi bank External commercial borrowings	-	15131.22	-	16261.02
Working Capital Facilities	18345.60	-	12661.46	-
	<b>18345.60</b>	<b>19264.56</b>	<b>12661.46</b>	<b>18174.91</b>

Term loan from HDFC bank of Rs.50 Crs carrying floating interest rate of 8.55% repayable in twelve equal quarterly installments at the end of each quarter commencing from 29th June, 2019 . And term loan from HDFC bank of Rs.10 Crs carrying floating interest rate of 8.55% repayable in ten equal quarterly installments at the end of each quarter commencing from 29th December, 2019 after initial moratorium period of six months from the date of disbursement.

Term loan 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 including the land, building located at Duggirala, Guntur district and proposed new manufacturing unit located at kuvvakoli village, chittoor district. 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. The coupon rate is linked to LIBOR/Marginal Cost Fund based Lending Rates. (MCLR) as applicable

**2.12 Deffered Tax Liabilities**

	2019	2018
Opening Balance	3915.48	3823.74
Add : On account of IND AS Adjustment	(3.99)	3.99
Add : additions during the year	68.53	92.73
Less: deferred tax asset on account of Inter company profits	18.68	4.99
<b>Closing Balance</b>	<b>3961.34</b>	<b>3915.48</b>

**2.13 Other Non Current Liabilities & Current liabilities**

(₹in Lakhs)

	2019		2018	
	Current	Non Current	Current	Non Current
Salaries and employee benefits	287.75	-	220.00	-
Withholding and other taxes payable	87.51	-	145.71	-
Advance from customers	59.28	-	70.26	-
Others	1366.11	-	1704.29	-
	<b>1800.66</b>	<b>-</b>	<b>2140.26</b>	<b>-</b>

**2.14 Trade Payables**

	2019 Current	2018 Current
Due to Micro & Small Enterprises		
Dues to others		
For Raw material	4429.22	354.98
For Packing material	677.66	221.93
For Stores and Consumables	133.13	187.12
For Services	465.95	269.10
	<b>5705.97</b>	<b>1033.13</b>

**2.15 Other financial liabilities**

	2019		2018	
	Current	Non Current	Current	Non Current
Creditors For Capital goods	1876.62	-	1028.20	-
Unpaid dividends	56.39	-	48.47	-
Dividend payables	2327.99	-	-	-
Interest accrued but not due on borrowings	143.08	-	100.19	-
Current maturities of long term debt	4028.27	-	259.24	-
Derivative Financial liability	-	311.53	-	-
Other Payables	432.00	-	-	-
	<b>8864.35</b>	<b>311.53</b>	<b>1436.10</b>	<b>-</b>

**2.16 Provisions**

(₹in Lakhs)

	2019		2018	
	Current	Non Current	Current	Non Current
Leave Encashment	0.64	-	-	-
Provision for tax	0.06	-	-	-
Gratuity	-	15.83	-	-
	<b>0.69</b>	<b>15.83</b>	-	-

**2.17 Revenue from operations**

	2019	2018
<b>Revenue from</b>		
Sale of Products - Coffee	102999.83	110042.62
Sale of Trade Licences	5141.84	3735.01
Service Tax Refund	-	22.42
<b>Revenue from operations</b>	<b>108141.67</b>	<b>113800.05</b>

**2.18 Other income**

	2019	2018
Interest on Deposits	314.47	127.59
Dividend Income on long-term investments	9.13	6.88
Profit on sale of assets	0.06	-
Miscellaneous Income	10.14	350.39
	<b>333.80</b>	<b>484.86</b>

**2.19 Cost of materials consumed**

	2019	2018
Raw Material		
Purchases	61620.05	68350.62
Add: Opening Stock	9703.03	13303.19
	71323.08	81653.81
Less: Closing Stock	11153.05	9703.03
	<b>60170.03</b>	<b>71950.78</b>

**2.20 Changes in inventories**

(₹in Lakhs)

	<b>2019</b>	<b>2018</b>
<b>Work-in-progress</b>		
Opening	154.90	295.41
Closing	167.89	154.90
	(12.99)	140.51
<b>Finished goods</b>		
Opening	5685.86	2651.80
Closing	6113.55	5685.86
	(427.69)	(3034.06)
	<b>(440.69)</b>	<b>(2893.55)</b>

**2.21 Employee benefits expense**

	<b>2019</b>	<b>2018</b>
Salaries, Wages and Bonus	3692.62	2732.42
Directors' Remuneration	1486.11	1497.41
Contribution to provident and other funds	372.78	273.47
Staff welfare	343.17	246.01
	<b>5894.69</b>	<b>4749.31</b>

**2.22 Finance costs**

	<b>2019</b>	<b>2018</b>
Interest Expense	593.18	503.05
Other borrowing costs	252.62	279.74
	<b>845.80</b>	<b>782.79</b>

**2.23 Other expenses**

	<b>2019</b>	<b>2018</b>
Packing material consumed	4881.68	4097.66
Stores and Consumable consumed	797.85	794.32
Power and fuel	4499.99	4325.52
Repairs and Maintenance to Buildings	73.16	41.87
Repairs and Maintenance to Machinery	636.86	948.06
Repairs and Maintenance to Other assets	53.33	43.04
Transportation, Ocean Freight, Clearing and Forwarding	2210.86	2217.46
Insurance	139.50	147.02

	(₹in Lakhs)	
Rent	77.98	55.92
Rates and Taxes	142.36	191.86
Directors' Sitting Fee	19.35	15.70
Non-whole time Directors' Commission	63.00	70.00
Selling Expenses	2006.87	1147.72
Commission on Sales	331.32	406.87
Travelling and Conveyance	346.19	218.54
Communication Expenses	78.07	68.57
Printing and Stationery	13.45	18.60
Office Maintenance	271.52	247.15
Donations	112.57	27.10
Corporate Social Responsibility (CSR) Expenditure	298.60	282.82
Professional Fees & Expenses	199.63	174.23
Subscription and Membership fee	3.59	7.41
Auditor's Remuneration	33.81	29.06
Foreign Exchange Loss (Net)	392.25	196.13
Miscellaneous expenses	80.39	66.81
Allowance for credit losses	159.51	(26.08)
Loss on sale of Investments	-	0.94
Excise duty	-	133.37
Bad debts written off	45.56	156.75
	<b>17969.24</b>	<b>16104.42</b>

**2.24 Auditors Remuneration**

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
a) Audit fees	27.81	23.51
b) Other charges		
Taxation matters	2.50	2.50
Certification fee	2.60	2.40
c) Reimbursement of out of pocket expenses	0.90	0.65
<b>TOTAL</b>	<b>33.81</b>	<b>29.06</b>

**2.25 Earnings per Share**

(₹in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
Earnings		
Profit attributable to equity shareholders	15489.21	14813.14
Shares		
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
Weighted average number of equity shares outstanding during the year – Basic	13,30,27,920	13,30,27,920
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	-	-
Weighted average number of equity shares outstanding during the year – Diluted	13,30,27,920	13,30,27,920
Earnings per share of par value Rs.2/- – Basic (₹)	11.64	11.14
Earnings per share of par value Rs.2/- – Diluted (₹)	11.64	11.14

**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 Management Personnel. List of Key Management Personnel of the Company is as below:

- Mr.Challa Rajendra Prasad, Whole time Director
- Mr.Challa Srishant, Managing Director
- Mr.B.Mohan Krishna, Director Operations
- Mr.K.V.L.N.Sarma, Chief Operating Officer
- Mr.V. Lakshmi Narayana, Chief Financial officer
- Mrs.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 2019	For the year ended 31 <sup>st</sup> March 2018
<b>a) Key managerial personnel</b>		
<b>Remuneration &amp; Commission</b>		
Mr.Challa Rajendra Prasad	743.06	735.00
Mr.Challa Srishant	445.83	440.00
Mr.B.Mohan Krishna	297.22	295.00
Mr.K.V.L.N.Sarma	84.23	76.94
Mr.V. Lakshmi Narayana	55.29	-
Mrs.Sridevi Dasari	16.73	14.23
<b>Rent</b>		
Mr.Challa Srishant	22.30	26.50



<b>b) Non-whole time Directors</b>		
<b>Sitting Fee</b>		
Mr.I.J.Rao	-	0.90
Mr.VipinK.Singal	2.15	2.05
Mr.K.Chandrasah	2.40	2.05
Mr.J.Rambabu	2.40	2.05
Mr.K.K.Sarma	2.25	2.05
Mr.G.V.Krishna Rau	2.40	2.05
Mrs.Kulsoom Noor Saifullah	2.00	1.90
Mrs.Challa Shantha Prasad	1.45	1.10
Mr. K Durga Prasad	2.30	-
Mr.L.Krishnanand	2.00	1.55
<b>Commission</b>		
Mr.I.J.Rao	-	7.00
Mr.VipinK.Singal	7.00	7.00
Mr.K.Chandrasah	7.00	7.00
Mr.J.Rambabu	7.00	7.00
Mr.K.K.Sarma	7.00	7.00
Mr.G.V.Krishna Rau	7.00	7.00
Mrs.Kulsoom Noor Saifullah	7.00	7.00
Mrs.Challa Shantha Prasad	7.00	7.00
Mr.L.Krishnanand	7.00	7.00
Mr.K.Durga Prasad	7.00	7.00
<b>Rent</b>		
Mrs.Challa Shantha Prasad	21.46	19.36
<b>c) Relatives of Key Managerial Personnel</b>		
<b>Rent</b>		
Mrs. Challa Soumya	7.04	4.94
<b>TOTAL</b>	<b>1775.51</b>	<b>1697.67</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 31st March 2019 and 2018 consist of the following:

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2019	2018
Current service cost	41.85	25.54
Interest cost on net defined benefit liability/(asset)	31.17	16.77
<b>Gratuity cost recognized in statement of profit and loss</b>	<b>73.02</b>	<b>42.31</b>

Details of the employee benefits obligations and plan assets are provided below:

Particulars	As of 31 March	
	2019	2018
Present value of funded obligations	472.55	343.90
Fair value of plan assets	576.12	399.89
<b>Net defined benefit liability/(asset)</b>	<b>(103.57)</b>	<b>(55.99)</b>

Details of changes in the present value of defined benefit obligations are as follows:

Particulars	As of 31 March	
	2019	2018
Defined benefit obligations at the beginning of the year	343.90	213.82
Current service cost	41.85	25.55
Interest cost on defined obligations	31.17	16.77
Re-measurements due to:		
<i>Actuarial loss/(gain) due to change in financial assumptions</i>	81.77	96.26
<i>Actuarial loss/(gain) due to demographic assumptions</i>		
<i>Actuarial loss/(gain) due to experience changes</i>		
Benefits paid	(12.82)	(8.50)
<b>Defined benefit obligations at the end of the year</b>	<b>485.87</b>	<b>343.90</b>

Details of changes in the fair value of plan assets are as follows:

Particulars	As of 31 March	
	2019	2018
Fair value of plan assets at the beginning of the year	399.89	268.58
Employer contributions	156.05	118.47
Actuarial loss/(gain) on plan assets	(3.06)	0.20
Re-measurements due to:		
Return on plan assets excluding interest on plan assets	36.07	21.15
Benefits paid	(12.82)	(8.50)
<b>Plan assets at the end of the year</b>	<b>576.13</b>	<b>399.89</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	
	2019	2018
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 31st March 2019 as per Acturial Valuation consist of the following:

Particulars	As of 31 March	
	2019	2018
Past service cost	3.22	-
<b>Present Value of Obligations at the end of the Period</b>	<b>3.22</b>	<b>-</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	
	2019	2018
Discount rate	8.00%	-
Rate of compensation increase	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 Rs. 196.96 Lakhs and Rs.143.06 Lakhs to the provident fund plan during the years ended 31st March 2019 and 2018, 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 Rs. 278.15 Lakhs and Rs. 225.94 Lakhs to the superannuation Schemes during the years ended 31st March 2019 and 2018, 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:

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2019	2018
<i>Current taxes expense</i>		
Domestic	5249.66	5252.10
Foreign	79.62	25.68
<i>Deferred taxes expense/(benefit)</i>		
Domestic	45.86	91.73
Total income tax expense/(benefit) recognized in the statement of profit and loss	<b>5375.14</b>	<b>5369.51</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	
	2019	2018
Tax effect on actuarial gains/losses on defined benefit obligations	29.65	33.24
Total income tax expense/(benefit) recognized in the equity	29.65	33.24

**Reconciliation of Effective tax rate:**

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2019	2018
<b>Profit before income taxes</b>	<b>20864.35</b>	<b>20,182.65</b>
Enacted tax rate in India	34.94%	34.61%
Computed expected tax benefit/(expense)	7290.84	6,984.81
Effect of:		
Expenses not deductible for Tax purposes	1773.83	531.41
Expenses deductible for Tax purposes	(1984.80)	(570.79)
Taxable at Special Rates	2939.55	1.19
Others	-	22.45
Foreign Taxes	79.62	25.68
Tax effect due to non-taxable for Indian Tax Purpose	(3615.98)	(1,953.33)
Tax effect due to loss in Indian Subsidiary	609.46	203.12
<b>Income tax benefit/(expense)</b>	<b>5329.28</b>	<b>5,244.54</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	
	2019	2018
<u>Deferred tax assets/(liabilities):</u>		
Property, plant and equipment	(3984.01)	(3916.47)
Others	22.67	(1.00)
<b>Net deferred tax assets/(liabilities)</b>	<b>3961.34</b>	<b>(3915.48)</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 Rs.184.13 lakhs as at 31 March 2019 and Rs. Rs.24.62 Lakhs as at 31 March 2018.

Particulars	As of 31 March	
	2019	2018
Period (in days)		
1 – 90	17692.92	17234.09
90 – 180	2673.10	871.66
More than 180	3336.51	122.08
<b>Total</b>	<b>23702.53</b>	<b>18227.83</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 March 2019.

**Reconciliation of allowance for credit losses**

The details of changes in allowance for credit losses during the year ended 31 March 2019 and 31 March 2018 are as follows:

Particulars	As of 31 March	
	2019	2018
Balance at the beginning of the year	24.62	50.70
Impairment of Trade receivables	159.51	(26.08)
<b>Balance at the end of the year</b>	<b>184.13</b>	<b>24.62</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 2019 and 2018, the Company has utilized working capital credit limits from banks for ₹ 184.46 Cr and ₹ 126.61 Cr respectively.

As of 31<sup>st</sup> March 2019, the Company had working capital (current assets less current liabilities) of ₹ 22378.99 Lakhs including cash and cash equivalents of ₹ 9651.20 Lakhs. As of 31<sup>st</sup> March 2018, the Company had working capital of ₹ 32167.80 Lakhs, including cash and cash equivalents of ₹ 4420.65 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019:

Particulars	2020	2021	2022	Thereafter	Total
Trade payables	5705.97	-	-	-	<b>5705.97</b>
Long term borrowings	6389.87	6389.87	4323.21	2161.60	<b>19264.56</b>
Bank overdraft, short-term loans and borrowings*	18345.60	-	-	-	<b>18345.60</b>
Other liabilities*	8665.07	-	-	-	<b>8665.07</b>

\* 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 requirement are met through equity, borrowings and operating cash flows required.

The company's Debt Equity ratio is as follows:

<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Total Debt	58270.51	39361.34
Total Equity	83891.52	73993.56
<b>Debt Equity Ratio</b>	<b>0.69:1</b>	<b>0.53:1</b>

### 2.32 Contingent Liabilities and Commitments

The following are the details of contingent liabilities and commitments:

<b>Particulars</b>	<b>2019</b>	<b>2018</b>
<i>Contingent Liabilities</i>		
a) Claims against the company/disputed liabilities not acknowledged as debts		
Income Tax*	2883.28	2883.28
Service tax	552.98	-
b) Guarantees		
Bank Guarantees	**2786.28	1522.91
	<b>6222.54</b>	<b>4406.19</b>
<i>Commitments</i>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	1487.72	4936.29
<b>TOTAL</b>	<b>1487.72</b>	<b>4936.29</b>

\* Tax deposited under protest ₹ 2883.28 Lakhs

\*\* Including Corporate Guarantee value for ₹ 1500.00 lakhs



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*CCL Products (India) Limited*  
(CIN: L15110AP1961PLC000874 )

Registered Office: Duggirala Mandal, Guntur Dist. – 522 330, Andhra Pradesh  
Ph: 08644-277294 / 277296 Fax: 08644-277295  
E.mail: info@continental.coffee Website: www.cclproducts.com

**ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING**  
(to be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of CCL Products (India) Limited.

I hereby record my presence at the 58<sup>th</sup> Annual General Meeting of the shareholders of CCL Products (India) Limited on 07<sup>th</sup> August, 2019 at Sarojini Picture Palace situated at Duggirala Mandal, Guntur Dist. – 522 330, Andhra Pradesh.

DP ID*	Reg. Folio No.
Client ID*	No. of Shares
PAN/Aadhaar	

\* Applicable if shares are held in electronic form

Name & Address of Member
--------------------------

---

Signature of Shareholder/Proxy/  
Representative(Please Specify)



*CCL Products (India) Limited*  
(CIN: L15110AP1961PLC000874)

Registered Office: Duggirala Mandal, Guntur Dist. – 522 330, Andhra Pradesh  
Ph: 08644-277294 / 277296 Fax: 08644-277295  
E.mail: info@continental.coffee Website: www.cclproducts.com

**Form No. MGT-11**  
**Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN	: L15110AP1961PLC000874
Name of the company	: CCL PRODUCTS (INDIA) LIMITED
Registered office	: Duggirala Mandal, Guntur Dist. – 522 330, Andhra Pradesh
Name of the member(s)	:
Registered Address	:
Email Id	:
Folio No / Client ID	: DP ID :

I / We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name		
Address		
E-mail Id		Signature
or failing him		
2. Name		
Address		
E-mail Id		Signature
or failing him		
3. Name		
Address		
E-mail Id		Signature
or failing him		

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 58<sup>th</sup> Annual General Meeting of the company, to be held on 7<sup>th</sup> August, 2019 at Sarojini Picture Palace situated at Duggirala Mandal, Guntur Dist. – 522 330, Andhra Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolutions	[Ordinary Business]:
1.	Adoption of financial statements
2.	Declaration of final dividend on the equity shares
3.	Re-appointment of Mrs. Challa Shantha Prasad as Director who retires by rotation

Resolution No.	[Special Business]:
4.	Appointment of Mrs. Kulsoom Noor Saifullah as an Independent Director
5.	Appointment of Mr. K. K. Sarma as Non-Executive Director
6.	Appointment of Mr. Vipin K Singal as an Independent director
7.	Appointment of Mr. Kata Chandrahas as an Independent Director
8.	Appointment of Mr. Kosaraju Veerayya Chowdary as an Independent Director

9.	Re-appointment of Mr. Challa Rajendra Prasad as Executive Chairman
10.	Re-appointment of Mr. Challa Srishant as Managing Director
11.	Re-appointment of Mr. B. Mohan Krishna as Director- Operations
12.	Ratification of appointment and remuneration of Cost Auditors for the financial year 2019-20

Signed this ..... day of ..... 2019.

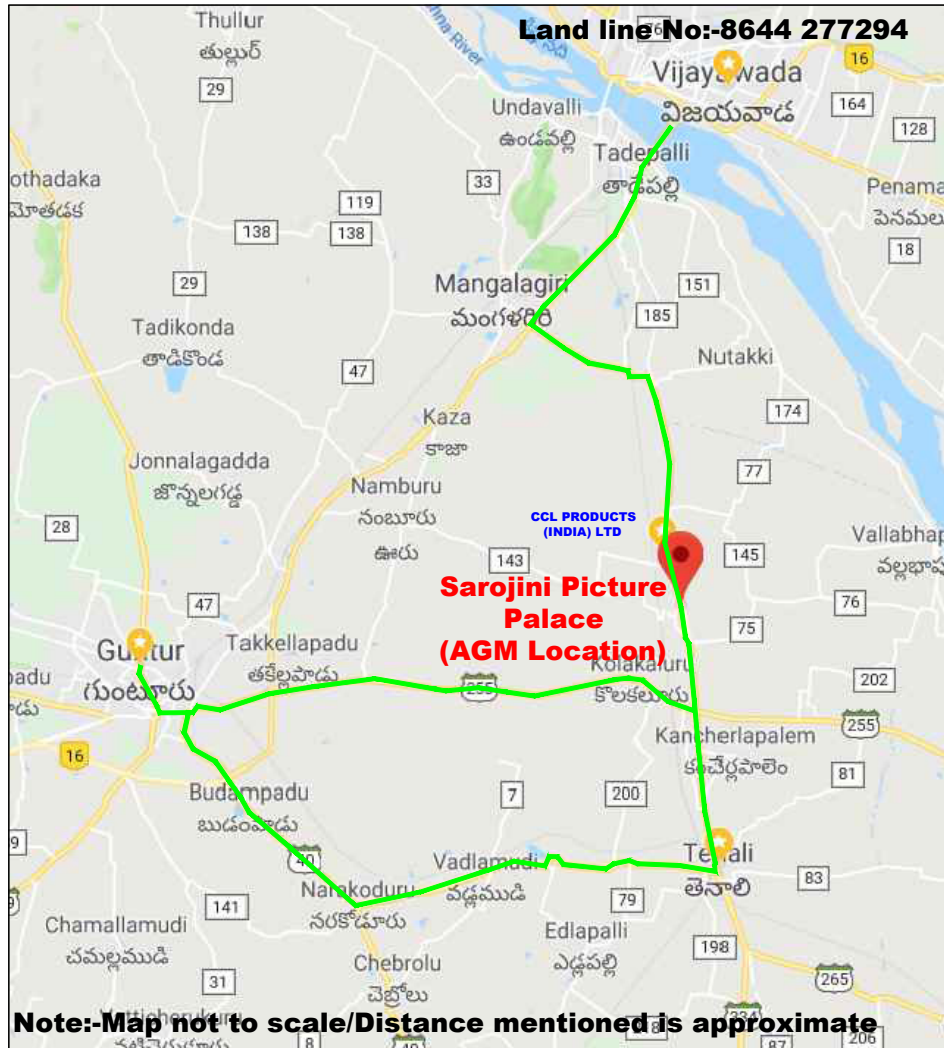
Signature of shareholder : \_\_\_\_\_ Signature of Proxy holder(s) : \_\_\_\_\_

Affix Revenue Stamp
---------------------------

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
4. In line with Secretarial Standards on general meetings, no gifts, gift coupons, or cash in lieu of gifts shall be distributed to Members at or in connection with the Meeting.





**BUS ROUTES -**

**From Vijayawada** - Take the buses going towards Tenali or Repalle from Vijayawada ( Pandit Nehru ) bus station and disembark at Duggirala Sivalayam Temple or Sarojani Picture Palace.

**From Guntur** - Take the buses going to Mangalagiri bus station from Guntur ( NTR ) bus station. Disembark at Mangalagiri bus station and take the bus going towards Tenali and disembark at Duggirala Sivalayam Temple or Sarojani Picture Palace.

**TRAIN ROUTE -**

Trains have to be taken to Vijayawada or Guntur railway stations, from those stations only passenger trains going towards Tenali halt at the Duggirala railway station where you have to disembark to reach Duggirala Sivalayam Temple or Sarojani Picture Palace

In case you choose to take bus from the railway station to Duggirala Sivalayam Temple or Sarojani Picture Palace, please follow the bus routes as mentioned above.

# MAKING IT COUNT.....



Conducting skill development training



Distribution of uniforms, books and school bags



Distribution of wheel chairs to the physically challenged children



Providing RO drinking water units





## CCL PRODUCTS (INDIA) LIMITED

Registered office: Duggirala Mandal, Guntur District - 522330, Andhra Pradesh, India.

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