



08<sup>th</sup> March, 2021

To

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

Dear Sir,

**Sub: Submission of Notice of Tribunal Convened Meeting of Equity Shareholders as per Regulation 30 of SEBI(LODR) Regulations, 2015**

**Ref: Our Company Code – 519600**

In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are herewith enclosing the Notice along with Explanatory Statement and Annexures, of Tribunal Convened Meeting of Equity Shareholders pursuant to the Order of the Hon'ble National Company Law Tribunal, Amaravati Bench, dated 26th February, 2021 in connection to the merger of CCL Beverages Private Limited, wholly owned subsidiary of the Company into CCL Products (India) Limited. The Notice is being sent to the Members in electronic mode and through courier to those, whose e-mail Ids are not registered with the Company.

The Notice along with Explanatory Statement and Annexures is also uploaded on the website of the Company and the weblink is [https://www.cclproducts.com/wp-content/uploads/2021/03/Notice-of-Tribunal-Convened-Meeting-of Equity-Shareholders.pdf](https://www.cclproducts.com/wp-content/uploads/2021/03/Notice-of-Tribunal-Convened-Meeting-of-Equity-Shareholders.pdf)

This is for your information and necessary records.

Regards,

For **CCL Products (India) Limited**

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

Sridevi Dasari  
Company Secretary & Compliance Officer

Encl: as above

**CCL PRODUCTS (INDIA) LIMITED**

CORPORATE OFFICE  
7-1-24/2/D, "Greendale", Ameerpet, Hyderabad - 500016, Telangana, India.  
☎ +91 40 2373 0855

REGISTERED OFFICE  
Duggirala, Guntur Dist. 522330, Andhra Pradesh, India. | CIN L15110AP1961PLC000874  
☎ +91 8644 277294 | ✉ info@continental.coffee | 🌐 www.cclproducts.com 🌐 www.continental.coffee

**CCL PRODUCTS (INDIA) LIMITED**  
CIN: L15110AP1961PLC000874  
Regd. Off: Duggirala, Guntur District,  
Andhra Pradesh, India- 522330 Tel: +91 8644-277294  
EMAIL: companysecretary@continental.coffee,  
Website: www.cclproducts.com

| <b>HON'BLE NATIONAL COMPANY LAW TRIBUNAL CONVENED MEETING OF<br/>EQUITY SHAREHOLDERS<br/>OF<br/>CCL PRODUCTS (INDIA) LIMITED</b> |  |
|--|--|
| DAY  | Saturday   |
| DATE   | 10 <sup>TH</sup> Day of April, 2021  |
| TIME   | 11:00 AM (IST)   |
| MODE OF MEETING  | In view of the ongoing COVID - 19 pandemic and related social distancing norms, as per the directions of the Hon'ble National Company Law Tribunal, Amaravathi Bench, the meeting shall be conducted through video conferencing / other audiovisual means. |
| CUT-OFF DATE FOR E-VOTING  | Saturday, 3rd April, 2021  |
| REMOTE E-VOTING START DATE AND TIME  | Wednesday, 7th April, 2021 at 9.00 a.m. (IST)  |
| REMOTE E-VOTING END DATE AND TIME  | Friday, 9th April, 2021 at 5.00 p.m. (IST)   |

**CCL PRODUCTS (INDIA) LIMITED**

CIN: L15110AP1961PLC000874

Regd. Off: Duggirala, Guntur District, Andhra Pradesh, India- 522330 Tel: +91 8644-277294

EMAIL: companysecretary@continental.coffee, Website: www.cclproducts.com

**NOTICE OF THE TRIBUNAL CONVENED MEETING OF EQUITY SHAREHOLDERS OF CCL PRODUCTS (INDIA) LIMITED/ APPLICANT / TRANSFEREE COMPANY AS PER THE DIRECTIONS OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, AMARAVATHI BENCH**

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The Notice of the Meeting, Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the CAA Rules and Annexure I to Annexure X constitute a single and complete set of documents and should be read together as they form an integral part of this document.

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**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL  
AMARAVATHI BENCH AT HYDERABAD  
C.A. (CAA) NO.1/230/AMR/2021  
IN THE MATTER OF COMPANIES ACT, 2013  
AND  
IN THE MATTER OF SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013  
AND  
ALL OTHER APPLICABLE PROVISIONS OF THE SAID ACT  
AND  
IN THE MATTER OF SCHEME OF AMALGAMATION  
BETWEEN  
CCL BEVERAGES PRIVATE LIMITED  
(TRANSFEROR COMPANY)  
AND  
CCL PRODUCTS (INDIA) LIMITED  
(TRANSFeree COMPANY)  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**CCL PRODUCTS (INDIA) LIMITED**, a Company  
incorporated under the provisions of Companies Act, 1956,  
bearing CIN: L15110AP1961PLC000874  
and having its registered office situated at  
Duggirala, Guntur, AP 522330, India

....Applicant / Transferee Company

**NOTICE OF THE TRIBUNAL CONVENED MEETING OF EQUITY SHAREHOLDERS OF CCL  
PRODUCTS (INDIA) LIMITED/ APPLICANT / TRANSFeree COMPANY AS PER THE DIRECTIONS OF  
THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, AMARAVATHI BENCH**

To  
The Equity Shareholders of  
**CCL PRODUCTS (INDIA) LIMITED**  
("The Company" or "Applicant Company" or "Transferee Company")

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Notice is hereby given that by an order dated 26th day of February, 2021, the Amaravathi Bench of the Hon'ble National Company Law Tribunal, at Hyderabad has directed a meeting to be held of Equity Shareholders of CCL Products (India) Limited for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors, by passing the following Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications, amendments, re-enactments thereof for the time being in force, relevant rules of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 and the provisions of the Memorandum and Articles of Association of the Company and subject to the requisite approvals, sanctions, consents, observations, no objections, confirmations, permissions from the Hon'ble National Company law Tribunal, Amaravathi Bench, (NCLT) or such other competent authority as may be applicable, and the confirmation, permission, sanction and approval of the other statutory/regulatory authorities, if any, in this regard and subject to such other conditions or guidelines, if any, as may be prescribed or stipulated by any such authorities, from time to time, while granting such approvals, sanctions, consents, observations, no objections, confirmations, permissions and which may be agreed by the Board of Directors of the Company, the draft “Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors” (“Scheme”), providing for amalgamation of CCL Beverages Private Limited (Transferor Company) with the Company on a going concern basis with effect from 01.04.2020 (First Day of April, Two Thousand and Twenty ) being the Appointed Date, as placed before the meeting and initialed by the chairman for the purpose of identification, be and is hereby approved.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized, empowered and directed to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to aforesaid resolution and to effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble National Company Law Tribunal, Amaravathi Bench, while sanctioning the amalgamation embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as may be deemed fit and proper”.

In pursuance of the said order and as directed therein further notice is hereby given that a meeting of Equity Shareholders of CCL Products (India) Limited will be held through video conferencing (“VC”) / other audio visual means (“OAVM”) on Saturday, the 10th day of April, 2021, at 11:00 A.M. (IST). For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by Equity Shareholders using remote e-voting as well as the e-voting system on the date of the Meeting will be provided by CDSL. The instructions for electronic voting are detailed in this Notice.

The Equity Shareholders are required to cast their vote by recording their assent or dissent on the electronic voting portal of CDSL.

A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date, i.e., Saturday, 3rd April, 2021 only shall be entitled to exercise his/her/its voting rights on the resolution proposed in the Notice and attend the Meeting. A person who is not an equity shareholder as on the cut-off date, should treat the Notice for information purpose only.

A copy of the said Scheme, statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (“CAA Rules”) along with all annexures to such statement and Certificate issued by the statutory auditors of the Transferee Company confirming the Accounting Treatment proposed in the Scheme are enclosed herewith. A copy of this Notice and the accompanying documents would be sent by electronic mode

to those Equity Shareholders whose e-mail addresses are registered with the Company, unless the Equity Shareholders have requested for a physical copy of the same, and physically dispatched to those Equity Shareholders who have not provided their e-mail addresses to the Company.

A copy of this Notice and the accompanying documents shall also be placed on the website of the Company, i.e., [www.cclproducts.com](http://www.cclproducts.com); the website of CDSL (agency for providing the e-voting and other facilities for convening of the Meeting, i.e., [www.evotingindia.com](http://www.evotingindia.com) and the website of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited, i.e., [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

The Tribunal has appointed Mr. J. Basavaraju, Advocate, (Mobile No.9849474600) to be the Chairman for the Meeting and in respect of any adjournment thereof and Ms. Narala Varalakshmi, Practising Company Secretary (Mobile No.9000987444) to be the Scrutinizer for the Meeting.

The Voting result of the meeting shall be announced by the Chairman upon receipt of Scrutinizer's report within 48 (forty eight) hours from the conclusion of this meeting and the same shall be displayed on the website of the Company, i.e., [www.cclproducts.com](http://www.cclproducts.com); and also on the website of CDSL, i.e., [www.evotingindia.com](http://www.evotingindia.com).

The above mentioned Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors ("Scheme"), if approved at the meeting, will be subject to such other approvals, permissions and sanctions of regulatory or other authorities, as may be necessary and the subsequent approval of the Hon'ble National Company Law Tribunal, Amaravathi Bench at Hyderabad.

Sd/-  
J. Basavaraju,  
Advocate  
Chairperson - Tribunal Convened  
Meeting of Equity Shareholders of  
CCL Products (India) Limited  
Flat no 303, Sumitra Mansion,  
H. No. : 6-3-609/13/1,  
Anand Nagar Colony, Khairatabad,  
Hyderabad-500 004

Date : 06.03.2021

Place : Hyderabad

**Notes:**

1. Pursuant to the directions of the Hon'ble National Company Law Tribunal, Amaravathi Bench vide its Order dated 26th February, 2021 ("Tribunal"), the Meeting of the Equity Shareholders of the Company is being conducted through Video Conferencing ("VC") / other audio visual means ("OAVM") facility to transact the business set out in the Notice convening this Meeting. As such, physical attendance of Equity Shareholders has been dispensed with and hence the Attendance Slip is not annexed hereto.
2. The statement pursuant to Sections 230 and 232 read with Section 102 and other applicable provisions of the Companies Act, 2013 ("Act") and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in respect of the business set out in the Notice of the Meeting is annexed hereto.
3. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date (Saturday, 3rd April, 2021) only shall be entitled to exercise his/ her/ its voting rights on the resolution proposed in the Notice and attend the Meeting. A person who is not an Equity Shareholder as on the cut-off date, should treat the Notice for information purpose only.



4. A Equity Shareholder entitled to attend / participate and vote during the Meeting shall be entitled to appoint one or more proxies to attend / participate and vote instead of himself/herself and such proxy need not be a member of the Company. Further, such Equity Shareholder is required to send a copy of Form MGT-11 (proxy form, which forms part of this Notice), duly completed, signed and stamped or authenticated by the person entitled to attend / participate and vote during the meeting, authorising such proxy to attend / participate and vote during the meeting, not later than 48 hours before the scheduled time of the meeting, at the Registered Office of the Company.
5. No route map of the venue of the Meeting is annexed hereto, since this Meeting is being held through VC / OAVM.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
7. Equity shareholders attending / participating in the Meeting, whether in person or by way of proxy, through VC / OAVM shall be reckoned for the purpose of quorum. In terms of the Tribunal Order and Section 103 of the Act, the quorum for the meeting of equity shareholders is 30 (thirty) equity shareholders attending the Meeting in person or proxy.
8. The Notice of the Meeting and the accompanying documents mentioned in the Index are being sent through electronic mode to those equity shareholders whose email addresses are registered with the Company / Depositories and by Post / courier to the equity shareholders whose email addresses are not registered with the Company / Depositories.
9. The equity shareholders may note that the aforesaid documents are also available on the website of the Company, and can be accessed / downloaded using the below given link: <https://www.cclproducts.com/wp-content/uploads/2021/03/Notice-of-Tribunal-Convened-Meeting-of-equity-shareholders.pdf>, the website of CDSL (agency for providing the e-voting and other facilities for convening of the Meeting, i.e., [www.evotingindia.com](http://www.evotingindia.com) and the website of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited, i.e., [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).
10. If so desired, equity shareholders may obtain a physical copy of the Notice and the accompanying documents, i.e., Scheme and the Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 etc., free of charge. A written request in this regard, along with details of your shareholding in the Company, may be addressed to the Company Secretary at [investors@continental.coffee](mailto:investors@continental.coffee).
11. A Body Corporate which is an equity shareholder of the Company is entitled to appoint an authorised representative for the purpose of participating and/or voting during the meeting held through video-conferencing facility. Further, such Body Corporates (other than individuals, HUF, NRI etc.) are required to send scanned certified copy of the resolution authorising such representative to attend and vote at the meeting not later than 48 hours before the scheduled time of the meeting, to the e-mail address of the Company at: [investors@continental.coffee](mailto:investors@continental.coffee) or at the registered office of the Company. Such authorised representative should furnish his / her valid and legible identity proof issued by a statutory authority (i.e., a PAN Card/ Aadhaar Card/ Passport/ Driving License/ Voter ID Card) to the e-mail address of the Company at [investors@continental.coffee](mailto:investors@continental.coffee) or at the registered office of the Company, not later than 48 hours before the scheduled time of the meeting.
12. The remote e voting shall commence at 9.00 a.m. (IST) on Wednesday, 7th April, 2021 and close at 5.00 p.m. (IST) on Friday, 9th April, 2021. Further, the evoting facility shall also be available on 10th April, 2021 during the meeting.
13. In terms of Sections 230 to 232 of the Act, the Scheme shall be considered and approved by the Equity Shareholders of the Transferee Company if the resolution mentioned above in the notice has been approved by persons representing three-fourths in value of total valid votes cast ( remote evoting

and voting during the Meeting) and majority of the Equity Shareholders present and voted during the Meeting.

14. All the relevant documents referred to in the Notice along with accompanying Explanatory Statement are open for inspection at the registered office of the Company on all working days (except on Sundays and Public holidays) between 9:00 A.M. to 5.00 P.M. till the date of Meeting.
15. Details of persons to be contacted for issues relating to participating and/or electronic voting during the meeting:

| Name           | Designation  | Contact Number  | Email ID                       |
|----------------|--|-----------------|--------------------------------|
| Sridevi Dasari | Company Secretary & Compliance Officer- CCL Products (India) Limited | +91 40 23738052 | investors@continental.coffee   |
| Rakesh Dalvi   | Manager- CDSL  | 1800225533      | Helpdesk.evoting@cdslindia.com |

**16. Instructions regarding CDSL e-Voting System – For Remote e-voting and e-voting during Tribunal Convened Meeting of Equity Shareholders**

**1. REMOTE E-VOTING AND E-VOTING AT THE MEETING:**

Pursuant to the directions of the Tribunal given under the Tribunal Order and the provisions of Section 108 and other applicable provisions of the Act read with the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing to its Equity Shareholders facility to exercise their right to vote on the resolution proposed to be passed (i) remotely, using an electronic voting system on the dates mentioned herein below (“remote e-voting”); and (ii) at the Meeting by electronic means (“e-voting at the Meeting”).

The Company has engaged the services of CDSL as the agency to provide the facility for remote e-voting and e-voting at the Meeting. The manner of voting using e-voting facility is provided in the instructions given below.

The remote e-voting facility will be available during the voting period specified above in the Notice.

The remote e-voting will not be allowed beyond the end date and time specified in the voting period as stated in the Notice and the remote e-voting module shall be forthwith disabled by CDSL upon expiry of the aforesaid period.

Further, the facility for voting through electronic voting system will also be made available at the Meeting and Equity Shareholders attending the Meeting who have not cast their votes by remote e-voting will be able to vote electronically at the Meeting through such facility.

Voting rights of a Equity Shareholder/ beneficial owner (in case of electronic shareholding) shall be in proportion to his/her/its shareholding in the paid-up equity share capital of the Company as on the cut-off date, ie 03rd April, 2021.

Pursuant to the directions of the Hon’ble Tribunal, Ms. Narala Varalakshmi, Practising Company Secretary (Mobile No.9000987444), shall act as Scrutiniser to scrutinise the process of remote e-voting and e-voting at the Meeting in a fair and transparent manner and she has communicated her willingness to be appointed and will be available for the said purpose.



**Instructions relating to e-voting:**

- i. The equity shareholders who have cast their votes by remote e-voting may also attend the Meeting but shall not be entitled to cast their votes again at the Meeting. Once the vote on the resolution is cast by a equity shareholder, whether partially or otherwise, the equity shareholder will not be allowed to change it subsequently or cast the vote again.
- ii. An equity shareholder can opt for only one mode of voting, i.e., through remote e-voting or e-voting at the Meeting. If a equity shareholder casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as “INVALID”.
- iii. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date (specified in the Notice) only shall be entitled to avail the facility of remote e-voting or for participation and e-voting at the Meeting. A person who is not a equity shareholder as on the cut-off date, should treat the Notice for information purpose only.

**Procedure relating to remote e-voting:**

- i. The remote e voting shall commence at 9.00 a.m. (IST) on Wednesday, 7th April, 2021 and close at 5.00 p.m. (IST) on Friday, 9th April, 2021. The remote e-voting module shall be forthwith disabled by CDSL upon expiry of the aforesaid period. Further, the evoting facility shall also be available on 10th April, 2021 during the meeting.
- ii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii. Click on “Shareholders” module.
- iv. Now enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

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

|   |  |
|---|--|
| PAN   | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA.                       |
| Dividend Bank Details or Date of Birth(DOB) | 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.<br><br>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (vi). |

- viii. After entering these details appropriately, click on “SUBMIT” tab.

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- ix. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - x. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - xi. Click on the EVSN for the relevant Company, i.e., CCL Products (India) Limited on which you choose to vote.
  - xii. 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.
  - xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.
  - xiv. 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.
  - xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - xvi. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
  - xvii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - xviii. Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**Instructions for Shareholders for E-Voting during the Meeting :**

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

**Instructions for Shareholders attending the Meeting through VC/OAVM:**

- i. Shareholders will be provided facility to attend the Meeting through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/ members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

- ii. Shareholders are advised to join the Meeting through Laptops / IPads for better experience.
- iii. Further, shareholders will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
- iv. Please note that participants connecting from mobile devices or Tablets or through Laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance, i.e., from 2nd April, 2021 (9.00 a.m. IST) to 7th April, 20, 2021 (5.00 p.m. IST), mentioning their name, demat account number/folio number, email id, mobile number at investors@continental.coffee. The shareholders who do not wish to speak during the Meeting but have queries may send their queries in advance, i.e., from 2nd April, 2021 (9.00 a.m. IST) to 7th April, 20, 2021, mentioning their name, demat account number/folio number, email id, mobile number at investors@continental.coffee. These queries will be replied suitably by the Company vide email.
- vi. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time during the Meeting.

**Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting on the resolution proposed in this Notice:**

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

**Note for Non – Individual Shareholders and Custodians**

- i. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- ii. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- iii. 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.
- iv. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- v. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in

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favour of the custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- vi. Alternatively, non individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [investors@continental.coffee](mailto:investors@continental.coffee), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**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 3rd April, 2021.
- ii The Scrutinizer, after scrutinising the votes cast at the meeting through remote e-voting and during the Meeting will, not later than 48 hours from the conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.cclproducts.com](http://www.cclproducts.com) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchanges.
- iii The voting result will be announced by the Chairman or any other person authorized by him within two days of the Meeting.
- iv Subject to receipt of requisite majority of votes, as per Section 230 to 232 of the Act, and other applicable rules and regulations, the Resolution proposed in the Notice shall be deemed to have been passed on the date of the Meeting, i.e, 10th April, 2021

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

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

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**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL  
AMARAVATHI BENCH AT HYDERABAD  
C.A. (CAA) NO.1/230/AMR/2021  
IN THE MATTER OF COMPANIES ACT, 2013  
AND  
IN THE MATTER OF SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013  
AND  
ALL OTHER APPLICABLE PROVISIONS OF THE SAID ACT  
AND  
IN THE MATTER OF SCHEME OF AMALGAMATION  
BETWEEN  
CCL BEVERAGES PRIVATE LIMITED  
(TRANSFEROR COMPANY)  
AND  
CCL PRODUCTS (INDIA) LIMITED  
(TRANSFeree COMPANY)  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**CCL PRODUCTS (INDIA) LIMITED**, a Company  
incorporated under the provisions of Companies Act, 1956,  
bearing CIN: L15110AP1961PLC000874  
and having its registered office situated at  
Duggirala, Guntur, AP 522330, India

....Applicant / Transferee Company

**EXPLANATORY STATEMENT UNDER SECTION 102 READ WITH SECTIONS 230 TO 232 AND  
OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND DETAILS & INFORMATION  
AS REQUIRED UNDER RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND  
AMALGAMATIONS) RULES, 2016**

1. A Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL PRODUCTS (INDIA) LIMITED (Transferee Company) and their respective Shareholders and Creditors ("Scheme"), was proposed by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Company for the purpose of amalgamation of CCL Beverages Private Limited with CCL Products (India) Limited (Transferee Company) on a going concern basis with effect from 01.04.2020 (First Day of April, Two Thousand and Twenty), being the Appointed Date.
2. The said Scheme of Amalgamation was approved by the Board of Directors of the Company and the Board of Directors of the Transferor Company at their respective meetings held on 20th day of October, 2020 under the provisions of Sections 230 to 232 of the Companies Act, 2013, by passing respective Board Resolutions. The Board of Directors of the Company approved the Scheme after taking into consideration the rationale of the Scheme and the certificate issued by the Statutory Auditors of the Company to the effect that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.
3. The Board of Directors of the Transferee Company and Transferor Company at their respective meeting held on 20th day of October, 2020, authorized, empowered and directed severally, Mrs. Sridevi Dasari, Company Secretary and Mr. Bandi Mohan Krishna (DIN: 03053172), Director respectively, to file the Scheme along with necessary documents by making application, petition etc., with the Hon'ble National Company Law Tribunal, Amaravathi Bench at Hyderabad ("Hon'ble Tribunal/ NCLT") and with such other authorities as may be required for taking their approval to the Scheme and further authorized, empowered and directed them to take all such necessary steps and actions to give effect to the provisions of the Scheme.

4. Accordingly, a Joint Application vide C.A. (CAA) NO.1/230/AMR/2021 was made to the Hon'ble National Company Law Tribunal, Amaravati Bench at Hyderabad, by the Applicant Companies for obtaining the sanction of the Tribunal to the Scheme of Amalgamation under sections of section 230 to 232 of the Companies Act, 2013, on 11th day of January, 2021.
5. The C.A. (CAA) NO.1/230/AMR/2021 was allowed by the Hon'ble Tribunal vide Order dated 26th Day of February, 2021 and pursuant to said Order a meeting of the Equity Shareholders of CCL Products (India) Limited (Transferee Company) is being convened on Saturday, the 10th day of April, 2021 at 11.00 A.M. through video conferencing ("VC") / other audio visual means ("OAVM"), for the purpose of considering, and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors.

**6. DESCRIPTION, INFORMATION AND OTHER DETAILS PERTAINING TO THE APPLICANT COMPANIES**

**TRANSFEEE COMPANY**

- 6.1 CCL Products (India) Limited** was originally incorporated under the name and style "Sahayak Finance & Investment Corporation Limited" under the provisions of Companies Act, 1956, on 22.03.1961 (Twenty Second Day of March, One Thousand Nine Hundred and Sixty One) in the state of Andhra Pradesh, vide Certificate of Incorporation No. 874 of 1960-61, issued by the Registrar of Companies, Andhra Pradesh. Subsequently, the name of the Company was changed from "Sahayak Finance & Investment Corporation Limited" to "Continental Coffee Limited" by following due procedure laid down under the applicable provisions of Companies Act, 1956 and a fresh certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Andhra Pradesh on 22.02.1994 (Twenty Second Day of February, One Thousand Nine Hundred and Ninety Four). Subsequently, the name of the Company was changed from "Continental Coffee Limited" to its present name, i.e., "CCL Products (India) Limited" by following due procedure laid down under the applicable provisions of Companies Act, 1956 and a fresh certificate of incorporation consequent on change of name was issued by the Registrar of Companies, Andhra Pradesh, on 21.11.2002 (Twenty First Day of November Two Thousand and Two). The present Corporate Identification Number (CIN) of the Company is L15110AP1961PLC000874. The PAN of the Company is AAACC9552G. (Hereinafter referred to as the "Transferee Company"). The Company is a Public Limited Company, listed on BSE Limited and National Stock Exchange of India Limited.

The registered office of the Transferee Company is situated at Duggirala, Guntur District, Andhra Pradesh- 522330 India and the E-mail address is **companysecretary@continental.coffee**

- 6.2** Few of the main objects of the Transferee Company are as follows:

- a) To carry on the business solely or in collaboration with others, Indian or foreign, in manufacture of Coffee, Tea, Chicory, Cocoa, Milk Products, Condensed Milk, Cheese, Plain and all flavoured, Yoghurt, Shrikhand, Creamers including non-dairy creamer, sweetner, natural & artificial and the like, in all or any of their forms (including spray dried, freeze dried, agglomerate, granulated, blended and preparations thereof for consumption by human beings and also including all versions, alternatives, substitutes thereof and therefor in whatsoever manner, that is to say, either mechanically or otherwise, by employing electricity or any other power or energy, and sale thereof, either in whole sale and/or in retail or otherwise, whether in the country or abroad.
- b) To carry on business in processing, manipulating, preparing, preserving, carrying, refining, bottling, buying, rendering marketable and dealing in Coffee, Tea, Chicory, Cocoa and the like in their prepared, manufactured or raw state and whether in whole sale and/or in retail.
- c) To manufacture, sell and deal in any manner with Plant and Machinery, Equipment, Knowhow for manufacture of coffee, tea, cocoa and milk products.



- d) To acquire by purchase or otherwise, and to carry on the business of planters, cultivators, growers and manufacturers or sellers and dealers in tea, coffee, cocoa and to manufacture, dispose of, buy and deal in the said products.
- e) To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to sell, distribute, deal in, market, trade, export or otherwise dispose of in, to, at or from any part of India and elsewhere globally all sorts of food and food stuffs, natural food, instant food, fast food, cooked food, packaged food, ready food, canned food, dehydrated foods, pulps and purees, sauces, preserved food, prepared food, noodles, snacks (whether or not plain, flavoured, spiced, curried, coloured) and edible food colours (natural, artificial, synthetic or chemical) and all raw materials, ingredients, condiments, accompaniments, curries, preparations, sauces, packaging, dispensing accessories and also including all versions, alternatives, substitutes thereof and therefor and to undertake, execute, or otherwise perform the agency business, representative business, transport, delivery, stocking, storing, distribution of any or all aforesaid.
- f) To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to sell, distribute, deal in, market, trade, package, bottle, export or otherwise dispose of, in, to, at or from any part of India and elsewhere globally all sorts of wines, alcoholic liquors and liqueurs, beverages (alcoholic, non-alcoholic, aerated or non-aerated), food or health beverages, fruit and vegetable pulps and beverages, drinks and all raw materials, ingredients, accompaniments, packaging, bottles, dispensing accessories and also including all versions, alternatives, substitutes thereof and to refer and to undertake, execute, or otherwise perform the agency business, representative business, bottling, distilling, transport, delivery, stocking, storing, distribution of any or all aforesaid

The Transferee Company is mainly engaged in the business of manufacturing and sale of different types of the Coffee in India and abroad.

There has been no instance of change of name or change of registered office or change of objects of the Company, during the last five years.

6.3 The authorized, issued, subscribed and paid-up share capital of Transferee Company as on 31st March, 2020, is as follows:

| <b>Share Capital</b>   | <b>Amount in Rs.</b> |
|--|----------------------|
| <b>Authorized Capital</b><br>15,00,00,000 (Fifteen Crore) Equity Shares of Rs.2/- (Rupees Two only) each.  | 30,00,00,000         |
| <b>Total</b>   | <b>30,00,00,000</b>  |
| <b>Issued, Subscribed and Paid Up Capital</b><br>13,30,27,920 (Thirteen Crore Thirty Lakh Twenty Seven Thousand Nine Hundred and Twenty) fully paid up Equity Shares of Rs.2/- (Rupees Two only) each. | 26,60,55,840         |
| <b>Total</b>   | <b>26,60,55,840</b>  |

Subsequent to 31.03.2020 and till the date of resolution approving the Scheme of Amalgamation by the Board of Directors of the Transferee Company, there has been no change in the capital structure of the Transferee Company.

The following is the Shareholding Pattern of the Transferee Company as on date:

| Sl. No. | Category of shareholder   | No. of Shareholders | Total No. of shares held | % of holding |
|---------|---------------------------|---------------------|--------------------------|--------------|
| 1.      | Promoter & Promoter Group | 6                   | 6,14,49,342              | 46.19        |
| 2.      | Public                    | 38,984              | 7,15,78,578              | 53.81        |
|         | <b>Total</b>              | <b>38,990</b>       | <b>13,30,27,920</b>      | <b>100</b>   |

**6.4 Details of Promoters of Transferee Company ( as on date of this Notice) along with their addresses are mentioned herein below:**

| Sl. No. | Name                   | Address   |
|---------|------------------------|---|
| 1.      | Challa Rajendra Prasad | 8-2-269/4A, Road No 2, Near R B S Bank, Banjara Hills, Khairatabad, Hyderabad – 500034                          |
| 2.      | Challa Shantha Prasad  | 8-2-269/4A, Road No 2, Near R B S Bank, Banjara Hills, Hyderabad – 500034                                       |
| 3.      | Challa Soumya          | 8-2-269/4A, Road No 2, Near R B S Bank, Banjara Hills, Hyderabad – 500034                                       |
| 4.      | Challa Srishant        | Lodha Bellezza, Tower 5b, Baldwin Park, Flat 600, Survey No 1009/p, Kukatpally, KPHB Colony, Hyderabad – 500072 |
| 5.      | Challa Ajitha          | 8-2-269/4A, Road No 2, Near R B S Bank, Banjara Hills, Hyderabad – 500034                                       |
| 6.      | B. Mohan Krishna       | 8-2-293/82/A/1182, Road No.45, Jubilee Hills, Hyderabad -500033 , Telangana                                     |

**6.5 Details of Directors of Transferee Company ( as on date of this Notice) along with their addresses are mentioned herein below::**

| Name                   | DIN      | Address   | Designation                  | Date of Appointment |
|------------------------|----------|---|------------------------------|---------------------|
| CHALLA SRISHANT        | 00016035 | Lodha Bellezza, Tower 5b, Baldwin Park, Flat 600, Survey No 1009/p, Kukatpally, KPHB Colony, Hyderabad – 500072 | Managing Director            | 18/07/2005          |
| VIPIN KUMAR SINGAL     | 00505339 | B-28, Kailash Colony New Delhi -110048, Delhi, India  | Director                     | 12/04/1994          |
| CHALLA RAJENDRA PRASAD | 00702292 | 8-2-269/4A, Road No 2, Near R B S Bank, Banjara Hills, Hyderabad – 500034                                       | Chairman (Wholtime Director) | 24/11/1982          |

|                              |          |   |                    |            |
|------------------------------|----------|---|--------------------|------------|
| CHALLA SHANTHA PRASAD        | 00746477 | 8-2-269/4A, Road No 2, Near R B S Bank, Banjara Hills, Hyderabad – 500034                                   | Director           | 29/07/2016 |
| KULSOOM NOOR SAIFULLAH       | 02544686 | #301, Ashadeep 9, Hailey Road, New Delhi NDMC, New Delhi, G P Central Delhi, Delhi -110001, India           | Director           | 19/01/2015 |
| CHANDRAHAS KATA              | 02994302 | G-1, Reliance Homes, 8-2-547/R, Road No.7, Banjara Hills, Khairatabad, Hyderabad - 500034 Telangana, India  | Director           | 07/09/2011 |
| BANDI MOHAN KRISHNA          | 03053172 | 8-2-293/82/A/1182, Road No.45, Jubilee Hills, Hyderabad -500033 , Telangana                                 | Wholetime Director | 03/07/2013 |
| KONDAMUDU KASYAP SARMA       | 06672873 | 10-2-9AND249, F. No-101A Nasr Apts A C Guards, Khairatabad, Hyderabad - 500004, Telangana, India            | Director           | 03/07/2013 |
| VENKATA KRISHNA RAU GOGINENI | 06775731 | Villa 116, The Retreat, Tarabanahalli Tharabana Halli, Bangalore, North Bengaluru - 562157 Karnataka, India | Director           | 28/10/2014 |
| DR. KRISHNANAND LANKA        | 07576368 | H No:1-242/1, S V S College Road, Hasanparthy Mandal, Bhimaram (rural) Warangal - 506015, Telangana, India  | Director           | 29/07/2016 |
| DURGA PRASAD KODE            | 07946821 | 8-2-293/82/A/548-A/21, Road No.32, Jubilee Hills Hyderabad - 500033, Telangana, India                       | Director           | 01/02/2018 |
| VEERAYYA CHOWDARY KOSARAJU   | 08485334 | Flat No-Teja 511, My Home Navadweepa, Madhapur, K.V.Rangareddy, Hyderabad- 500081, Telangana, India         | Director           | 25/06/2019 |

6.6 Names of the Directors of CCL Products (India) Limited (Transferee Company) who voted in favor of the resolution approving the Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors at the meeting of Board of Directors of the Company held on 20th October, 2020:

| Sl. No. | Name                   |
|---------|------------------------|
| 1.      | CHALLA SRISHANT        |
| 2.      | VIPIN KUMAR SINGAL     |
| 3.      | CHALLA RAJENDRA PRASAD |
| 4.      | CHALLA SHANTHA PRASAD  |
| 5.      | KULSOOM NOOR SAIFULLAH |
| 6.      | CHANDRAHAS KATA        |

|     |                              |
|-----|------------------------------|
| 7.  | BANDI MOHAN KRISHNA          |
| 8.  | KONDAMUDU KASYAP SARMA       |
| 9.  | VENKATA KRISHNA RAU GOGINENI |
| 10. | DR. KRISHNANAND LANKA        |
| 11. | DURGA PRASAD KODE            |
| 12. | VEERAYYA CHOWDARY KOSARAJU   |

All the Directors participated and voted in the meeting and none of the Directors voted against the resolution.

6.7 The Transferee Company owes an amount of Rs. 4,14,51,43,000/- ( Rupees Four Hundred Fourteen Crores Fifty One Lakhs Forty Three Thousand) to its 4 (Four) Secured Creditors as on 31.01.2021 and all the 4 (Four) Secured Creditors of Transferee Company have given their consent to the Scheme of Amalgamation. The Transferee Company does not have any unsecured creditors as on 31.01.2021 The Transferee Company has 280 Trade/sundry creditors for an amount of Rs. 52,83,92,008/- (Rupees Fifty Two Crores eighty three lakhs Ninety Two Thousand Eight only) as on 31.01.2021. The Transferor Company does not have any Unsecured Creditors/ Trade Creditors. The Company has one secured creditor having an outstanding amount of Rs.45,00,00,000/- (Rupees Forty Five Crores) as on 31.01.2021.

#### **TRANSFEROR COMPANY**

6.8 CCL Beverages Private Limited is a Company incorporated under the provisions of Companies Act, 2013, on 14/10/2019 in the state of Andhra Pradesh, vide Corporate Identification Number U15549AP2019PTC113114, issued by Registrar of Companies, Andhra Pradesh. The PAN of the Company is AAICC4206D. (Hereinafter referred to as the "Transferor Company"). The Company is a Private Limited Company, and wholly owned subsidiary of CCL Products (India) Limited. None of the securities of the Company is listed on any of the Stock Exchanges.

The Registered Office of the Transferor Company is situated at Door No/SYNo.269/1, Kuvvakolli Village, Varadaiahpalem Mandal, Chittoor District, Andhra Pradesh- 517645 India and the E-mail address is mohan.b@continental.coffee

6.9 The present main objects of the Transferor Company are as follows:

- a) To carry on the business, either solely or in collaboration with other persons or entities, whether of Indian or foreign origin, to manufacture, buy, sell, retail, wholesale, trade, market, import, export, process, manipulate, prepare, preserve, carry on, refine, bottle and to deal in all types of coffee, tea, chicory, cocoa, milk, condensed milk, milk products, sugar, sugar substitutes and other similar products, manufactured or raw state, whether in India or elsewhere either in wholesale and/ or in retail or otherwise.
- b) To manufacture, sell and deal, in any manner whatsoever, with plant and Machinery, Equipment, Know-how for manufacture of coffee, tea, cocoa, milk, milk products, sugar, sugar substitutes and other similar products.
- c) To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to sell, distribute, deal in, market, trade, export or otherwise dispose of in, to, at or from any part of India and elsewhere globally all sorts of food and food stuffs, natural food, instant food, cooked food, packaged food, ready food, canned food, dehydrated food, pulps and purees, sauces, preserved food, prepared food, noodles, snacks (whether or not plain, flavoured, spiced, curried, coloured) and edible food colours (natural, artificial, synthetic or chemical) and all raw

materials, ingredients, condiments, accompaniments, curries, preparations, sauces, packaging, dispensing accessories and also including all versions, alternatives, substitutes thereof and therefore and to undertake, execute, or otherwise perform the agency business, representative business, transport, delivery, stocking, storing, distribution of any or all aforesaid.

- d) To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to sell, distribute, deal in, market, trade, package, bottle, export or otherwise dispose off at or from any part of India and elsewhere globally all sorts of wines, alcoholic liquors and liqueurs, beverages (alcoholic, non- alcoholic, aerated or non- aerated), food or health beverages, fruit and vegetable pulps and beverages, drinks and all raw materials, ingredients, accompaniments, packaging, bottles, dispensing accessories and also including all versions, alternatives, substitutes thereof and to refer and to undertake, execute, or otherwise perform the agency business, representative business, bottling, distilling, transport, delivery, stocking, storing, distribution of any or all aforesaid.

There has been no instance of change of name or change of registered office or change of objects of the Company, during the last five years.

- 6.10 The authorized, issued, subscribed and paid-up share capital of the transferor company as on 31st March 2020 is as follows:

| Share Capital   | Amount in Rs.    |
|---|------------------|
| <b>Authorized Capital</b><br>1,00,000 (One Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each                                      | 10,00,000        |
| <b>Total</b>  | <b>10,00,000</b> |
| <b>Issued, Subscribed and Paid Up Capital</b><br>10,000 (Ten Thousand) fully paid up Equity Shares of Rs.10/- (Rupees Ten only) each. | 1,00,000         |
| <b>Total</b>  | <b>1,00,000</b>  |

Subsequent to 31.03.2020 and till the date of resolution approving the Scheme of Amalgamation by the Board of Directors of the Transferor Company, there has been no change in the capital structure of the Transferor Company.

- 6.11 The following is the extract of the register of equity shareholders of the Transferor Company showing the latest list of the equity shareholders of the Transferor Company:

| Sl. No. | Name of shareholder                                       | Total No. of shares held | % of Shareholding |
|---------|---|--------------------------|-------------------|
| 1.      | CCL Products (India) Limited (Transferee Company)         | 9,999                    | 99.99             |
| 2.      | Challa Srishant - Nominee of CCL Products (India) Limited | 1                        | 0.01              |
|         | <b>Total</b>  | <b>10,000</b>            | <b>100</b>        |

- 6.12 Details of Promoters of Transferor Company (as on date of this Notice) along with their addresses are mentioned herein below:

| Sl. No. | Name  | Address   |
|---------|---|---|
| 1.      | CCL Products (India) Limited  | Duggirala, Guntur District,<br>Andhra Pradesh- 522330, India  |
| 2.      | Challa Srishant<br>(holding beneficial interest on behalf of<br>CCL Products (India) Limited) | Lodha Bellezza, Tower 5b, Baldwin Park,<br>Flat 600, Survey No 1009/p, Kukatpally,<br>KPHB Colony, Hyderabad – 500072 |

6.13 Details of Directors of Transferor Company( as on date of this Notice) along with their addresses are mentioned herein below:

| Name                | DIN      | Address  | Designation | Date of Appointment |
|---------------------|----------|--|-------------|---------------------|
| CHALLA SRISHANT     | 00016035 | Lodha Bellezza, Tower 5b,<br>Baldwin Park, Flat 600,<br>Survey No 1009/p, Kukatpally,<br>KPHB Colony, Hyderabad – 500072 | Director    | 14/10/2019          |
| BANDI MOHAN KRISHNA | 03053172 | 8-2-293/82/A/1182, Road No.45,<br>Jubilee Hills, Hyderabad -500033 ,<br>Telangana  | Director    | 14/10/2019          |

6.14 Names of the Directors of CCL Beverages Private Limited (Transferor Company) who voted in favor of the resolution approving the Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors at the meeting of Board of Directors of the Company held on 20th October, 2020:

| Sl. No. | Name                |
|---------|---------------------|
| 1.      | CHALLA SRISHANT     |
| 2.      | BANDI MOHAN KRISHNA |

All the Directors participated and voted in the meeting and none of the Directors voted against the resolution.

#### 7. RATIONALE, OBJECTIVE, PURPOSE AND BENEFITS OF THE SCHEME TO THE COMPANY AND ITS STAKEHOLDERS

The Transferee Company is holding the entire stake in the Transferor Company. The Transferor Company i.e. CCL Beverages Private Limited was incorporated in the year 2019 and was made a wholly owned subsidiary of the Transferee Company in order to implement agglomeration and packing project at Kuvvakolli Village through its Spray Dried Coffee Plant to cater to the increased demand in international markets. However, the Board of Directors of the Transferee Company thought fit and decided to implement the said project under the Transferee Company itself and hence the amalgamation of the Transferor Company with the Transferee Company is being undertaken. The amalgamation of the Transferor Company with the Transferee Company would inter-alia have the following benefits:

1. The amalgamation will enable appropriate consolidation of activities of Transferor Company and Transferee Company with pooling and more efficient utilization of their resources, greater economies of scale, reduction in overheads and other expenses and improvement in various operating parameters.



2. To achieve consolidation, greater integration and flexibility which will maximize overall shareholder value and improve the competitive position of the combined entity.
3. To achieve greater efficiency in cash management and unfettered access to cash flows generated by the combined entity which can be deployed more effectively to fund organic and inorganic growth opportunities.
4. Improved organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
5. Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business process, elimination of duplication and rationalization of administrative expenses.
6. The amalgamation will result in reduction of multiplicity of entities, thereby reducing compliance cost of multiple entities viz., statutory filings, regulatory compliances, labour law/ establishment related compliances.

#### **8. SCOPE OF THE SCHEME**

This Scheme of Amalgamation is presented pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (to the extent applicable) for the Amalgamation of CCL Beverages Private Limited (Transferor Company) with CCL Products (India) Limited (Transferee Company). The Scheme (as defined hereinafter) also provides for various other matters consequential to, or otherwise integrally connected with the above, as more specifically stated hereinafter. The scope of the scheme is as under:

1. Amalgamation of the Transferor Company with the Transferee Company.
2. Dissolution of the Transferor Company without Winding up.
3. The transfer of the Transferor Company will be on a going concern basis.

This Scheme of Amalgamation has been drawn up to comply with the conditions as specified under section 2(1B) of Income Tax Act, 1961, such that:

- (i) All the properties of Transferor Company, immediately before the amalgamation, become the properties of Transferee Company by virtue of amalgamation.
- (ii) All the liabilities of Transferor Company, immediately before the amalgamation, become the liabilities of Transferee Company by virtue of amalgamation.

#### **9. SALIENT FEATURES OF THE SCHEME**

1. Appointed Date means 01st day of April, 2020 or such other date as may be fixed or approved by the Appropriate Authority. The Appointed Date shall be the effective date and the Scheme shall be deemed to be effective from the Appointed Date.
2. Transfer of assets, properties, estates, claims, debts, duties, liabilities, obligations etc.,
  - 2.1 Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date, all properties, assets, liabilities and undertaking(s) of the Transferor Company shall stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company under the provisions of Section 230 to 232 of the 2013 Act and all other applicable provisions, if any, of the 2013 Act and also in accordance with section 2(1B) of the Income-tax Act, 1961, without any further deed or act, subject to existing charges or lis pendens, if any thereon, in favour of banks/ financial institutions.

- 2.2 Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date, all immovable property (including land, buildings and any other immovable property), if any, of the Transferor Company, whether under constructions, freehold or leasehold, and any documents of title, rights, agreements to sell / agreements of sale and easements in relation thereto, shall stand vested in the Transferee Company, without any act or deed done by the Transferor Company or the Transferee Company, and without any approval or acknowledgement of any third party. With effect from the Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation/ substitution of the title to such immovable properties shall be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of the Scheme by the NCLT and in accordance with the terms hereof. The Transferor Company shall take all steps as may be necessary to ensure that lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Transferee Company.
- 2.3 Without prejudice to the generality of the foregoing, with effect from the Appointed Date, it is expressly provided that in respect of such of the assets of the Transferor Company that are movable in nature and / or are otherwise capable of transfer by manual or constructive delivery and / or endorsement and delivery or novation, the same shall be deemed to have been so transferred by Transferor Company and shall become the property of the Transferee Company in pursuance of the provisions of section 230 to 232 of the 2013 Act, without any further act, instrument, deed, matter or thing.
- 2.4 In respect of movables other than those dealt with in Clause 0 above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, property development rights, investments, earnest money and deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferor Company may, without being obliged, and if it so deems appropriate, at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Transferee Company).
- 2.5 Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date all liabilities relating to and comprised in the undertaking of Transferor Company including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations, shall, stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company under the provisions of Sections 230 to 232 of the 2013 Act and other applicable provisions, if any, of the 2013 Act, without any further act, instrument, deed, matter or thing.
- 2.6 The transfer and vesting as aforesaid shall be subject to subsisting charges, if any, in respect of any assets of Transferor Company. PROVIDED always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed by the Transferor Company and Transferee Company shall not be obliged to create any further or additional security in relation to subsisting charges, if any, thereof after the date of approval of this Scheme by the NCLT or otherwise.
- 2.7 All staff, workmen and employees of the Transferor Company shall become the staff, workmen and employees of the Transferee Company, without any further act or deed to be done by the Transferor Company or the Transferee Company.

- 2.8 Upon approval of the Scheme by the Tribunal, the Transferee Company shall, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangement with any party to any contract or arrangement to which the Transferor Company is a party in order to give formal effect to the above provisions. The Transferee Company shall be deemed to be authorized to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliances referred to above on part of the Transferor Company.
- 2.9 Upon approval of this Scheme by the Tribunal, the Transferee Company shall be entitled to secure the record of the change in the legal ownership upon the vesting of the assets of the Transferor Company in accordance with the provisions of Sections 230 to 232 of the 2013 Act. The Transferor Company and the Transferee Company shall be jointly and severally authorized to execute any writings and / or carry out any formalities or compliance in this regard.
- 2.10 All taxes, duties, cess payable by the Transferor Company including all or any refunds / credit / claims pertaining to the period prior to the Appointed Date shall be treated as the liability or refunds / credit / claims, as the case may be, of the Transferee Company.
- 2.11 All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits (including tax benefits), subsidies, concessions, grants, rights, patents, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall, under the provisions of Sections 230 to 232 of the 2013 Act and all other applicable provisions of the Act, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.
- 2.12 All the Insurance policies registered in the name of the Transferor Company which are active as on the date of approval of the Scheme by the Tribunal and which can be transferred/assigned shall pursuant to the provisions of Section 232 of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and or be deemed to have been transferred to and vested in and be available to the benefit of the Transferee Company and accordingly, the insurance companies shall record the name of the Transferee Company in all the insurance policies registered in the name of the Transferor Company so as to ensure that all the rights and privileges under all such policies available to the Transferor Company and / or to any other person / director / employee of Transferor Company, whether in the capacity of the Policy Holder or Owner or Insured or the Beneficiary, as the case may be, be available to the benefit of the Transferee Company and / or to any other person/director/employee of Transferee Company, as the case may be, on the same terms and conditions as they were applicable to the Transferor Company and upon such transfer/assignment, all such policies shall be effective in favour of the Transferee Company as if instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. However, for the insurance policies which do not permit such transfer/assignment, the Transferee Company may make fresh application(s) to the concerned authority/insurance company(ies) on such terms and conditions as may be prescribed. It is hereby clarified that all the costs and/or expenses and/or premiums in relation to the transfer/assignment/of the insurance policies in the name of Transferee Company shall be borne by the Transferee Company and the Transferor Company shall have no further obligations in this regard.

- 2.13 Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date, all existing and future incentives, unavailed credits and expenditures, exemptions and deductions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit under the IT Act), excise (including Modvat / Cenvat), customs, VAT, sales tax, service tax, GST including the IGST input tax credit, CGST input tax credit and SGST input tax credit for the registrations of the Transferor Company in all the states, to which the Transferor Company are entitled to shall be available to and vest in the Transferee Company.
- 2.14 The Transferee Company shall file relevant intimations, for the record of the statutory authorities signifying the transfer of the assets / properties including but not limited to permissions, approvals, consents, sanctions, remissions, special reservations, incentives, concessions and other authorizations of the Transferor Company.

#### **INTER- SE TRANSACTIONS:**

Without prejudice to the provisions of Clause 2, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes.

#### **3. Legal Proceedings:**

- 3.1 If any suit, appeal or other proceedings of whatever nature by or against the Transferor Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this amalgamation or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.
- 3.2 On and from the date of approval of this Scheme by the Tribunal, the Transferee Company shall, and may, if required, initiate, continue any legal proceedings in relation to the Transferor Company.

#### **4. Staff, Workman & Employees of the Transferor Company:**

Upon approval of this Scheme by the Tribunal, all staff, workmen and employees on the payrolls of the Transferor Company, in service on the date of approval of this Scheme by the Tribunal shall be deemed to have become staff, workmen, and employees of Transferee Company on such date without any break or interruption in their service and on the terms and conditions of their employment not less favourable than those subsisting with reference to Transferor Company as on the said date.

#### **5. Dissolution of the Transferor Company:**

Upon approval of this Scheme by the Tribunal, the Transferor Company (viz. CCL Beverages Private Limited) shall be dissolved without winding up and without any further act or deed on the part of the Transferor Company pursuant to the provisions of Section 232 of the 2013 Act.

#### **6. Consideration:**

The entire issued, subscribed and paid-up share capital of the Transferor Company is held (beneficially owned) by the Transferee Company. Upon approval of this Scheme by the Tribunal, no shares of the Transferee Company shall be issued or allotted in lieu of its holding in the Transferor Company, and the Paid up share capital of the Transferor Company shall stand cancelled and extinguished. The investments in the shares of the Transferor Company, appearing in the books of account of Transferee Company shall without any further act or deed, stand cancelled.

**7. Consolidation of Authorized Capital of the Transferor Company with the Authorised Capital of the Transferee Company:**

7.1 As an integral part of the Scheme, the face value of 1 (One) equity share of Transferor Company amounting to Rs.10/- (Rupees Ten only) shall be sub-divided into face value of Rs.2/- (Rupee Two only) comprising 5 (Five) equity shares of Transferor Company, accordingly the authorised share capital of the Transferor Company shall be restructured and restated as follows:

“The authorised share capital of the Transferor Company is Rs.10,00,000/- (Rupees Ten Lakh only) divided into 5,00,000 (Five Lakh) equity shares of Rs.2/- (Rupee Two only) each”.

7.2 The members of the Transferor Company, on approval of the Scheme, shall be deemed to have given their approval u/s 61 of the 2013 Act and all other applicable provisions of the said act for sub-division of the face value of equity shares and for the amendment to the Authorized Capital of the Company and no separate resolutions will be required to be passed for sub-division of the face value of equity shares of the Company and for the amendment to the Authorized Capital of the Company under section 61 of the 2013 Act and no separate notice will be required to be given to the Registrar of Companies, for intimation of sub-division under section 64 of the 2013 Act.

7.3 As an integral part of the Scheme and upon its sanction, and after the sub-division of the face value of the equity shares of the Transferor Company, the Authorized Share Capital of the Transferee Company shall automatically stand increased by merging the Authorized Share Capital of Transferor Company with Transferee Company after filing necessary e-form INC 28 with the ROC / MCA without any further act or deed on the part of the Transferee Company. However, the fee paid by the Transferor Company on its Authorised Capital prior to its amalgamation with the transferee company shall be set off against the fees payable by the transferee company on its Authorised Capital enhanced by the amalgamation as provided under Section 233(11) of the Companies Act, 2013.

7.4 The Memorandum and Articles of association of the Transferee Company (relating to authorized share capital) shall without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purpose of effecting this amendment, and no further resolution(s) under Section 13, 14, 61, 64 or any other applicable provisions of the 2013 Act would be required to be separately passed, as the case may be and for this purpose the stamp duty and fees paid on the authorized capital of the Transferor Company shall be utilised and applied to the increased authorized share capital of the Transferee Company. Pursuant to the approval of this Scheme by the Tribunal and consequent upon the amalgamation of the Transferor Company with the Transferee Company, the authorized share capital of the Transferee Company will be Rs.30,10,00,000/- (Rupees Thirty Crore and Ten Lakh only) divided into 15,05,00,000 (Fifteen Crore and Five Lakh) equity shares of Rs.2/- (Rupees Two only) each.

7.5 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be given their consent / approval also to the alteration of the Memorandum and Article of Association of the Transferee Company as may be required under the Act and Clause V of the Memorandum of Association of the Transferee Company shall stand substituted by virtue of the Scheme to be read as follows:

***Memorandum of Association:***

***V. The Authorized Share Capital of the Company is Rs.30,10,00,000/- (Rupees Thirty Crore and Ten Lakh only) divided into 15,05,00,000 (Fifteen Crore and Five Lakh) equity shares of Rs.2/- (Rupees Two only) each.***

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**8. Conditionality of the Scheme:**

8.1 The Scheme is conditional upon and subject to:

- (a) Approval by requisite majority of the members and creditors of Transferor Company and Transferee Company as may be directed by the NCLT either by way of convening a meeting or by way of a dispensation on production of consent affidavits or no-objection certificates;
- (b) Approval of the scheme by relevant regulatory authorities;
- (c) Sanction of the Scheme by the NCLT;
- (d) Certified copies of the orders of the NCLT, sanctioning the Scheme being filed with the Registrar of Companies.

8.2 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.

8.3 If any part of this Scheme is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme, and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the Board of Directors of the companies involved in the Scheme shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits, and obligations of this Scheme, including but not limited to such part.

**Note : YOU ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME TO GET FULLY ACQUAINTED WITH THE PROVISIONS THEREOF. THE AFORESAID ARE ONLY SOME OF THE KEY PROVISIONS OF THE SCHEME.**

**10. VALUATION REPORT:**

Not Applicable. No shares are proposed to be issued by the Transferee Company pursuant to the Scheme. Therefore there will be no change in the shareholding pattern of the Transferee Company pursuant to the Scheme. In view of the said, valuation report and Fairness Opinion are not applicable.

**11. RELATIONSHIP SUBSISTING BETWEEN PARTIES TO THE SCHEME:**

The transferor Company is a Wholly Owned Subsidiary of the transferee Company.

**12. CAPITAL / DEBT RESTRUCTURING :**

There is no Capital / debt restructuring envisaged in the Scheme. No shares are proposed to be issued by the Transferee Company pursuant to the Scheme. Therefore, there will be no change in the Share Capital structure and the post-scheme shareholding pattern of the Transferee Company.



### 13. Pre and Post Amalgamation Capital Structure

a) The pre and post amalgamation Capital Structure of the Transferee Company is as follows:

| Particulars                                     | Pre-Amalgamation |               | Post-Amalgamation |               |
|---|------------------|---------------|-------------------|---------------|
|   | No. of Equity    | Amount in INR | No. of Equity     | Amount in INR |
| <b>Authorised Capital</b>                       | 15,00,00,000     | 30,00,00,000  | 15,05,00,000      | 30,10,00,000  |
| <b>Issued, Subscribed &amp; Paid Up Capital</b> | 13,30,27,920     | 26,60,55,840  | 13,30,27,920      | 26,60,55,840  |

b) The pre and post amalgamation Capital Structure of the Transferor Company is as follows:

| Particulars                                     | Pre-Amalgamation |               | Post-Amalgamation |               |
|---|------------------|---------------|-------------------|---------------|
|   | No. of Equity    | Amount in INR | No. of Equity     | Amount in INR |
| <b>Authorised Capital</b>                       | 1,00,000         | 10,00,000     | Nil               | Nil           |
| <b>Issued, Subscribed &amp; Paid Up Capital</b> | 10,000           | 1,00,000      | Nil               | Nil           |

### 14. Effect of Scheme on stakeholders

The Scheme of Amalgamation, if approved by the appropriate authorities and the Tribunal, shall not have any adverse impact or effect on the Directors, Key Managerial Personnels, Promoters, Non-Promoter Members, Creditors, whether secured or unsecured, employees of Transferee or Transferor Company. The Applicant Companies does not have any Depositors or Debenture Holders.

A report adopted by the respective Board of Directors of the Transferee and Transferor Company, explaining the effect of Scheme on promoters and non-promoter Shareholders and others, is enclosed to this Notice.

### 15. Interest Of Directors, Key Managerial Personnel (KMPs), their Relatives and Debenture Trustee

None of the Directors, KMPs (as defined under the Act and rules framed thereunder) of the Transferee Company and their respective relatives (as defined under the Act and rules framed thereunder) has any interest in the Scheme except to the extent of their shareholding in the Company, if any. Save as aforesaid, none of the said Directors or the KMPs or their respective relatives has any material interest in the Scheme.

None of the Directors, KMPs (as defined under the Act and rules framed thereunder), as applicable, of the Transferor Company and their respective relatives (as defined under the Act and rules framed thereunder), has any interest in the Scheme except to the extent of their shareholding in the Transferor Company, if any. Save as aforesaid, none of the said Directors or the KMPs, or their respective relatives has any material interest in the Scheme.

The Applicant Companies does not have any Depositors or Debenture Holders, hence the question of disclosure of interest of Depositors or Debenture Trustee does not arise.

### 16. Provisional Financial Statements of CCL Beverages Private Limited (Transferor Company) for the period ended on 31st December, 2020 and Standalone and Consolidated Provisional financial statements for the period ended 31st December, 2020 of the CCL Products (India) Limited (Transferee Company) are enclosed to this Notice.

17. The rights and interests of creditors of the Applicant Companies will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all called from them nor their rights sought to be modified in any manner and post the Scheme, the Transferee Company will be able to meet its liabilities as they arise in the ordinary course of business.
18. There are no winding up proceedings pending against any of the Applicant Companies as on date.
19. No inquiry or investigation under sections 235 to 251 of the Companies Act, 1956, or under Section 210 to 227 of Companies Act, 2013, is pending against any of the Applicant Companies.
20. The financial position of the Transferee Company will not be adversely affected by the Scheme.
21. A copy of the Scheme has been filed by the Company with the Registrar of Companies, for the State of Andhra Pradesh, on 11th January, 2021.
22. The Scheme of Amalgamation requires the approval / sanction / no objection from the following regulatory and government authorities:
  - a) Registrar of Companies
  - b) Regional Director
  - c) Official Liquidator
  - d) National Company Law Tribunal

The Companies are yet to obtain the sanction of Registrar of Companies, Regional Director, Official Liquidator and the National Company Law Tribunal, Amaravati Bench at Hyderabad. The approval of the aforesaid authorities will be obtained at appropriate time.

23. Inspection and / or extract by the Equity Shareholders and creditors of the Transferee Company, of the following documents shall be allowed at the Registered Office of the Company on all working days (except on Sundays and Public holidays) between 9:00 A.M. to 5.00 P.M. till the date of this Meeting.
  - a) Joint Company Application No. C.A.(CAA)NO.01/230/AMR/2020 filed by the Applicant Companies with the Hon'ble National Company Law Tribunal, Amaravati Bench at Hyderabad.
  - b) Certified copy of the order dated 26th February, 2021 passed by the Hon'ble National Company Law Tribunal, Amaravati Bench at Hyderabad in the C.A. (CAA) NO.1/230/AMR/2021 .
  - c) Resolution passed by the Board of Directors of Applicant Companies approving the Scheme of Amalgamation at their respective meetings held on 20th day of October, 2020.
  - d) Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors.
  - e) A certificate issued by the respective Statutory Auditors of the Applicant Companies to the effect that the accounting treatment proposed in the scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
  - f) Memorandum and Articles of Association of the Applicant Companies.
  - g) Audited Financial Statements of the Applicant Companies for the financial year ended 31.03.2020.
  - h) Report of the Board of Directors of the Transferor and Transferee Company, pursuant to Section 232(2)(c) of the Act.

- i) Standalone and Consolidated Provisional financial statements for the period ended 31st December, 2020 of the Transferee Company
  - j) Provisional financial statements for the period ended December 31, 2020 of the Transferor Company
24. The Scheme of amalgamation, subject to any modification(s) approved or imposed or directed by the Hon'ble National Company Law Tribunal, Amaravati Bench at Hyderabad, unless otherwise specified in the Scheme, shall be effective and operative from the Appointed Date, i.e., 01.04.2020, upon receipt of Certified copy of Order of the National Company Law Tribunal, Amaravati Bench.
  25. A copy of the Notice, the Explanatory Statement, the Scheme of Amalgamation, details & information as required under Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Reports adopted by the Board of Directors of the Transferor Company / Transferee Company, explaining the effect of Scheme on promoters and non-promoter Shareholders of the Company, and other relevant documents are also available on the website of the Company, i.e., [www.cclproducts.com](http://www.cclproducts.com) and also available for inspection at the registered office on all working days (except on Sundays and Public holidays) between 9:00 A.M. to 5.00 P.M. till the date of this Meeting.
  26. None of the Directors of respective Companies and their respective relatives is concerned or interested, financially or otherwise in the proposed resolution except as shareholders of their respective companies in general.
  27. The Board of Directors recommends the resolution set out in the notice in relation to the approval of the proposed Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors.
  28. This statement may be treated as an Explanatory Statement under Section 102 read with sections 230 to 232 of the Companies Act, 2013, read with relevant rules made thereunder.
  29. A copy of the Notice along with Explanatory Statement may be obtained from the Registered Office of the Company.

Sd/-  
J. Basavaraju,  
Advocate  
Chairperson - Tribunal Convened  
Meeting of Equity Shareholders of  
CCL Products (India) Limited  
Flat no 303, Sumitra Mansion,  
H. No. : 6-3-609/13/1,  
Anand Nagar Colony, Khairatabad,  
Hyderabad-500 004

Date : 06.03.2021  
Place : Hyderabad

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**SCHEME OF AMALGAMATION  
UNDER SECTIONS  
230 TO 232 OF THE COMPANIES ACT, 2013  
AND  
ALL OTHER APPLICABLE PROVISIONS OF THE SAID ACT  
BETWEEN  
CCL BEVERAGES PRIVATE LIMITED  
(TRANSFEROR COMPANY)  
AND  
CCL PRODUCTS (INDIA) LIMITED  
(TRANSFeree COMPANY)  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**(A) PREAMBLE OF THE SCHEME**

This Scheme of Amalgamation is presented pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (to the extent applicable) for the Amalgamation of CCL Beverages Private Limited (Transferor Company) with CCL Products (India) Limited (Transferee Company).

The Scheme (as defined hereinafter) also provides for various other matters consequential to, or otherwise integrally connected with the above, as more specifically stated hereinafter.

**(B) DESCRIPTION OF COMPANIES**

1. CCL BEVERAGES PRIVATE LIMITED is a Company incorporated under the provisions of Companies Act, 2013, on 14.10.2019 (Fourteenth Day of October, Two Thousand and Nineteen) in the State of Andhra Pradesh, vide Corporate Identification Number U15549AP2019PTC113114, issued by the Registrar of Companies, Andhra Pradesh. The PAN of the Company is AAICC4206D. (Hereinafter referred to as the "Transferor Company").

The Registered Office of the Transferor Company is situated at Door No/SY No.269/1, Kuvvakolli Village, Varadaiahpalem Mandal, Chittoor AP 517645 IN.

The present main objects of the Transferor Company are as follows:

- a) To carry on the business, either solely or in collaboration with other persons or entities, whether of Indian or foreign origin, to manufacture, buy, sell, retail, wholesale, trade, market, import, export, process, manipulate, prepare, preserve, carry on, refine, bottle and to deal in all types of coffee, tea, chicory, cocoa, milk, condensed milk, milk products, sugar, sugar substitutes and other similar products, manufactured or raw state, whether in India or elsewhere either in wholesale and/ or in retail or otherwise.
- b) To manufacture, sell and deal, in any manner whatsoever, with plant and Machinery, Equipment, Know-how for manufacture of coffee, tea, cocoa, milk, milk products, sugar, sugar substitutes and other similar products.
- c) To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to

sell, distribute, deal in, market, trade, export or otherwise dispose of in, to, at or from any part of India and elsewhere globally all sorts of food and food stuffs, natural food, instant food, cooked food, packaged food, ready food, canned food, dehydrated food, pulps and purees, sauces, preserved food, prepared food, noodles, snacks (whether or not plain, flavoured, spiced, curried, coloured) and edible food colours (natural, artificial, synthetic or chemical) and all raw materials, ingredients, condiments, accompaniments, curries, preparations, sauces, packaging, dispensing accessories and also including all versions, alternatives, substitutes thereof and therefore and to undertake, execute, or otherwise perform the agency business, representative business, transport, delivery, stocking, storing, distribution of any or all aforesaid.

- d) To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to sell, distribute, deal in, market, trade, package, bottle, export or otherwise dispose off at or from any part of India and elsewhere globally all sorts of wines, alcoholic liquors and liqueurs, beverages (alcoholic, non- alcoholic, aerated or non- aerated), food or health beverages, fruit and vegetable pulps and beverages, drinks and all raw materials, ingredients, accompaniments, packaging, bottles, dispensing accessories and also including all versions, alternatives, substitutes thereof and to refer and to undertake, execute, or otherwise perform the agency business, representative business, bottling, distilling, transport, delivery, stocking, storing, distribution of any or all aforesaid.

The authorized, issued, subscribed and paid-up share capital of the Transferor Company as on 31.03.2020 is as follows:

| Share Capital  | Amount in Rs.    |
|--|------------------|
| Authorized Capital<br>1,00,000 (One Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each.                                     | 10,00,000        |
| <b>Total</b>   | <b>10,00,000</b> |
| Issued, Subscribed and Paid Up Capital<br>10,000 (Ten Thousand) fully paid up Equity Shares of Rs.10/- (Rupees Ten only) each. | 1,00,000         |
| <b>Total</b>   | <b>1,00,000</b>  |

Subsequent to 31st March, 2020, there is no change in the authorised, issued, subscribed and paid up share capital of the Transferor Company.

The Transferor Company is wholly owned subsidiary of the Transferee Company. The following is the extract of the Register of Members of the Transferor Company showing its latest list of the equity shareholders:

| Sl. No. | Name of shareholder  | Total No. of shares held | % of Shareholding |
|---------|--|--------------------------|-------------------|
| 1.      | CCL Products (India) Limited<br>(Transferee Company)             | 9,999                    | 99.99             |
| 2.      | Mr. Challa Srishant -<br>Nominee of CCL Products (India) Limited | 1                        | 0.01              |
|         | <b>Total</b>   | <b>10,000</b>            | <b>100.00</b>     |

2. CCL PRODUCTS (INDIA) LIMITED was originally incorporated under the name and style “Sahayak Finance & Investment Corporation Limited” under the provisions of Companies Act, 1956, on 22.03.1961 (Twenty Second Day of March, One Thousand Nine Hundred and Sixty One) in the state of Andhra Pradesh, vide Certificate of Incorporation No. 874 of 1960-61, issued by the Registrar of Companies, Andhra Pradesh. Subsequently, the name of the Company was changed from “Sahayak Finance & Investment Corporation Limited” to “Continental Coffee Limited” by following due procedure laid down under the applicable provisions of Companies Act, 1956 and a fresh certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Andhra Pradesh on 22.02.1994 (Twenty Second Day of February, One Thousand Nine Hundred and Ninety Four). Subsequently, the name of the Company was changed from “Continental Coffee Limited” to its present name, i.e., “CCL Products (India) Limited” by following due procedure laid down under the applicable provisions of Companies Act, 1956 and a fresh certificate of incorporation consequent on change of name was issued by the Registrar of Companies, Andhra Pradesh, on 21.11.2002 (Twenty First Day of November Two Thousand and Two). The present Corporate Identification Number (CIN) of the Company is L15110AP1961PLC000874. The PAN of the Company is AAACC9552G. (Hereinafter referred to as the “Transferee Company”).

The registered office of the Transferee Company is situated at Duggirala, Guntur, AP 522330 IN.

The Transferee Company is mainly engaged in the business of manufacturing and sale of different types of the Coffee in India and abroad. Few of the main objects of the Transferee Company are as follows:

- a) To carry on the business solely or in collaboration with others, Indian or foreign, in manufacture of Coffee, Tea, Chicory, Cocoa, Milk Products, Condensed Milk, Cheese, Plain and all flavoured, Yoghurt, Shrikhand, Creamers including non-dairy creamer, sweetner, natural & artificial and the like, in all or any of their forms (including spray dried, freeze dried, agglomerate, granulated, blended and preparations thereof for consumption by human beings and also including all versions, alternatives, substitutes thereof and therefor in whatsoever manner, that is to say, either mechanically or otherwise, by employing electricity or any other power or energy, and sale thereof, either in whole sale and/or in retail or otherwise, whether in the country or abroad.
- b) To carry on business in processing, manipulating, preparing, preserving, carrying, refining, bottling, buying, rendering marketable and dealing in Coffee, Tea, Chicory, Cocoa and the like in their prepared, manufactured or raw state and whether in whole sale and/or in retail.
- c) To manufacture, sell and deal in any manner with Plant and Machinery, Equipment, Knowhow for manufacture of coffee, tea, cocoa and milk products.
- d) To acquire by purchase or otherwise, and to carry on the business of planters, cultivators, growers and manufacturers or sellers and dealers in tea, coffee, cocoa and to manufacture, dispose of, buy and deal in the said products.
- e) To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to sell, distribute, deal in, market, trade, export or otherwise dispose of in, to, at or from any part of India and elsewhere globally all sorts of food and food stuffs, natural food, instant food, fast food, cooked food, packaged food, ready food, canned food, dehydrated foods, pulps and purees, sauces, preserved food, prepared food, noodles, snacks (whether or not plain, flavoured, spiced, curried, coloured) and edible food colours (natural, artificial, synthetic or chemical) and all raw materials, ingredients, condiments, accompaniments, curries, preparations, sauces, packaging, dispensing accessories and also including all versions, alternatives, substitutes thereof and therefor and to undertake, execute, or otherwise perform the agency business, representative business, transport, delivery, stocking, storing, distribution of any or all aforesaid.



- f) To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to sell, distribute, deal in, market, trade, package, bottle, export or otherwise dispose of, in, to, at or from any part of India and elsewhere globally all sorts of wines, alcoholic liquors and liqueurs, beverages (alcoholic, non-alcoholic, aerated or non-aerated), food or health beverages, fruit and vegetable pulps and beverages, drinks and all raw materials, ingredients, accompaniments, packaging, bottles, dispensing accessories and also including all versions, alternatives, substitutes thereof and to refer and to undertake, execute, or otherwise perform the agency business, representative business, bottling, distilling, transport, delivery, stocking, storing, distribution of any or all aforesaid.

The authorized, issued, subscribed and paid-up share capital of the Transferee Company as on 31.03.2020 is as follows:

| Share Capital  | Amount in Rs.       |
|--|---------------------|
| <b>Authorized Capital</b><br>15,00,00,000 (Fifteen Crore)<br>Equity Shares of Rs.2/- (Rupees Two only) each.   | 30,00,00,000        |
| <b>Total</b>   | <b>30,00,00,000</b> |
| Issued, Subscribed and Paid Up Capital<br>13,30,27,920 (Thirteen Crore Thirty Lakh Twenty Seven Thousand Nine Hundred and Twenty) fully paid up Equity Shares of Rs.02/- (Rupees Two only) each. | 26,60,55,840        |
| <b>Total</b>   | <b>26,60,55,840</b> |

Subsequent to 31st March, 2020, there is no change in the authorised, issued, subscribed and paid up share capital of the Transferee Company.

The Transferee Company is the Holding Company of the Transferor Company. The equity shares of the Transferee Company are listed and traded on the BSE Limited ("BSE") bearing Scrip Code: 519600 and on the National Stock Exchange of India Limited ("NSE") bearing Symbol: CCL. The following is the Shareholding Pattern of the Transferee Company as on date:

| Sl. No. | Category of shareholder   | No. of Shareholders | Total No. of shares held | % of holding  |
|---------|---------------------------|---------------------|--------------------------|---------------|
| 1.      | Promoter & Promoter Group | 6                   | 6,14,49,342              | 46.19         |
| 2.      | Public                    | 31,044              | 7,15,78,578              | 53.81         |
|         | <b>Total</b>              | <b>31,050</b>       | <b>13,30,27,920</b>      | <b>100.00</b> |

### (C) OBJECTIVES OF THE SCHEME

The Transferee Company is holding the entire stake in the Transferor Company. The Transferor Company i.e. CCL Beverages Private Limited was incorporated in the year 2019 and was made a wholly owned subsidiary of the Transferee Company in order to implement agglomeration and packing project at Kuvvakolli Village through its Spray Dried Coffee Plant to cater to the increased demand in international markets. However, the Board of Directors of the Transferee Company thought fit and decided to implement the said project under the Transferee Company itself and hence the amalgamation of the Transferor Company with the Transferee Company is being undertaken. The amalgamation of the Transferor Company with the Transferee Company would inter-alia have the following benefits:

1. The amalgamation will enable appropriate consolidation of activities of Transferor Company and Transferee Company with pooling and more efficient utilization of their resources, greater economies of scale, reduction in overheads and other expenses and improvement in various operating parameters.
2. To achieve consolidation, greater integration and flexibility which will maximize overall shareholder value and improve the competitive position of the combined entity.
3. To achieve greater efficiency in cash management and unfettered access to cash flows generated by the combined entity which can be deployed more effectively to fund organic and inorganic growth opportunities.
4. Improved organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
5. Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business process, elimination of duplication and rationalization of administrative expenses.
6. The amalgamation will result in reduction of multiplicity of entities, thereby reducing compliance cost of multiple entities viz., statutory filings, regulatory compliances, labour law/ establishment related compliances.

**(D) SCOPE OF THE SCHEME**

This Scheme of Amalgamation is presented pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (to the extent applicable) for the Amalgamation of CCL Beverages Private Limited (Transferor Company) with CCL Products (India) Limited (Transferee Company). The Scheme (as defined hereinafter) also provides for various other matters consequential to, or otherwise integrally connected with the above, as more specifically stated hereinafter. The scope of the scheme is as under:

1. Amalgamation of the Transferor Company with the Transferee Company.
2. Dissolution of the Transferor Company without Winding up.
3. The transfer of the Transferor Company will be on a going concern basis.

This Scheme of Amalgamation has been drawn up to comply with the conditions as specified under section 2(1B) of Income Tax Act, 1961, such that:

- (i) All the properties of Transferor Company, immediately before the amalgamation, become the properties of Transferee Company by virtue of amalgamation.
- (ii) All the liabilities of Transferor Company, immediately before the amalgamation, become the liabilities of Transferee Company by virtue of amalgamation.

**(E) PARTS OF THE SCHEME**

The scheme is divided into following parts:

- Part I – deals with Definitions and Interpretations;

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- Part II – deals with the Amalgamation of CCL Beverages Private Limited (Transferor Company) with CCL Products (India) Limited (Transferee Company) and Dissolution of the Transferor Company.
- Part III – deals with General Terms and Conditions

## PART I DEFINITIONS AND INTERPRETATIONS

### 1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings as mentioned herein below:

- 1.1 **“2013 Act” or “the 2013 Act”** means the Companies Act, 2013, and rules made thereunder and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.
- 1.2 **“Amalgamation”** means the merger or blending of the Transferor Company into the Transferee Company.
- 1.3 **“Applicable Law(s)”** means any statute, notifications, bye-laws, rules, regulations, guidelines, Circulars or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force.
- 1.4 **“Appointed Date”** means 01st day of April, 2020 or such other date as may be fixed or approved by the Appropriate Authority. The Appointed Date shall be the effective date and the Scheme shall be deemed to be effective from the Appointed Date.
- 1.5 **“Appropriate Authority”** means any government, statutory, regulatory, departmental or public body or authority of the Jurisdiction over Transferor Company and the Transferee Company, including Registrar of Companies and the National Company Law Tribunal.
- 1.6 **“Board of Directors” or “Board”** shall mean the Board of Directors of Transferee Company or Transferor Company, as the case may be or any committee thereof duly constituted or any other person duly authorized by the Board for the purpose of this Scheme.
- 1.7 **“GST regulations”** means applicable provisions of the Central Goods and Services Tax Act, 2017 and/or the Integrated Goods and Services Tax Act, 2017 and/or respective State Goods and Services Tax Act and/or the Union Territory Goods and Services Tax Act, 2017 along with the applicable rules made thereunder.
- 1.8 **“IT Act”** means the Income-tax Act, 1961.
- 1.9 **“NCLT/Tribunal”** means the Hon’ble National Company Law Tribunal, Amaravati Bench at Hyderabad.
- 1.10 **“Official Liquidator” or “OL”** means Official Liquidator, Hyderabad having jurisdiction over the States of Telangana and Andhra Pradesh.
- 1.11 **“Regional Director” or “RD”** means Regional Director, South East Region, at Hyderabad having jurisdiction over the States of Telangana and Andhra Pradesh.
- 1.12 **“Registrar of Companies” or “ROC”** means Registrar of Companies, at Vijayawada, having jurisdiction over the State of Andhra Pradesh.

- 1.13 “Scheme” or “this Scheme” or “Scheme of Amalgamation”** means this Scheme of Amalgamation attached hereto in its present form as submitted to the NCLT, with such modification(s), if any, as may be approved or imposed or directed by the NCLT.
- 1.14 “Stock Exchanges”** means BSE and NSE where the shares of the Transferee Company are listed & traded.
- 1.15 “Transferee Company”** means CCL Products (India) Limited and shall have the same meaning as assigned to it in clause (B)2 above.
- 1.16 “Transferor Company”** means CCL Beverages Private Limited and shall have the meaning assigned to it in clause (B)1 above.
- 1.17 “Undertaking of Transferor Company”** shall mean and include the whole of assets, properties, liabilities and the undertaking(s) and entire business(s) of Transferor Company, as may be applicable and specifically include the following (without limitation):
- (i) All the assets /capital work-in-progress/ properties, present or future, of the Transferor Company, whether movable or immovable, whether tangible or intangible including all rights, title, interest, covenant, including continuing rights, title and interest in connection with the land and the buildings, if any, whether, corporeal or incorporeal, leasehold or freehold, and includes all rights, titles, interest and covenant, undertakings, liability relating thereto, capital work in progress, plant & machinery, all current and non-current assets, other fixed assets, inventory and work in progress, all deposits, all receivables, cash and cash equivalents, all the loans and includes all rights, titles, interest and advances, advances for capital goods & services of Transferor Company as on the Appointed Date.
  - (ii) All the debts, borrowings and liabilities, present or future, whether secured or unsecured of the Transferor Company as on the Appointed Date.
  - (iii) All statutory licenses, including all licenses relating to development, production, marketing, manufacturing, selling coffee, approvals, permissions, no-objection certificates, permits, consents, patents, trademarks, tenancies, offices, depots, quotas, rights, entitlements, privileges, benefits of all contracts / agreements (including but not limited to contracts / agreements with vendors, customers, government etc.), all other rights (including but not limited to right to use and avail electricity connections, water connections, environmental clearances, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, powers and facilities), of the Transferor Company as on the Appointed Date.
  - (iv) All staff, workmen, and employees engaged in the Transferor Company as on the date of approval of the Scheme by the Tribunal.
  - (v) All legal proceedings of whatsoever nature by or against the Transferor Company pending as on the Appointed Date.
  - (vi) All records, files, papers, information, computer programs, manuals, data, catalogues, quotations, sales advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form of Transferor Company.

## **2. INTERPRETATIONS**

- 2.1** Any references in the Scheme to the expressions **“Upon approval of the Scheme by the Tribunal” / “From the date of approval of the Scheme by the Tribunal” / “Date of approval of the Scheme by the Tribunal”** shall mean the date on which the NCLT approves/sanctions the Scheme in accordance with the provisions of Sub-Section 3 of Section 232 of the 2013 Act, read with Rule 17 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

- 2.2 The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the 2013 Act and / or other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

### **2.3 DATE OF TAKING EFFECT**

The Scheme, set out herein in its present form, subject to any modification(s) approved or imposed or directed by the Hon'ble National Company Law Tribunal, Amaravati Bench at Hyderabad for the State of Andhra Pradesh, unless otherwise specified in the Scheme, shall be effective and operative from the Appointed Date, i.e., 01.04.2020, upon receipt of Certified copy of Order of the National Company Law Tribunal, Amaravathi Bench

## **PART II**

### **AMALGAMATION OF CCL BEVERAGES PRIVATE LIMITED (TRANSFEROR COMPANY) WITH CCL PRODUCTS (INDIA) LIMITED (TRANSFeree COMPANY)**

#### **3. TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANY**

- 3.1 Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date, all properties, assets, liabilities and undertaking(s) of the Transferor Company shall stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company under the provisions of Section 230 to 232 of the 2013 Act and all other applicable provisions, if any, of the 2013 Act and also in accordance with section 2(1B) of the Income-tax Act, 1961, without any further deed or act, subject to existing charges or lis pendens, if any thereon, in favour of banks/ financial institutions.
- 3.2 Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date, all immovable property (including land, buildings and any other immovable property), if any, of the Transferor Company, whether under constructions, freehold or leasehold, and any documents of title, rights, agreements to sell / agreements of sale and easements in relation thereto, shall stand vested in the Transferee Company, without any act or deed done by the Transferor Company or the Transferee Company, and without any approval or acknowledgement of any third party. With effect from the Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation/ substitution of the title to such immovable properties shall be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of the Scheme by the NCLT and in accordance with the terms hereof. The Transferor Company shall take all steps as may be necessary to ensure that lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Transferee Company.
- 3.3 Without prejudice to the generality of the foregoing, with effect from the Appointed Date, it is expressly provided that in respect of such of the assets of the Transferor Company that are movable in nature and / or are otherwise capable of transfer by manual or constructive delivery and / or endorsement and delivery or novation, the same shall be deemed to have been so transferred by Transferor Company and shall become the property of the Transferee Company in pursuance of the provisions of section 230 to 232 of the 2013 Act, without any further act, instrument, deed, matter or thing.
- 3.4 In respect of movables other than those dealt with in Clause 3.3 above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, property development rights, investments, earnest money and deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferor Company may, without being obliged, and if it so deems appropriate, at its sole discretion, give notice

in such form as it may deem fit and proper, to each person, debtor, or depositee, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Transferee Company).

- 3.5** Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date all liabilities relating to and comprised in the undertaking of Transferor Company including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations, shall, stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company under the provisions of Sections 230 to 232 of the 2013 Act and other applicable provisions, if any, of the 2013 Act, without any further act, instrument, deed, matter or thing.
- 3.6** The transfer and vesting as aforesaid shall be subject to subsisting charges, if any, in respect of any assets of Transferor Company. PROVIDED always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed by the Transferor Company and Transferee Company shall not be obliged to create any further or additional security in relation to subsisting charges, if any, thereof after the date of approval of this Scheme by the NCLT or otherwise.
- 3.7** All staff, workmen and employees of the Transferor Company shall become the staff, workmen and employees of the Transferee Company, without any further act or deed to be done by the Transferor Company or the Transferee Company.
- 3.8** Upon approval of the Scheme by the Tribunal, the Transferee Company shall, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangement with any party to any contract or arrangement to which the Transferor Company is a party in order to give formal effect to the above provisions. The Transferee Company shall be deemed to be authorized to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliances referred to above on part of the Transferor Company.
- 3.9** Upon approval of this Scheme by the Tribunal, the Transferee Company shall be entitled to secure the record of the change in the legal ownership upon the vesting of the assets of the Transferor Company in accordance with the provisions of Sections 230 to 232 of the 2013 Act. The Transferor Company and the Transferee Company shall be jointly and severally authorized to execute any writings and / or carry out any formalities or compliance in this regard.
- 3.10** All taxes, duties, cess payable by the Transferor Company including all or any refunds / credit / claims pertaining to the period prior to the Appointed Date shall be treated as the liability or refunds / credit / claims, as the case may be, of the Transferee Company.
- 3.11** All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits (including tax benefits), subsidies, concessions, grants, rights, patents, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall, under the provisions of Sections 230 to 232 of the 2013 Act and all other applicable provisions of the Act, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.



**3.12** All the Insurance policies registered in the name of the Transferor Company which are active as on the date of approval of the Scheme by the Tribunal and which can be transferred/assigned shall pursuant to the provisions of Section 232 of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and or be deemed to have been transferred to and vested in and be available to the benefit of the Transferee Company and accordingly, the insurance companies shall record the name of the Transferee Company in all the insurance policies registered in the name of the Transferor Company so as to ensure that all the rights and privileges under all such policies available to the Transferor Company and / or to any other person / director / employee of Transferor Company, whether in the capacity of the Policy Holder or Owner or Insured or the Beneficiary, as the case may be, be available to the benefit of the Transferee Company and / or to any other person/director/employee of Transferee Company, as the case may be, on the same terms and conditions as they were applicable to the Transferor Company and upon such transfer/assignment, all such policies shall be effective in favour of the Transferee Company as if instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. However, for the insurance policies which do not permit such transfer/assignment, the Transferee Company may make fresh application(s) to the concerned authority/insurance company(ies) on such terms and conditions as may be prescribed. It is hereby clarified that all the costs and/or expenses and/or premiums in relation to the transfer/assignment/of the insurance policies in the name of Transferee Company shall be borne by the Transferee Company and the Transferor Company shall have no further obligations in this regard.

**3.13** Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date, all existing and future incentives, unavailed credits and expenditures, exemptions and deductions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit under the IT Act), excise (including Modvat / Cenvat), customs, VAT, sales tax, service tax, GST including the IGST input tax credit, CGST input tax credit and SGST input tax credit for the registrations of the Transferor Company in all the states, to which the Transferor Company are entitled to shall be available to and vest in the Transferee Company.

**3.14** The Transferee Company shall file relevant intimations, for the record of the statutory authorities signifying the transfer of the assets / properties including but not limited to permissions, approvals, consents, sanctions, remissions, special reservations, incentives, concessions and other authorizations of the Transferor Company.

#### **4. INTER- SE TRANSACTIONS:**

Without prejudice to the provisions of Clause 3, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes.

#### **5. LEGAL PROCEEDINGS**

**5.1** If any suit, appeal or other proceedings of whatever nature by or against the Transferor Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this amalgamation or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.

**5.2** On and from the date of approval of this Scheme by the Tribunal, the Transferee Company shall, and may, if required, initiate, continue any legal proceedings in relation to the Transferor Company.

#### **6. CONTRACTS, DEEDS, OTHER INSTRUMENTS**

**6.1** Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party or the benefit to which

the Transferor Company may be eligible, subsisting or operative immediately on or before the date of approval of this Scheme by the Tribunal, shall be in full force and effect against or in favour of Transferee Company and may be enforced as fully and effectively as if instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. Further, the Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company, to give effect to the provisions of this Scheme.

- 6.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with or pursuant to this Scheme, the recording of change in name in the records of the statutory or regulatory authorities from the Transferor Company to the Transferee Company, whether pertaining to any licence, permit, approval or any other matter, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority.
- 6.3 For removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any other instrument or beneficial interest to which the Transferor Company is a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

## **7. CONDUCT OF BUSINESS UNTIL DATE OF APPROVAL OF THIS SCHEME BY THE TRIBUNAL**

With effect from the Appointed Date up to the date of approval of this Scheme by the Tribunal:

- 7.1 Transferor Company shall carry on, and be deemed to have carried on its business, operations or activities, and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets, properties, liabilities or Undertaking(s) on behalf of and / or in trust for the Transferee Company.
- 7.2 All profits or income accruing or arising to the Transferor Company, or losses arising or expenditure incurred by it, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure, as the case may be, of the Transferee Company.
- 7.3 All assets howsoever acquired by the Transferor Company for carrying on its business, operations or activities and the liabilities relating thereto shall be deemed to have been acquired and are also contracted for and on behalf of the Transferee Company.
- 7.4 The Transferee Company shall also be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, department and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs etc., as may be required / granted under any law for the time being in force for carrying on business of the Transferor Company.
- 7.5 Transferor Company shall carry on its business, operations or activities with reasonable diligence and business prudence and shall not venture into / expand any new businesses, alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof except in the ordinary course of business without the prior consent of the Transferee Company.
- 7.6 The transfer of assets, properties, liabilities and the continuance of proceedings by or against the Transferor Company shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Appointed Date to the end and intent that the Transferee Company accepts and adopts all acts, deeds things done and executed by the Transferor Company, in regard thereto as done executed by the Transferee Company on behalf of itself.

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## **8. STAFF, WORKMEN, AND EMPLOYEES**

- 8.1 Upon approval of this Scheme by the Tribunal, all staff, workmen and employees on the payrolls of the Transferor Company, in service on the date of approval of this Scheme by the Tribunal shall be deemed to have become staff, workmen, and employees of Transferee Company on such date without any break or interruption in their service and on the terms and conditions of their employment not less favourable than those subsisting with reference to Transferor Company as on the said date.
- 8.2 The contributions with regard to benefit of employees of the Transferor Company being currently deposited with Regional provident Fund Organization, employee state insurance plan scheme, leave encashment, compensated absences scheme or any other special scheme(s) or fund (s) created or existing, if any, shall stand substituted, upon approval of the Scheme by the Tribunal, in favour of the Transferee Company for all purposes whatsoever, related to the administration or operation of such schemes and intent that all the rights, duties, powers and obligation of Transferor Company in relation to such schemes shall become those of the Transferee Company. The Transferee Company will file the relevant intimations to the statutory authorities concerned who shall take the same on record and endorse the name of the Transferee Company for the Transferor Company.
- 8.3 It is clarified that the services of all transferred staff, workmen and employees of the Transferor Company, to the Transferee Company will be treated as having been continuous for the purpose of the aforesaid employee benefits and / or liabilities. For the purpose of payment of any retrenchment compensation, gratuity and / or other terminal benefits, and / or any other liability pertaining to staff, workmen and employees, the past services of such staff, workmen and employees with the Transferor Company shall also be taken into account by the Transferee Company, who shall pay the same if and when payable.
- 8.4 Upon approval of this Scheme by the Tribunal, the directors of the Transferor Company shall not automatically be entitled to any directorship in the Transferee Company by virtue of the provisions of this Scheme.

## **9. DISSOLUTION WITHOUT WINDING UP**

Upon approval of this Scheme by the Tribunal, the Transferor Company (viz. CCL Beverages Private Limited shall be dissolved without winding up and without any further act or deed on the part of the Transferor Company pursuant to the provisions of Section 232 of the 2013 Act.

## **10. VALIDITY OF EXISTING RESOLUTIONS**

Upon approval of this Scheme by the Tribunal, the resolutions of the Transferor Company as are considered necessary by the Board of Directors of the Transferee Company which are validly subsisting be considered as resolutions of the Transferee Company. If any such resolutions have any monetary limits approved under the provisions of the 2013 Act or of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of Directors of the Transferee Company, shall be added to the limits, if any, under the like resolutions passed by the Transferee Company.

## **11. CONSIDERATION**

The entire issued, subscribed and paid-up share capital of the Transferor Company is held (beneficially owned) by the Transferee Company. Upon approval of this Scheme by the Tribunal, no shares of the Transferee Company shall be issued or allotted in lieu of its holding in the Transferor Company, and the Paid up share capital of the Transferor Company shall stand cancelled and extinguished. The investments in the shares of the Transferor Company, appearing in the books of account of Transferee Company shall without any further act or deed, stand cancelled.

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**12. SUB DIVISION OF FACE VALUE OF EQUITY SHARES OF THE TRANSFEROR COMPANY AND CONSOLIDATION OF AUTHORIZED CAPITAL OF THE TRANSFEROR COMPANY WITH THE AUTHORISED CAPITAL OF THE TRANSFEEE COMPANY**

12.1 As an integral part of the Scheme, the face value of 1 (One) equity share of Transferor Company amounting to Rs.10/- (Rupees Ten only) shall be sub-divided into face value of Rs.2/- (Rupee Two only) comprising 5 (Five) equity shares of Transferor Company, accordingly the authorised share capital of the Transferor Company shall be restructured and restated as follows:

“The authorised share capital of the Transferor Company is Rs.10,00,000/- (Rupees Ten Lakh only) divided into 5,00,000 (Five Lakh) equity shares of Rs.2/- (Rupee Two only) each”.

12.2 The members of the Transferor Company, on approval of the Scheme, shall be deemed to have given their approval u/s 61 of the 2013 Act and all other applicable provisions of the said act for sub-division of the face value of equity shares and for the amendment to the Authorized Capital of the Company and no separate resolutions will be required to be passed for sub-division of the face value of equity shares of the Company and for the amendment to the Authorized Capital of the Company under section 61 of the 2013 Act and no separate notice will be required to be given to the Registrar of Companies, for intimation of sub-division under section 64 of the 2013 Act.

12.3 As an integral part of the Scheme and upon its sanction, and after the sub-division of the face value of the equity shares of the Transferor Company, the Authorized Share Capital of the Transferee Company shall automatically stand increased by merging the Authorized Share Capital of Transferor Company with Transferee Company after filing necessary e-form INC 28 with the ROC / MCA without any further act or deed on the part of the Transferee Company. However, the fee paid by the Transferor Company on its Authorised Capital prior to its amalgamation with the transferee company shall be set off against the fees payable by the transferee company on its Authorised Capital enhanced by the amalgamation as provided under Section 233(11) of the Companies Act, 2013.

12.4 The Memorandum and Articles of association of the Transferee Company (relating to authorized share capital) shall without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purpose of effecting this amendment, and no further resolution(s) under Section 13, 14, 61, 64 or any other applicable provisions of the 2013 Act would be required to be separately passed, as the case may be and for this purpose the stamp duty and fees paid on the authorized capital of the Transferor Company shall be utilised and applied to the increased authorized share capital of the Transferee Company. Pursuant to the approval of this Scheme by the Tribunal and consequent upon the amalgamation of the Transferor Company with the Transferee Company, the authorized share capital of the Transferee Company will be Rs.30,10,00,000/- (Rupees Thirty Crore and Ten Lakh only) divided into 15,05,00,000 (Fifteen Crore and Five Lakh) equity shares of Rs.2/- (Rupees Two only) each.

12.5 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be given their consent / approval also to the alteration of the Memorandum and Article of Association of the Transferee Company as may be required under the Act and Clause V of the Memorandum of Association of the Transferee Company shall stand substituted by virtue of the Scheme to be read as follows:

**Memorandum of Association:**

- V. *The Authorized Share Capital of the Company is Rs.30,10,00,000/- (Rupees Thirty Crore and Ten Lakh only) divided into 15,05,00,000 (Fifteen Crore and Five Lakh) equity shares of Rs.2/- (Rupees Two only) each.***

**13. ACCOUNTING**

Accounting of amalgamation in the books of Transferee Company:

- 13.1 Upon approval of this Scheme by the Tribunal, with effect from the Appointed Date, since the transaction involves entities which are ultimately controlled by the same parties before and after the transaction, for the purpose of accounting and dealing with the value of assets and liabilities of the Transferor Company, the Transferee Company shall account for the amalgamation in accordance with 'Pooling of Interest Method' laid down in Appendix C 'Business Combinations of entities under common control' of Ind AS - 103 'Business Combinations' notified under the provisions of the 2013 Act, read along with relevant rules framed thereunder and other applicable accounting standards.
- 13.2 The Transferee Company shall record the assets, liabilities and reserves relating to the Transferor Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the Transferor Company on the close of business hours on 31st day of March, 2020.
- 13.3 The identity of the reserves of the Transferor Company, if any, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appeared in the financial statements of the Transferor Company.
- 13.4 The investment made in the Share Capital of the Transferor Company held by the Transferee Company shall stand cancelled. The difference, if any, arising between the investments directly held by the Transferee Company and assets, liabilities and reserves of the Transferor Company shall be accounted based on the accounting principles prescribed under Ind AS - 103, i.e. shall be transferred to the Capital Reserve.
- 13.5 The amount of any inter-company balance/ amounts between the Transferor Company and Transferee Company, appearing in the books of account of the Transferee Company, shall stand cancelled. In case of any differences in the accounting policies between the Transferee Company and the Transferor Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policies.

**PART III**

**GENERAL TERMS AND CONDITIONS**

**14. CONSEQUENTIAL MATTERS RELATING TO TAX AND COMPLIANCE WITH LAW**

- 14.1 This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under the tax laws, including section 2(1B), Section 47 and other relevant sections of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the Transferor Company and the Transferee Company, which power shall be exercised reasonably in the best interest of the company concerned.

- 14.2 Upon approval of this Scheme by the Tribunal, all taxes / cess / duties payable by or on behalf of the Transferor Company up to the Appointed Date and onwards including all or any refunds and claims, including refunds or claims pending with the revenue authorities for all purposes, be treated as the tax / cess / duty, liabilities or refunds and claims of the Transferee Company.
- 14.3 It is clarified that the entire taxes, including but not limited to prepaid taxes being tax deducted at source (TDS)/advance tax, MAT credits including the unutilized MAT credit upto the Appointed Date (1st April, 2020), if any, and also self-assessment taxes, if any, paid by the Transferor Company under the Income Tax Act, 1961 or any other statute in respect of income of the Transferee Company assessable for the period commencing on Appointed date (1st April, 2020), shall be deemed to be the taxes paid by the Transferee Company and credit for such taxes shall be allowed to the Transferee Company notwithstanding that certificates or challans or orders for such taxes are in the name of the Transferor Company and not in the name of the Transferee Company.
- 14.4 Upon approval of this Scheme by the Tribunal, the Transferee Company is expressly permitted to revise its income-tax returns, excise & CENVAT returns, service tax returns, other tax returns including GST and to restore as input credit of service tax/GST including IGST input tax credit, CGST input tax credit and SGST input tax credit for the registrations of the Transferor Company, in all the states adjusted earlier or claim refunds / credits.
- 14.5 The Transferee Company is also expressly permitted to claim refunds, credits, restoration of input CENVAT credit, GST including IGST input tax credit, CGST input tax credit and SGST input tax credit for the registrations of the Transferor Company, in all the states and tax deduction in respect of nullifying of any transaction between or amongst the Transferor Company and Transferee Company as the case may be.
- 14.6 In accordance with the CENVAT Credit Rules framed under Central Excise Act, 1944, as are prevalent on the Date of approval of this Scheme by the Tribunal, the unutilised credits relating to excise duties paid on inputs / capital goods / input services lying in the accounts of the undertaking of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilised credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilised credits against the excise duty / service tax payable by it.
- 14.7 Upon approval of this Scheme by the Tribunal, the Transferee Company is expressly permitted to revise its financial statements to give effect to the amalgamation of the Transferor Company pursuant to the provisions of the Scheme.

## **15. SCHEME CONDITIONAL ON APPROVAL / SANCTIONS**

- 15.1 The Scheme is conditional upon and subject to:
- (a) Approval by requisite majority of the members and creditors of Transferor Company and Transferee Company as may be directed by the NCLT either by way of convening a meeting or by way of a dispensation on production of consent affidavits or no-objection certificates;
  - (b) Approval of the scheme by relevant regulatory authorities;
  - (c) Sanction of the Scheme by the NCLT;
  - (d) Certified copies of the orders of the NCLT, sanctioning the Scheme being filed with the Registrar of Companies.
- 15.2 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.



- 15.3 If any part of this Scheme is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme, and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the Board of Directors of the companies involved in the Scheme shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits, and obligations of this Scheme, including but not limited to such part.

## **16. APPLICATION TO THE NCLT**

- 16.1 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make and file applications/petitions jointly to the NCLT, under Sections 230 to 232 of the 2013 Act and other applicable provisions of the 2013 Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the classes of their respective members and / or creditors and for sanctioning this Scheme, with such modifications as may be approved by the NCLT.
- 16.1 Upon this Scheme being approved by the requisite majority of the respective members and creditors of the Transferor Company and the Transferee Company, (as may be directed by the NCLT in the manner specified under clause 16.1) the said Companies shall, with all reasonable dispatch, apply to the NCLT, for sanction of this Scheme under Sections 230 to 232 of the 2013 Act and other applicable provisions of the 2013 Act, and for such other order or orders, as the said NCLT may deem fit for carrying this Scheme into effect.
- 16.2 Upon approval of this Scheme by the Tribunal, the shareholders of the Transferor Company and the Transferee Company shall be deemed to have also accorded their approval under all relevant provisions of the 2013 Act for giving effect to the provisions contained in this Scheme.

## **17. COMPLIANCE WITH SEBI REGULATIONS:**

- 17.1 Since the present Scheme solely provides for amalgamation of the wholly owned subsidiary with its parent company, no formal approval, is required from the Stock Exchanges or Securities and Exchange Board of India ('SEBI') for the Scheme, in terms of provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2017, and SEBI Circular No. CFD/DIL3/CIR/2017/21, dated 10th March, 2017, and Circular No. CFD/DIL3/CIR/2018/2, dated January 03, 2018, and other applicable provisions, if any.
- 17.2 In terms of the SEBI Regulations, the present Scheme of Amalgamation is only required to be filed with BSE and NSE (the Stock Exchanges where the Transferee Company is listed) for the purpose of disclosure and dissemination on its website.
- 17.3 The Transferee Company will comply with the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listing Agreement, SEBI Regulations, SEBI Circulars and other applicable provisions, if any, in connection with the Scheme and other connected matters.

## **18. MODIFICATIONS / AMENDMENTS TO THE SCHEME**

- 18.1 The Transferor Company and Transferee Company represented by their respective Board of Directors, may make and / or consent to any modifications / amendments to the Scheme or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors).
- 18.2 The Transferor Company either individually or together, and the Transferee Company shall be at liberty to withdraw from this Scheme, in case of any condition or alteration imposed by the NCLT or any other authority or any bank or financial institution is unacceptable to them or otherwise if so mutually agreed.

- 18.3 The Transferor Company and Transferee Company by their respective Board of Directors shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or order of any other authority or otherwise however arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

**19. EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS**

In the event of any of the said sanctions/approvals not being obtained and / or the Scheme not being sanctioned by the NCLT, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.


**20. COST, CHARGES, AND EXPENSES**

All costs, charges, fees, taxes including duties (including the stamp duty and/or transfer charges, if any, applicable in relation to this Scheme), levied and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing the terms and conditions of this Scheme and matters incidental thereto shall be borne and paid by the Transferee Company. The Transferee Company shall be eligible for deduction of expenditure incurred as per section 35DD of the Income-tax Act, 1961.

**SCHEDULE OF PROPERTY**

Building admeasuring 18250 square meters situated at Survey nos. 269,271,272, Sullurpeta to  
B.N.Kandriga Road, Varadaiahpalem Mandal, Kuvvakolli Village, Chittoor, Andhra Pradesh,  
517645

 *Krishna*

*Aid* 

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

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

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

**Basis for Opinion**

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

**Emphasis of Matter**

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

**Key Audit Matters**

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

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

**Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

We also:

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



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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Sd/-

**(K SREENIVASAN)**

Partner

ICAI Membership No. 206421  
UDIN:20206421AAAADR3341

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

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

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

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of CCL Products (India) Limited ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and

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directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

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

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

Sd/-

**(K SREENIVASAN)**

Partner

ICAI Membership No. 206421  
UDIN:20206421AAAADR3341

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### Annexure – B to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the **CCL Products (India) Limited** on the Standalone Financial Statements for the period ended 31<sup>st</sup> March 2020, we report that:

- 1.1 The Company has maintained proper records showing full particulars, including the Quantitative details and the situation of fixed assets.
- 1.2 As explained to us, the fixed assets, have been physically verified by the Management in a periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- 1.3 According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable property are held in the name of company.
- 2.1 The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material.
- 3.1 The Company has not granted any loans, secured or unsecured during the period. Thus paragraphs 3 (iii) of the order is not applicable to the company.
- 4.1 In our opinion and according to the information and explanations given to us, the Company has not given any loans, made investments or provided securities to companies and other parties listed under section 185 and 186 of the Act.
- 5.1 The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and rules framed there under.
- 6.1 We have broadly reviewed the cost records maintained by the company as prescribed under section 148 (1) of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- 7.1 According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, Goods and Services Tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable to the appropriate authorities have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, Goods and Services Tax, duty of customs, duty of excise, value added tax, cess and other material statutory were in arrears as at 31<sup>st</sup> March 2020 for a period of more than six months from the date they became payable.

- 7.2 According to the information and explanations given to us, there are no material dues of income tax or sales tax or service tax or Goods and Services Tax or duty of customs or duty of excise or value added tax which have not been deposited by the company on account of dispute, except for the following:

| S No | Name of the Statute      | Nature of Dues    | Amount in Lakhs                              | Period                                   | Forum Where dispute is pending                 |
|------|--------------------------|-------------------|--|--|--|
| 1    | The Income Tax Act, 1961 | Income Tax        | 3472.63<br>(2883.28 deposited under protest) | Assessment years from 2006-07 to 2012-13 | A P High Court                                 |
| 2    | The Income Tax Act, 1961 | Income Tax        | 160.58                                       | Assessment years from 2011-12 to 2012-13 | CIT(Appeals), Guntur                           |
| 3    | The Income Tax Act, 1961 | Income Tax        | 357.31                                       | Assessment years from 2016-17 to 2017-18 | CIT(Appeals), Guntur                           |
| 4    | Service Tax Act          | Service Tax       | 995.92                                       | Financial year from 2013-14 to 2017-18   | CESTAT   |
| 5    | Sales Tax Act            | Central Sales Tax | 47.15  | Financial year from 2015-16              | Sales Tax Appeal, Tirupati                     |
| 6    | The Income Tax Act, 1961 | Income Tax        | 411.88                                       | Assessment years from 2013-14 to 2015-16 | Orders issued by ITAT in favour of the Company |

- 8.1 According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company did not have any outstanding loans or borrowings from financial institutions or Government and there are no dues to debenture holders during the year.
- 9.1 In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and the term loans have been used by the Company during the year for the purpose for which they were raised.
- 10.1 To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- 11.1 According to information and explanation given to us and based on our examination of records of the Company, the Company has paid /provided for managerial remuneration with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- 12.1 In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- 13.1 According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- 14.1 According to the information and explanations given to us and based on our examination of records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

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- 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.

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

For RAMANATHAM & RAO  
Chartered Accountants  
Firm Registration. No. 002934S  
Sd/-  
(K SREENIVASAN)  
Partner  
ICAI Membership No. 206421  
UDIN:20206421AAAADR3341



**STANDALONE BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2020**
**(₹ in Lakhs)**

|  | Note No. | 2020             | 2019             |
|--|----------|------------------|------------------|
| <b>ASSETS</b>  |          |                  |                  |
| <b>Non-current assets</b>  |          |                  |                  |
| Property plant and Equipment   | 2.1      | 56712.17         | 22042.75         |
| Capital Work Inprogress  |          | 9709.62          | 42412.52         |
| Intangible assets  | 2.2      | 0.82             | 0.82             |
| Financial assets   |          |                  |                  |
| (i) Investments  | 2.3      | 15858.69         | 15857.69         |
| (ii) Other financial assets  | 2.4      | 527.55           | 341.75           |
| Other non current assets   | 2.5      | 4249.95          | 3850.30          |
|  |          | <b>87058.79</b>  | <b>84505.83</b>  |
| <b>Current assets</b>  |          |                  |                  |
| Inventories  | 2.6      | 18754.11         | 14519.30         |
| Financial assets   |          |                  |                  |
| Trade receivables  | 2.7      | 21555.09         | 14890.76         |
| Cash and cash equivalent   | 2.8      | 1844.56          | 3898.17          |
| Other financial assets   | 2.4      | 2215.42          | 588.60           |
| Other current assets   | 2.5      | 3365.33          | 2878.94          |
|  |          | <b>47734.50</b>  | <b>36775.77</b>  |
| <b>TOTAL ASSETS</b>  |          | <b>134793.29</b> | <b>121281.59</b> |
| <b>EQUITY AND LIABILITIES</b>  |          |                  |                  |
| <b>Equity</b>  |          |                  |                  |
| Equity Share Capital   | 2.9      | 2660.56          | 2,660.56         |
| Other Equity   | 2.10     | 76580.84         | 62,243.91        |
|  |          | <b>79241.40</b>  | <b>64904.47</b>  |
| <b>Liabilities</b>   |          |                  |                  |
| <b>Non-current liabilities</b>   |          |                  |                  |
| Financial Liabilities  |          |                  |                  |
| Borrowings   | 2.11     | 21945.71         | 19,264.56        |
| Other Financial Liability  | 2.15     | 874.68           | 311.53           |
| Deferred tax liabilities (net)   | 2.12     | 4704.88          | 3986.52          |
|  |          | <b>27525.28</b>  | <b>23562.61</b>  |
| <b>Current liabilities</b>   |          |                  |                  |
| Financial Liabilities  |          |                  |                  |
| Borrowings   | 2.11     | 14270.14         | 16845.60         |
| Trade payables   |          |                  |                  |
| a. Total out standing dues of Micro and Small Enterprises                      |          |                  |                  |
| b. Total out standing dues of creditors other than Micro and Small Enterprises | 2.14     | 1714.56          | 5430.85          |
| Other financial liabilities  | 2.15     | 9518.78          | 8808.66          |
| Provisions   | 2.16     | -                | -                |
| Other current liabilities  | 2.13     | 2523.12          | 1729.41          |
|  |          | <b>28026.61</b>  | <b>32814.52</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>134793.29</b> | <b>121281.59</b> |

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

As per our report of even date

**For RAMANATHAM & RAO**

Chartered Accountants

**By order of the Board**

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

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

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

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

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

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

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

**STANDALONE PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020**  
(₹ in Lakhs)

|   | Note No. | 2020            | 2019            |
|---|----------|-----------------|-----------------|
| <b>Income</b>   |          |                 |                 |
| Revenue from operations   | 2.17     | 82264.70        | 80913.29        |
| Other income  | 2.18     | 13394.34        | 3017.96         |
| <b>Total Revenue</b>  |          | <b>95659.04</b> | <b>83931.25</b> |
| <b>Expenses</b>   |          |                 |                 |
| Cost of materials consumed  | 2.19     | 41809.70        | 45946.74        |
| Changes in inventories  | 2.20     | (2926.89)       | 2.74            |
| Employee benefits expense   | 2.21     | 5005.45         | 4137.55         |
| Finance costs   | 2.22     | 1691.48         | 811.54          |
| Depreciation and amortization expense                                   | 2.1&2.2  | 2542.74         | 1221.41         |
| Other expenses  | 2.23     | 17703.31        | 13953.43        |
| <b>Total Expenses</b>   |          | <b>65825.78</b> | <b>66073.41</b> |
| <b>Profit before tax</b>  |          | <b>29833.26</b> | <b>17857.83</b> |
| <b>Tax expense</b>  |          |                 |                 |
| (1) Current tax   |          | 5221.64         | 5249.66         |
| (2) Deferred tax  |          | 718.36          | 65.27           |
| <b>Profit for the year</b>  |          | <b>23893.26</b> | <b>12542.90</b> |
| <b>Other comprehensive income (OCI)</b>                                 |          |                 |                 |
| Items that will not be reclassified to profit or loss                   |          | (21.20)         | (84.84)         |
| Tax on items that will not be reclassified to profit or loss            |          | 7.41            | 29.65           |
|   |          | (13.79)         | (55.19)         |
| <b>Items that will be reclassified to profit or loss:</b>               |          |                 |                 |
| Items that may be reclassified subsequently to profit or loss           |          | (563.15)        | (311.53)        |
| Tax on items that will be reclassified subsequently to profit or loss   |          | -               | -               |
|   |          | (563.15)        | (311.53)        |
| <b>Total other comprehensive income/(loss) for the year, net of tax</b> |          | <b>(576.94)</b> | <b>(366.72)</b> |
| <b>Total comprehensive income for the year</b>                          |          | <b>23316.32</b> | <b>12176.17</b> |
| <b>Earnings per share:</b>  |          |                 |                 |
| Basic earnings per share of ₹ 2/-each                                   |          | 17.96           | 9.43            |
| Diluted earnings per share of ₹ 2/- each                                |          | 17.96           | 9.43            |

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

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

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

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

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

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

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

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

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

### Statement of changes in equity

#### Statement of changes in equity for the period ended 31.03.2020

| Equity share capital                                  | Opening balance<br>as at 1 Apr 2019 | Changes in equity share<br>capital during the year | Closing balance<br>as at 31 Mar 2020 |
|---|-------------------------------------|--|--------------------------------------|
| 13,30,27,920 Equity Shares of ₹ 2 each, fully paid up | 26,60,55,840                        | -  | 26,60,55,840                         |
|   | <b>26,60,55,840</b>                 | -  | <b>26,60,55,840</b>                  |
| Equity share capital                                  | Opening balance<br>as at 1 Apr 2018 | Changes in equity share<br>capital during the year | Closing balance<br>as at 31 Mar 2019 |
| 13,30,27,920 Equity Shares of ₹ 2 each, fully paid up | 26,60,55,840                        | -  | 26,60,55,840                         |
|   | <b>26,60,55,840</b>                 | -  | <b>26,60,55,840</b>                  |

(₹ in Lakhs)

|  | Retained Earnings | General Reserve | Capital Reserve | Actuarial Gains or Losses | Derivative at Fair Value | Total Equity    |
|--|-------------------|-----------------|-----------------|---------------------------|--------------------------|-----------------|
| <b>Balance as at 1/4/2019</b>  | <b>33869.56</b>   | <b>28820.70</b> | -               | <b>(134.81)</b>           | <b>(311.53)</b>          | <b>62243.91</b> |
| Profit for the year  | 23893.26          | -               | -               | -                         | -                        | 23893.26        |
| Additions during the year  | -                 | -               | -               | -                         | -                        | -               |
| Dividend paid  | (8979.38)         | -               | -               | -                         | -                        | (8979.38)       |
| Amount transfer to general reserve   | -                 | -               | -               | -                         | -                        | -               |
| Net change in fair value of FVTPL investments and others                         | -                 | -               | -               | -                         | -                        | -               |
| Measurement of derivatives at fair value   | -                 | -               | -               | -                         | (563.15)                 | (563.15)        |
| Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit | -                 | -               | -               | (13.79)                   | -                        | (13.79)         |
| <b>Balance as at 31/03/2020</b>  | <b>48783.43</b>   | <b>28820.70</b> | -               | <b>(148.60)</b>           | <b>(874.68)</b>          | <b>76580.84</b> |

|  | Retained Earnings | General Reserve | Capital Reserve | Actuarial Gains or Losses | Derivative at Fair Value | Total Equity    |
|--|-------------------|-----------------|-----------------|---------------------------|--------------------------|-----------------|
| <b>Balance as at 1/4/2018</b>  | <b>28064.12</b>   | <b>28820.70</b> | -               | <b>(79.62)</b>            | -                        | <b>56805.20</b> |
| Profit for the year  | 12542.90          | -               | -               | -                         | -                        | 12542.90        |
| Additions during the year  | -                 | -               | -               | -                         | -                        | -               |
| Dividend paid  | (6,737.46)        | -               | -               | -                         | -                        | (673746)        |
| Amount transfer to general reserve   | -                 | -               | -               | -                         | -                        | -               |
| Net change in fair value of FVTPL investments and others                         | -                 | -               | -               | -                         | (311.53)                 | (311.53)        |
| Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit | -                 | -               | -               | (55.19)                   | -                        | (55.19)         |
| <b>Balance as at 31/03/2019</b>  | <b>33869.56</b>   | <b>28820.70</b> | -               | <b>(134.81)</b>           | <b>(311.53)</b>          | <b>62243.91</b> |

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020**  
(₹ in Lakhs)

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>                 |                   |                   |
| <b>Net profit before tax</b>                                | 29833.26          | 17857.83          |
| <b>Adjustments for :</b>                                    |                   |                   |
| Depreciation and amortization expense                       | 2542.74           | 1221.41           |
| Provision for doubtful debts/advances/ impairment           | 37.29             | 18.18             |
| Dividend Income   | (13128.75)        | (2939.56)         |
| (Profit)/Loss on sale of assets                             | 5.59              | (0.06)            |
| Other Comprehensive Income                                  | (21.20)           | (84.84)           |
| <b>Operating profit before working capital changes</b>      | <b>19268.93</b>   | <b>16072.97</b>   |
| <b>Movements in Working Capital</b>                         |                   |                   |
| (Increase)/Decrease in Trade Receivables                    | (6701.62)         | (2410.88)         |
| (Increase)/Decrease in Other financial assets               | (1812.61)         | (593.22)          |
| (Increase)/Decrease in Inventories                          | (4234.81)         | (21.65)           |
| (Increase)/Decrease in Other Current Assets                 | (9.45)            | (371.95)          |
| (Increase)/Decrease in Other Non Current Assets             | (399.66)          | (168.38)          |
| Increase/(Decrease) in Trade Payables                       | (3716.28)         | 4635.12           |
| Increase/(Decrease) in Other financial liabilities          | 551.92            | 421.94            |
| Increase/(Decrease) in Other Current liabilities            | 793.71            | (258.89)          |
| <b>Changes in Working Capital</b>                           | <b>(15528.81)</b> | <b>1232.09</b>    |
| <b>Cash generated from operations</b>                       | <b>3740.12</b>    | <b>17305.06</b>   |
| Direct Taxes Paid   | (5294.33)         | (5912.00)         |
| <b>Net Cash from operating activities</b>                   | <b>(1554.21)</b>  | <b>11393.06</b>   |
| <b>Cash flows from Investing Activities</b>                 |                   |                   |
| Purchase of Fixed Assets (Including CWIP)                   | (4534.83)         | (23602.05)        |
| Sale of Fixed assets  | 19.98             | 430.87            |
| Investment in Subsidiaries                                  | (1.00)            | (69.18)           |
| Dividend Income   | 13128.75          | 2,939.56          |
| Creditor for Capital goods                                  | (1211.32)         | 848.42            |
| Advance for Fixed Assets                                    | (396.83)          | 5847.27           |
| <b>Net Cash From/ (Used In) Investing Activities</b>        | <b>7004.76</b>    | <b>(13605.11)</b> |
| <b>Cash flows from Financing Activities</b>                 |                   |                   |
| Proceeds from/ (Repayment) Long term borrowings             | 6331.17           | 5,117.92          |
| Proceeds from/(Repayment of) Short-term borrowings          | (2575.46)         | 4,184.14          |
| Dividend and corporate dividend tax paid                    | (8979.38)         | (6330.72)         |
| <b>Net Cash From/ (Used In) Financing Activities</b>        | <b>(5223.67)</b>  | <b>2971.34</b>    |
| <b>Net Increase/(Decrease) in cash and cash equivalents</b> | <b>226.88</b>     | <b>759.29</b>     |
| Cash and Cash equivalents at the beginning of the Year      | 1513.79           | 754.50            |
| <b>Cash and Cash equivalents at the ending of the Year</b>  | <b>1740.67</b>    | <b>1513.79</b>    |

Notes :- 1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard on "Cash Flow Statements". (Ind AS-7)  
2. The accompanying notes are an integral part of the financial statements.

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

**By order of the Board**

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

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

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

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

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

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

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

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## 1. NOTES TO STANDALONE FINANCIAL STATEMENTS

### DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 General Information

CCL Products (India) Limited (the Company) is engaged in the production, trading and distribution of Coffee. The Company has business operations mainly in India, Vietnam and Switzerland countries. The Company is a public limited Company incorporated and domiciled in India and has its registered office at Duggirala, Guntur, Andhra Pradesh. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.2 Basis of preparation and presentation of Financial Statements

The financial statements of CCL Products (India) Limited (“CCL” or “the Company”) have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules 2015, as amended and as per other relevant provisions of the Act. The presentation of financial statements is based upon Ind AS Schedule III of Companies Act, 2013.

Except for the changes below, the Company has consistently applied accounting policies to all applicable periods.

##### **Ind AS 116, Leases:**

Effective April 1, 2019, the Company has adopted Ind AS 116 “Leases” and applied to its Lease contracts existing on April 1, 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

##### **Amendment to Ind AS 12 ‘Income Taxes’:**

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 ‘Income Taxes’ with effect from April 1, 2019. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distribution to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Since Dividend Distribution Tax is not applicable with effect from April 1, 2020, this amendment will have no impact on the financial statements.

##### **Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:**

The Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

##### **Amendment to Ind AS 19 ‘Employee Benefits’:**

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 ‘Employee Benefits’ in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019, the Company has

evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

### 1.3 Basis of Measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- a. Derivative financial instruments are measured at fair value.
- b. Certain financial assets are measured either at fair value or at amortized cost depending on the classification;
- c. Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation, and
- d. Long-term borrowings are measured at amortized cost using the effective interest rate method.

All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realization/settlement within twelve months period from the balance sheet date.

### 1.4 Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, the areas involving critical estimates or Judgment are:

#### a. Depreciation and amortization

Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.

#### b. Employee Benefits

The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

#### c. Provision and contingencies

Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.

#### d. Fair valuation

Fair value is the market based measurement of observable market transaction or available market information. All financial instruments are measured at fair value as at the balance sheet date, as provided in Ind AS 109 and 113. Being a critical estimate, judgement is exercised to determine the carrying values. The fair value of financial instruments that are unlisted and not traded in an active market is determined at fair values assessed based on recent transactions entered into with third parties, based on valuation done by external appraisers etc.



### 1.5 Functional and presentation currency

These financial statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest lakhs.

### 1.6 Current and noncurrent classification

All the assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, presentation of financial statements.

**Assets:** An asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realized within twelve months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Liabilities:** A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within twelve months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of noncurrent assets/ liabilities respectively. All other assets/ liabilities are classified as noncurrent. Deferred tax assets and liabilities are always disclosed as non-current.

### 1.7 Foreign Currency Transaction

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the statement of profit and loss in the period in which they arise.

### 1.8 Property Plant & Equipment

#### Recognition and measurement

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation. The cost of self-constructed assets include the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

**Directly attributable costs include:**

- a. Cost of Employee Benefits arising directly from Construction or acquisition of PPE.
- b. Cost of Site Preparation.
- c. Initial Delivery & Handling costs.
- d. Professional Fees and
- e. Costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to that location and condition (such as samples produced when testing equipment).

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within the statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part will be derecognized. The costs of repairs and maintenance are recognized in the statement of profit and loss as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

**Depreciation**

Depreciation is recognized in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on the Companies Act, 2013 (“Schedule II”), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on pro rata basis. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives are as follows:

| Type of Asset          | Estimated useful life in years |
|------------------------|--------------------------------|
| Buildings              |                                |
| i) Main Plant Building | 30                             |
| ii) Other Building     | 60                             |
| Plant & Machinery      | 25                             |
| Lab Equipment          | 7.5                            |
| Material Handling      | 7.5                            |
| Fire fighting          | 7.5                            |
| Vehicles               | 8                              |
| Computers              | 3                              |
| Office Equipment       | 5                              |
| Furniture & Fixtures   | 10                             |

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other noncurrent assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

The Company assesses at each balance sheet date, whether there is objective evidence that an asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Recoverable amount is higher of the value in use or fair value less cost to sell.

### 1.9 Intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

#### Amortization

Amortization is recognized in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use. The estimated useful lives are as follows:

| Type of Asset     | Estimated useful life |
|-------------------|-----------------------|
| Intangible Assets |                       |
| Computer Software | 3                     |

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

### 1.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a. Financial assets

##### Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Subsequent measurement

###### *Debt instrument at FVTPL*

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. The Company has not designated any debt instrument as at FVTPL.

###### Investment in Preference Shares and Unquoted trade Investments

Investment in Preference Shares and Unquoted trade Investments are measured at amortized cost using Effective Rate of Return (EIR).

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### Investment in equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

### Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### **Impairment of trade receivables**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. Expected credit loss model takes into consideration the present value of all the cash shortfalls over the expected life of a financial instrument. In simple terms, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate. The Standard presumes that entities would suffer credit loss even if the entity expects to be paid in full but later than when contractually due. In other words, it simply focuses on DELAYS in collection of receivables.

For the purpose of identifying the days of delay, the Company took into consideration the weighted average number of delays taking into consideration the date of billing, the credit period and the collection days.

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## **b. Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value i.e., loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

#### **Derivative financial instruments and hedging activities:**

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at future date. Derivatives are recognised at fair value at the end of reporting period and are subsequently re-measured at their fair value at each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- a. hedges of the fair value of recognised assets or liabilities (fair value hedge); or
- b. hedges of a particular risk associated with a firm commitment or a highly probable forecasted transaction (cash flow hedge);

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

Movements in the hedging reserve are accounted in other comprehensive income and are shown within the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

#### **(a) Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### **(b) Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion of changes in the fair value of

the derivative is recognised in the statement of profit and loss. Gains or losses accumulated in equity are reclassified to the statement of profit and loss in the periods when the hedged item affects the statement of profit and loss.

When a hedging instrument expires or swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss existing in statement of changes in equity is recognised in the Statement of Profit and Loss.

When a forecasted transaction is no longer expected to occur, the cumulative gains/losses that were reported in equity are immediately transferred to the statement of profit and loss.

### **Fair value measurement**

Fair value of financial assets and liabilities is normally determined by references to the transaction price or market price. If the fair value is not reliably determinable, the Company determines the fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### **1.11 Inventories**

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realizable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognized as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables which are used in operating machines or consumed as indirect materials in the manufacturing process. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### **1.12 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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### 1.13 Cash & Cash Equivalents

Cash and bank balances comprise of cash balance in hand, in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and unclaimed dividend accounts. For this purpose, “short-term” means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Margin money deposits, balance in dividend accounts which are not due and unclaimed dividend balances shall be disclosed as restricted cash balances.

### 1.14 Employee Benefits

#### *a. Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### *b. Defined Contribution Plan*

The Company’s contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

#### *c. Defined Benefit Plans*

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on prevailing market yields of Indian Government Bonds and that have terms to maturity approximating to the terms of the related defined benefit obligation. The current service cost of the defined benefit plan, recognized in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

#### *d. Termination benefits*

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

#### *e. Other long-term employee benefits*

The Company’s net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

### 1.15 Provisions, contingent liabilities and contingent assets

#### *Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle



the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### ***Contingent liabilities***

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### ***Contingent assets***

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

### **1.16 Revenue Recognition**

#### ***Sale of goods and trade license***

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

#### ***Sale of goods:***

Revenue is recognized when the Company substantially satisfies its performance obligation while transferring a promised good or service to its customers. The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives / discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

#### ***Sale of trade licences:***

The Company receives export incentives in the form of MEIS scrips which do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly, government grant relating to Income is recognised on accrual basis in Profit and Loss statement and when the terms and conditions related to export performance obligations are met.

#### ***Other Income***

#### **Interest Income**

Interest Income mainly comprises of interest on Margin money deposit with banks relating to bank guarantee. Interest income should be recorded using the effective interest rate (EIR). However, the amount of margin money deposits relating to bank guarantee are purely current in nature, hence effective interest rate has not been applied. Interest is recognized using the time-proportion method, based on rates implicit in the transactions.

#### **Dividend**

Dividend income is recognized when the Company's right to receive dividend is established.

### **1.17 Government Grants**

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held.

Grants related to income are government grants other than those related to assets.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

Export incentives in the form of MEIS scrips and power subsidy receivable by the company do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly, government grant relating to Income is recognised on accrual basis in Profit and Loss statement and when the terms and conditions related to export performance obligations are met.

### **1.18 Borrowing Costs**

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

### **1.19 Tax Expenses**

Tax expense consists of current and deferred tax.

#### ***Income Tax***

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### ***Deferred Tax***

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### ***Dividend distribution tax***

Tax arising out of receipt of dividend from the foreign subsidiary is netted off against dividend distribution tax payable against the payment of dividends to shareholders under the Indian Income tax regulations. Dividend paid to the shareholders under Indian income tax regulations is not considered as tax expense for the Company and all such taxes are recognized in the statement of changes in equity as part of the associated dividend payment.

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Tax on Dividends declared by the Company are recognised as an appropriation of Profit. Dividend Distribution Tax is not applicable from April 1, 2020.

### **1.20 Earnings Per Share**

The Company presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

### **1.21 Trade receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment, if any.

### **1.22 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### **1.23 Determination of fair values**

The Company’s accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

#### ***(i) Property, plant and equipment***

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

#### ***(ii) Intangible assets***

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the “relief of royalty method”). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

#### ***(iii) Inventories***

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

#### ***(iv) Investments in equity and debt securities and units of mutual funds***

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

**(v) Derivatives**

The fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option and swap contracts and interest rate swap contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

**(vi) Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company's borrowings that have floating rates of interest, their fair value approximates carrying value.

**1.24 Recent Accounting Pronouncements.**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

**1.25 Impact of COVID-19 Key accounting judgements, estimates and assumptions.**

The threats posed by the coronavirus outbreak are multifold. In many countries, businesses have been forced to cease or limit their operations for long or indefinite periods of time. Even in India the outbreak has been declared epidemic and on March 24, 2020, the Government of India ordered a nationwide lockdown, limiting movement of the population of India as a preventive measure against the COVID-19 pandemic. As a result, most businesses throughout the world are dealing with lost revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many organizations.

However, as the Company operates in an industry that is considered essential in India and other countries, its operations were continuing during lockdown by ensuring appropriate safety measures.

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis. Based on its current estimates, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.

As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

The preparation of the Financial Statements required the Management to exercise judgements and to make estimates and assumptions. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Management has considered the global economic conditions prevailing as at the date of approval of these financial statements and has used internal and external sources of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

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#### **i. Depreciation and amortisation**

Depreciation and amortisation are based on management estimates of the future useful lives of the property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

#### **ii. Employee Benefits**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using various assumptions. The assumptions used in determining the net cost/(income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

#### **iii. Inventories**

The method of valuation of Inventories has been stated in Note No. 1.11 of Significant Accounting Policies. The Company has considered the possible impact relating to COVID-19 while determining the net realisable value of inventory of green coffee beans, and coffee powder. Based on the available internal and external information as determined by the Management, the Company does not expect the carrying values of such inventories to be significantly impacted.

#### **iv. Trade Receivables**

The credit worthiness of Trade Receivables and the credit terms set are determined on a case to case basis and the Management has factored in the uncertainties arising out of COVID-19, as applicable. Based on other internal and external sources of information as determined by the Management, the Company expects to fully recover the carrying amount of Trade Receivables.

The fair values of Trade Receivables are not considered to be significantly different from their carrying values, given their generally short period to maturity, with impairment reviews considered on an individual basis rather than when these become overdue.

**2.1: Property, plant and equipment**

(₹ in Lakhs)

|                             | Gross carrying value             |                 |              | Accumulated depreciation / impairment |                |                         | Net carrying value |                                   |                                   |
|-----------------------------|----------------------------------|-----------------|--------------|---------------------------------------|----------------|-------------------------|--------------------|-----------------------------------|-----------------------------------|
|                             | As at 1 <sup>st</sup> April 2019 | Additions       | Disposals    | As at 31 <sup>st</sup> March 2020     | For the year   | Impairment for the year | Disposals          | As at 31 <sup>st</sup> March 2020 | As at 31 <sup>st</sup> March 2019 |
| Land                        | 2554.51                          | -               | -            | 2554.51                               | -              | -                       | -                  | -                                 | 2554.51                           |
| Buildings                   | 2745.17                          | 6884.78         | -            | 9629.95                               | 301.86         | -                       | -                  | 603.16                            | 9026.79                           |
| Plant and equipment         | 19005.50                         | 29836.98        | -            | 48842.48                              | 2040.32        | -                       | -                  | 4727.57                           | 44114.91                          |
| Lab Equipment               | 9.39                             | 287.75          | -            | 297.14                                | 12.15          | -                       | -                  | 13.06                             | 284.09                            |
| Material Handling Equipment | 73.26                            | 4.30            | -            | 77.56                                 | 9.64           | -                       | -                  | 25.47                             | 52.09                             |
| Fire fighting Equipment     | 0.82                             | -               | -            | 0.82                                  | -              | -                       | -                  | 0.06                              | 0.76                              |
| Vehicles                    | 640.16                           | 75.68           | 33.29        | 682.55                                | 91.50          | -                       | 7.71               | 264.59                            | 417.97                            |
| Computers                   | 127.56                           | 20.38           | -            | 147.94                                | 31.95          | -                       | -                  | 91.25                             | 56.69                             |
| Office Equipment            | 178.63                           | 118.37          | -            | 297.00                                | 51.63          | -                       | -                  | 123.63                            | 173.37                            |
| Furniture & Fixtures        | 31.97                            | 9.48            | -            | 41.45                                 | 3.68           | -                       | -                  | 10.46                             | 30.99                             |
| <b>Total</b>                | <b>25366.98</b>                  | <b>37237.72</b> | <b>33.29</b> | <b>62571.42</b>                       | <b>2542.74</b> | <b>-</b>                | <b>7.71</b>        | <b>5859.25</b>                    | <b>56712.17</b>                   |

|                             | Gross carrying value             |                |               | Accumulated depreciation / impairment |                |                         | Net carrying value |                                   |                                   |
|-----------------------------|----------------------------------|----------------|---------------|---------------------------------------|----------------|-------------------------|--------------------|-----------------------------------|-----------------------------------|
|                             | As at 1 <sup>st</sup> April 2018 | Additions      | Disposals     | As at 31 <sup>st</sup> March 2019     | 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                               | 100.44         | -                       | -                  | 301.30                            | 2443.87                           |
| Plant and equipment         | 17277.55                         | 2196.76        | 468.81        | 19005.50                              | 970.60         | -                       | 58.64              | 2687.25                           | 16318.26                          |
| Lab Equipment               | 9.39                             | -              | -             | 9.39                                  | 0.76           | -                       | -                  | 0.90                              | 8.49                              |
| Material Handling Equipment | 42.13                            | 31.13          | -             | 73.26                                 | 6.43           | -                       | -                  | 15.83                             | 57.43                             |
| Fire fighting Equipment     | 0.82                             | -              | -             | 0.82                                  | -              | -                       | -                  | 0.06                              | 0.76                              |
| Vehicles                    | 477.72                           | 194.47         | 32.03         | 640.16                                | 78.56          | -                       | 11.63              | 180.79                            | 459.37                            |
| Computers                   | 97.98                            | 29.58          | -             | 127.56                                | 26.15          | -                       | -                  | 59.30                             | 68.26                             |
| Office Equipment            | 133.55                           | 47.01          | 1.93          | 178.63                                | 33.24          | -                       | 1.69               | 72.00                             | 106.63                            |
| Furniture & Fixtures        | 30.26                            | 1.71           | -             | 31.97                                 | 2.93           | -                       | -                  | 6.78                              | 25.19                             |
| <b>Total</b>                | <b>23337.28</b>                  | <b>2532.47</b> | <b>502.77</b> | <b>25366.98</b>                       | <b>1219.13</b> | <b>-</b>                | <b>71.96</b>       | <b>3324.23</b>                    | <b>22042.75</b>                   |

a. All fixed assets including Factory land and buildings located at Duggirala, Guntur District and SEZ unit located at Kuwakoli Village, Chittoor District, have been given as a security for availing Credit facilities from banks.

**2.2: Other Intangible assets**

(₹ in Lakhs)

|                   | Gross carrying value                |           |           | Accumulated depreciation / impairment |                                     |                 |                            | Net carrying value |   |   |
|-------------------|-------------------------------------|-----------|-----------|---------------------------------------|-------------------------------------|-----------------|----------------------------|--------------------|---|---|
|                   | As at<br>1 <sup>st</sup> April 2019 | Additions | Disposals | As at<br>31 <sup>st</sup> March 2020  | As at<br>1 <sup>st</sup> April 2019 | For the<br>year | Impairment<br>for the year | Disposals          | As at<br>31 <sup>st</sup> March<br>2020 | As at<br>31 <sup>st</sup> March<br>2019 |
| Computer Software | 13.53                               | -         | -         | 13.53                                 | 12.71                               | -               | -                          | -                  | 12.71                                   | 0.82                                    |
| <b>Total</b>      | <b>13.53</b>                        | <b>-</b>  | <b>-</b>  | <b>13.53</b>                          | <b>12.71</b>                        | <b>-</b>        | <b>-</b>                   | <b>-</b>           | <b>12.71</b>                            | <b>0.82</b>                             |

|                   | Gross carrying value                |           |           | Accumulated depreciation / impairment |                                     |                 |                            | Net carrying value |   |   |
|-------------------|-------------------------------------|-----------|-----------|---------------------------------------|-------------------------------------|-----------------|----------------------------|--------------------|---|---|
|                   | As at<br>1 <sup>st</sup> April 2018 | Additions | Disposals | As at<br>31 <sup>st</sup> March 2019  | As at<br>1 <sup>st</sup> April 2018 | For the<br>year | Impairment<br>for the year | Disposals          | As at<br>31 <sup>st</sup> March<br>2019 | As at<br>31 <sup>st</sup> March<br>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>                             |



## 2.3 Investments

(₹ in Lakhs)

|   | 2020    |                 | 2019    |                 |
|---|---------|-----------------|---------|-----------------|
|   | Current | Non Current     | Current | Non Current     |
| <b>Investments carried at cost (Unquoted investments)</b>   |         |                 |         |                 |
| In subsidiary companies   |         |                 |         |                 |
| Jayanti Pte Ltd<br>(2,80,84,784 Equity Shares Face Value of \$ 1/- each)  | -       | 11125.57        | -       | 11125.57        |
| Ngon Coffee Company Limited<br>(530000000000 Equity Shares Face Value of VND 1/- each)<br>(344564633286 Equity Shares Face Value of VND 1/- each previous year) | -       | 3877.18         | -       | 3877.18         |
| Continental Coffee SA (earlier known as Grandsaugreen SA)<br>(11100000 Equity Shares Face Value of CHF 1/- each)  | -       | 6.92            | -       | 6.92            |
| Continental Coffee Private Limited<br>(70,00,000 Equity Shares Face Value of ₹ 10/- each)   | -       | 700.00          | -       | 700.00          |
| CCL Beverages Private Limited<br>(10,000 Equity Shares Face Value of ₹ 10/- each)   | -       | 1.00            | -       | -               |
| <b>Aggregate amount of unquoted Investments</b>   | -       | <b>15710.67</b> | -       | <b>15709.67</b> |
| <b>Investments at amortized cost( Unquoted Non Trade Investments:)</b>  |         |                 |         |                 |
| Coffee Futures Exchange India Ltd<br>(Equity Subscription for Membership as Ordinary member - 1 share of ₹ 10,000)  | -       | 0.10            | -       | 0.10            |
| Preference shares in Associated Coffee Merchants (Intl) Ltd<br>(1,87,400 Preference Shares Face value of GBP 1/-each)   | -       | 147.91          | -       | 147.91          |
| <b>Total investments carried at Amortized cost</b>  | -       | <b>148.01</b>   | -       | <b>148.01</b>   |
| <b>Total Investments</b>  | -       | <b>15858.69</b> | -       | <b>15857.69</b> |

## 2.4 Other Financial Assets

|   | 2020           |               | 2019          |               |
|---|----------------|---------------|---------------|---------------|
|   | Current        | Non Current   | Current       | Non Current   |
| Rental Deposits                         | -              | 27.89         | -             | 27.89         |
| Electricity and Other Security Deposits | -              | 499.66        | -             | 313.86        |
| Other Receivables                       | 2207.13        | -             | 580.32        | -             |
| Tender Deposit                          | 8.28           | -             | 8.27          | -             |
|   | <b>2215.42</b> | <b>527.55</b> | <b>588.60</b> | <b>341.75</b> |

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

(₹ in Lakhs)

|  | 2020           |                | 2019           |                |
|--|----------------|----------------|----------------|----------------|
|  | Current        | Non Current    | Current        | Non Current    |
| Advance Tax (Net of Provision for tax) | 80.10          | 1366.67        | 294.66         | 967.01         |
| Deposits with Statutory authorities    | -              | 2883.28        | -              | 2883.28        |
| Advances to Employees                  | 43.25          | -              | 35.58          | -              |
| Prepaid Expenses                       | 235.63         | -              | 67.10          | -              |
| Input tax and other taxes receivables  | 1064.95        | -              | 1762.13        | -              |
| Advance to Creditors                   | 889.18         | -              | 236.28         | -              |
| Advances for Capital goods/services    | 834.65         | -              | 437.82         | -              |
| Other receivables                      | 217.56         | -              | 45.38          | -              |
|  | <b>3365.33</b> | <b>4249.95</b> | <b>2878.94</b> | <b>3850.30</b> |

**2.6 Inventories**

|                                | 2020 Current    | 2019 Current    |
|--------------------------------|-----------------|-----------------|
| Raw materials                  | 10104.96        | 9236.78         |
| Work-in-progress               | 230.13          | 151.30          |
| Finished goods                 | 5884.28         | 3036.22         |
| Stores, spares and consumables | 1302.15         | 893.04          |
| Packing materials              | 1232.59         | 1201.96         |
|                                | <b>18754.11</b> | <b>14519.30</b> |

The mode of valuation of Inventories has been stated in Note 1.11 of Significant Accounting Policies  
 Inventories hypothecated as security for availing working capital facilities from banks

**2.7 Trade receivables**

|                                    | 2020 Current    | 2019 Current    |
|------------------------------------|-----------------|-----------------|
| <b>Trade Receivables</b>           |                 |                 |
| Unsecured, considered good         | 21632.51        | 14930.89        |
| Less: Allowances for credit losses | 77.43           | 40.13           |
| Less: Bad debts Written off        | -               | -               |
|                                    | <b>21555.09</b> | <b>14890.76</b> |

Trade Receivables hypothecated as security for availing working capital facilities

**2.8 Cash and Cash Equivalents**

(₹ in Lakhs)

|   | 2020           | 2019           |
|---|----------------|----------------|
| <b>a) Cash and Cash equivalents</b>                         |                |                |
| i) Cash on hand   | 2.94           | 1.00           |
| ii) Balances with banks<br>-Current Accounts                | 1507.94        | 1294.44        |
| <b>b) Other Bank Balances (with restricted use)</b>         |                |                |
| (i) Margin Money Deposit Accounts (against Bank Guarantees) | 182.16         | 182.16         |
| (ii) Unclaimed Dividend Account                             | 103.89         | 56.39          |
| (iii) Dividend Account                                      | -              | 2327.99        |
| Interest accrued but not due on deposits                    | 47.63          | 36.19          |
|   | <b>1844.56</b> | <b>3898.17</b> |

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

|  | 2020           | 2019           |
|--|----------------|----------------|
| Cash and Cash Equivalents/ Bank Balances | 1844.56        | 3898.17        |
| Less: Unclaimed dividend                 | 103.89         | 56.39          |
| Less: Dividend account                   | -              | 2327.99        |
| Cash and Cash Equivalents/ Bank Balances | <b>1740.67</b> | <b>1513.79</b> |

## 2.9 Share Capital (₹ in Lakhs)

|  | 2020           | 2019           |
|--|----------------|----------------|
| <b>Authorized Share Capital</b><br>150,000,000 Equity Shares of ₹ 2 each<br>(Previous year : 150,000,000 Equity Shares of ₹ 2 each)  | 3000.00        | 3000.00        |
| <b>Issued Subscribed and Paid up Share Capital</b><br>133,027,920 Equity Shares of ₹ 2 each, fully paid up<br>(Previous year : 133,027,920 Equity Shares of ₹ 2 each, fully paid up) | 2660.56        | 2660.56        |
|  | <b>2660.56</b> | <b>2660.56</b> |

| Details of shareholders holding more than 5% shares : | No. of shares | % Holding | No. of shares | % Holding |
|---|---------------|-----------|---------------|-----------|
| 1. Challa Rajendra Prasad                             | 13237481      | 9.95%     | 13065400      | 9.82%     |
| 2. Challa Shantha Prasad                              | 18431659      | 13.86%    | 18270000      | 13.73%    |
| 3. Challa Srishant                                    | 13944914      | 10.48%    | 13722000      | 10.32%    |
| 4. Challa Soumya                                      | 13350898      | 10.04%    | 13175300      | 9.90%     |
| 5. Smallcap World Fund Inc                            | -             | -         | 10642173      | 8.00%     |

### 2.9.1 Reconciliation of Number of Shares :

|  | 2020             | 2019             |
|--|------------------|------------------|
| Number of Shares at the beginning of the year  | 133027920        | 133027920        |
| Add : Shares issued during the year            | -                | -                |
| <b>Number of Shares at the end of the year</b> | <b>133027920</b> | <b>133027920</b> |

### 2.9.2 Rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹ 2 /- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**2.10 Other Equity**

(₹ in Lakhs)

|   | 2020            | 2019            |
|---|-----------------|-----------------|
| <b>Retained Earnings</b>  |                 |                 |
| Opening Balance   | 33869.56        | 28064.12        |
| Add: Current year Transfer                                      | 23893.26        | 12542.90        |
| Less: Dividend Paid (Including Dividend distribution Tax)       | (8979.38)       | (6737.46)       |
| <b>Total</b>  | <b>48783.43</b> | <b>33869.56</b> |
| <b>General Reserve</b>  |                 |                 |
| Opening Balance   | 28820.70        | 28820.70        |
| Add: Current year Transfer                                      | -               | -               |
| Less: Written Back in Current year                              | -               | -               |
| <b>Total</b>  | <b>28820.70</b> | <b>28820.70</b> |
| <b>Actuarial Gains or Losses (OCI)</b>                          |                 |                 |
| Opening Balance   | (134.81)        | (79.62)         |
| Add: Current year Transfer                                      | (13.79)         | (55.19)         |
| Less: Written Back in Current year                              | -               | -               |
| <b>Total</b>  | <b>(148.60)</b> | <b>(134.81)</b> |
| <b>Measurement of Derivative instrument at fair value (OCI)</b> |                 |                 |
| Opening Balance   | (311.53)        | -               |
| Add: Current year Transfer                                      | (563.15)        | (311.53)        |
| <b>Total</b>  | <b>(874.68)</b> | <b>(311.53)</b> |
| <b>Total Other Equity</b>                                       | <b>76580.84</b> | <b>62243.91</b> |

**2.11 Borrowings**

|  | 2020            |                 | 2019            |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | Current         | Non Current     | Current         | Non Current     |
| <b>Secured Borrowings:</b>                     |                 |                 |                 |                 |
| <b>Term loans from Banks</b>                   |                 |                 |                 |                 |
| HDFC Bank Ltd.                                 | -               | 10166.67        | -               | 4133.33         |
| Citi bank N.A.(External commercial borrowings) | -               | 11779.05        | -               | 15131.22        |
| Working Capital Facilities                     | 14270.14        | -               | 16845.60        | -               |
|  | <b>14270.14</b> | <b>21945.71</b> | <b>16845.60</b> | <b>19264.55</b> |

The term loan of ₹ 50.00 Crs and ₹ 10.00 Crs from HDFC Bank carrying floating interest rate of Monthly MCLR+15 bps repayable in twelve and ten equal quarterly installments respectively at the end of each quarter commencing from 29<sup>th</sup> June, 2019 and 29<sup>th</sup> Dec. 2019 respectively.

Total term loan of ₹ 90.00 Crs from HDFC Bank carrying floating interest rate of Monthly MCLR+5 bps repayable in sixteen quarterly installments at the end of each quarter commencing from 29<sup>th</sup> June, 2020.

Term loans from HDFC Bank is secured by first pari passu charge on movable assets of the company and second pari passu charge on current assets of the Company.

External commercial borrowings from Citi bank is secured by first ranking exclusive charge over all the fixed assets EOU located at Duggirala, Guntur district and SEZ Unit located at kuvvakoli village, Chittoor district of Andhra Pradesh. The coupon for External Commercial Borrowings is linked to LIBOR plus applicable spread.

Term loans repayable in next twelve months period was segregated as current maturities of long term debt as Other financial liabilities under Current liabilities.

Working Capital Facilities(Packing credit) from State Bank of India, Citi Bank and ICICI Bank Limited under consortium are secured by way of first pari-passu charge on current assets and second pari-passu charge on fixed assets of the company . The Working Capital is repayable on demand.

## 2.12 Deffered Tax Liabilities

(₹ in Lakhs)

|                                       | 2020           | 2019           |
|---------------------------------------|----------------|----------------|
| Opening Balance                       | 3986.52        | 3921.25        |
| Add : On account of IND AS Adjustment | -              | 69.26          |
| Add : On account of depreciation      | 3955.83        | -              |
| Add : On account of Others            | (3237.47)      | (3.99)         |
| <b>Closing Balance</b>                | <b>4704.88</b> | <b>3986.52</b> |

## 2.13 Other Non Current Liabilities & Current liabilities

|                                     | 2020           |             | 2019           |             |
|-------------------------------------|----------------|-------------|----------------|-------------|
|                                     | Current        | Non Current | Current        | Non Current |
| Salaries and employee benefits      | 363.02         | -           | 263.10         | -           |
| Withholding and other taxes payable | 94.15          | -           | 40.92          | -           |
| Advance from customers              | 223.46         | -           | 59.28          | -           |
| Others                              | 1842.50        | -           | 1366.11        | -           |
|                                     | <b>2523.12</b> | <b>-</b>    | <b>1729.41</b> | <b>-</b>    |

## 2.14 Trade Payables

|                                      | 2020 Current   | 2019 Current   |
|--------------------------------------|----------------|----------------|
| (a) Due to Micro & Small Enterprises | -              | -              |
| (b) Dues to others                   |                |                |
| For Raw material                     | 251.88         | 4322.33        |
| For Packing material                 | 820.64         | 677.66         |
| For Stores and Consumables           | 144.93         | 133.07         |
| For Services                         | 497.11         | 297.79         |
|                                      | <b>1714.56</b> | <b>5430.85</b> |

**2.15 Other financial liabilities**

(₹ in Lakhs)

|  | 2020           |               | 2019           |               |
|--|----------------|---------------|----------------|---------------|
|  | Current        | Non Current   | Current        | Non Current   |
| Creditors For Capital goods                | 665.30         | -             | 1876.62        | -             |
| Unpaid dividends                           | 103.89         | -             | 56.39          | -             |
| Dividend Payable                           | -              | -             | 2327.99        | -             |
| Interest accrued but not due on borrowings | 220.89         | -             | 143.08         | -             |
| Current Maturities of Long Term Borrowings | 7678.29        | -             | 4028.27        | -             |
| Derivative Financial Liability             | -              | 874.68        | -              | 311.53        |
| Other Payables                             | 850.42         | -             | 376.31         | -             |
|  | <b>9518.78</b> | <b>874.68</b> | <b>8808.66</b> | <b>311.53</b> |

**2.16 Provisions**

|                   | 2020    |             | 2019    |             |
|-------------------|---------|-------------|---------|-------------|
|                   | Current | Non Current | Current | Non Current |
| Leave Encashment  | -       | -           | -       | -           |
| Provision for tax | -       | -           | -       | -           |
| Gratuity          | -       | -           | -       | -           |
|                   | -       | -           | -       | -           |

**2.17 Revenue from operations**

|                                | 2020            | 2019            |
|--------------------------------|-----------------|-----------------|
| <b>Revenue from :</b>          |                 |                 |
| Sale of Products - Coffee      | 78870.62        | 75771.45        |
| Trade Licences                 | 3394.08         | 5141.84         |
| <b>Revenue from operations</b> | <b>82264.70</b> | <b>80913.29</b> |

**2.18 Other income**

|  | 2020            | 2019           |
|--|-----------------|----------------|
| Interest on Deposits                         | 47.09           | 78.35          |
| Dividend Income on long-term investments     | 16.92           | 9.13           |
| Dividend Income from Ngon Coffee Company Ltd | 13111.84        | 2930.43        |
| Profit on sale of assets                     | -               | 0.06           |
| Scrap sales                                  | 0.93            | -              |
| Miscellaneous Income                         | 217.56          | -              |
|  | <b>13394.34</b> | <b>3017.96</b> |

**2.19 Cost of materials consumed**

|                     | 2020            | 2019            |
|---------------------|-----------------|-----------------|
| <b>Raw Material</b> |                 |                 |
| Purchases           | 42677.88        | 46062.78        |
| Add: Opening Stock  | 9236.78         | 9120.74         |
|                     | 51914.66        | 55183.52        |
| Less: Closing Stock | 10104.96        | 9236.78         |
|                     | <b>41809.70</b> | <b>45946.74</b> |



**2.20 Changes in inventories**

(₹ in Lakhs)

|                         | 2020             | 2019        |
|-------------------------|------------------|-------------|
| <b>Work-in-progress</b> |                  |             |
| Opening                 | 151.30           | 139.53      |
| Closing                 | 230.13           | 151.30      |
|                         | (78.83)          | (11.76)     |
| <b>Finished goods</b>   |                  |             |
| Opening                 | 3036.22          | 3050.73     |
| Closing                 | 5884.28          | 3036.22     |
|                         | (2848.06)        | 14.50       |
|                         | <b>(2926.89)</b> | <b>2.74</b> |

**2.21 Employee benefits expense**

|   | 2020           | 2019           |
|---|----------------|----------------|
| Salaries, Wages and Bonus                 | 2571.01        | 2201.37        |
| Directors' Remuneration                   | 1582.00        | 1486.11        |
| Contribution to provident and other funds | 397.28         | 320.03         |
| Staff welfare                             | 455.16         | 130.02         |
|   | <b>5005.45</b> | <b>4137.55</b> |

**2.22 Finance costs**

|                       | 2020           | 2019          |
|-----------------------|----------------|---------------|
| Interest Expense      | 1491.24        | 579.92        |
| Other borrowing costs | 200.24         | 231.62        |
|                       | <b>1691.48</b> | <b>811.54</b> |

**2.23 Other expenses**

|  | 2020    | 2019    |
|--|---------|---------|
| Packing material consumed                              | 5546.67 | 4506.19 |
| Stores and Consumable consumed                         | 557.95  | 480.51  |
| Power and fuel   | 5427.97 | 3461.58 |
| Repairs and Maintenance to Buildings                   | 24.05   | 17.23   |
| Repairs and Maintenance to Machinery                   | 1065.44 | 607.21  |
| Repairs and Maintenance to Other assets                | 85.09   | 42.27   |
| Transportation, Ocean Freight, Clearing and Forwarding | 1907.42 | 1453.59 |
| Insurance  | 127.45  | 80.78   |
| Rent   | 69.44   | 62.18   |
| Rates and Taxes  | 119.25  | 118.24  |
| Directors' Sitting Fee                                 | 17.45   | 19.35   |
| Non-whole time Directors' Commission                   | 81.00   | 63.00   |
| Selling Expenses                                       | 1429.89 | 1317.83 |
| Commission on Sales                                    | 348.46  | 287.72  |
| Travelling and Conveyance                              | 116.00  | 138.86  |
| Communication Expenses                                 | 89.36   | 61.21   |
| Printing and Stationery                                | 12.00   | 8.47    |

(₹ in Lakhs)

|   |                 |                 |
|---|-----------------|-----------------|
| Office Maintenance                                | 558.43          | 212.02          |
| Donations   | 94.76           | 53.61           |
| Corporate Social Responsibility (CSR) Expenditure | 328.22          | 298.60          |
| Professional Fees & Expenses                      | 273.59          | 146.19          |
| Subscription and Membership fee                   | 5.01            | 3.59            |
| Auditor's Remuneration                            | 15.19           | 15.50           |
| Foreign Exchange Loss (Net)                       | (639.89)        | 479.23          |
| Miscellaneous expenses                            | 0.23            | 0.30            |
| Allowance for credit losses                       | 37.29           | 18.18           |
| Loss on sale of Asset                             | 5.59            | -               |
|   | <b>17703.31</b> | <b>13953.43</b> |

#### 2.24 Auditors Remuneration

| Particulars                                | For the year ended<br>31 <sup>st</sup> March, 2020 | For the year ended<br>31 <sup>st</sup> March, 2019 |
|--|--|--|
| a) Audit fees                              | 11.00  | 9.50   |
| b) Other charges                           |  |  |
| Taxation matters                           | 2.50   | 2.50   |
| Certification fee                          | 1.20   | 2.60   |
| c) Reimbursement of out of pocket expenses | 0.49   | 0.90   |
| <b>TOTAL</b>                               | <b>15.19</b>                                       | <b>15.50</b>                                       |

#### 2.25 Earnings per Share

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2020 | For the year ended<br>31 <sup>st</sup> March, 2019 |
|--|--|--|
| <b>Earnings</b>  |  |  |
| Profit attributable to equity holders  | 23,893.26  | 12,542.90  |
| <b>Shares</b>  |  |  |
| Number of shares at the beginning of the year  | 13,30,27,920                                       | 13,30,27,920                                       |
| Add: Equity shares issued  | -  | -  |
| Less: Buy back of equity shares  | -  | -  |
| Total number of equity shares outstanding at the end of the year   | 13,30,27,920                                       | 13,30,27,920                                       |
| <b>Weighted average number of equity shares outstanding during the year – Basic</b>  | <b>13,30,27,920</b>                                | <b>13,30,27,920</b>                                |
| Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS | -  | -  |
| <b>Weighted average number of equity shares outstanding during the year – Diluted</b>  | <b>13,30,27,920</b>                                | <b>13,30,27,920</b>                                |
| Earnings per share of par value ₹ 2/- -Basic (₹)   | 17.96  | 9.43   |
| Earnings per share of par value ₹ 2/- – Diluted (₹)  | 17.96  | 9.43   |

## 2.26 Related Parties

### List of Subsidiaries:

M/s. Jayanti Pte Ltd., Singapore  
M/s. Continental Coffee Pvt Ltd., India  
M/s. Ngon Coffee Company Ltd., Vietnam  
M/s. Continental Coffee SA, Switzerland  
M/s. CCL Beverages Private Limited., India

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, members of the Company’s Management Council and Company Secretary are considered as Key Managerial Personnel. List of Key Managerial Personnel of the Company are given below:

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

The following is a summary of significant related party transactions:

(₹ in Lakhs)

| Particulars                          | For the year ended<br>31 <sup>st</sup> March 2020 | For the year ended<br>31 <sup>st</sup> March 2019 |
|--------------------------------------|---|---|
| <b>a) Key managerial personnel</b>   |   |   |
| <b>Remuneration &amp; Commission</b> |   |   |
| Mr.Challa Rajendra Prasad            | 420.00  | 743.06  |
| Mr.Challa Srishant                   | 665.00  | 445.83  |
| Mr. B.Mohan Krishna                  | 497.00  | 297.22  |
| Mr.K.V.L.N.Sarma                     | 89.57   | 84.23   |
| Mr.V.Lakshmi Narayana                | 83.88   | 55.29   |
| Ms.Sridevi Dasari                    | 16.94   | 16.73   |
| <b>Rent</b>                          |   |   |
| Mr. Challa Srishant                  | 22.30   | 22.30   |
| <b>b) Non-whole time Directors</b>   |   |   |
| <b>Sitting Fee</b>                   |   |   |
| Mr.Vipin K.Singal                    | 2.15  | 2.15  |
| Mr.K.Chandrasah                      | 2.45  | 2.40  |
| Mr.J.Rambabu                         | -   | 2.40  |
| Mr.K.K.Sarma                         | 2.30  | 2.25  |
| Mr.G.V.Krishna Rau                   | 2.00  | 2.40  |
| Ms.Kulsoom Noor Saifullah            | 1.45  | 2.00  |
| Ms.Challa Shantha Prasad             | 1.20  | 1.45  |
| Mr.K Durga Prasad                    | 2.45  | 2.30  |
| Dr.L.Krishnanand                     | 2.15  | 2.00  |
| Mr.K.V.Chowdary                      | 1.30  | -   |

(₹ in Lakhs)

| <b>Commission</b>                               |                |                |
|---|----------------|----------------|
| Mr.Vipin K.Singal                               | 9.00           | 7.00           |
| Mr.K.Chandrabhas                                | 9.00           | 7.00           |
| Mr.J.Rambabu                                    | -              | 7.00           |
| Mr.K.K.Sarma                                    | 9.00           | 7.00           |
| Mr.G.V.Krishna Rau                              | 9.00           | 7.00           |
| Ms.Kulsoom Noor Saifullah                       | 9.00           | 7.00           |
| Ms.Challa Shantha Prasad                        | 9.00           | 7.00           |
| Mr.K Durga Prasad                               | 9.00           | 7.00           |
| Dr.L.Krishnanand                                | 9.00           | 7.00           |
| Mr.K.V.Chowdary                                 | 9.00           | -              |
| <b>Rent</b>                                     |                |                |
| Ms.Challa Shantha Prasad                        | 21.46          | 21.46          |
| <b>c) Relatives of Key Managerial Personnel</b> |                |                |
| <b>Rent</b>                                     |                |                |
| Ms.Challa Soumya                                | 7.04           | 7.04           |
| <b>TOTAL</b>                                    | <b>1921.64</b> | <b>1775.51</b> |

**Transactions with Subsidiaries:**

| <b>Particulars</b>                               | <b>For the year ended<br/>31<sup>st</sup> March 2020</b> | <b>For the year ended<br/>31<sup>st</sup> March 2019</b> |
|--|--|--|
| <b>Continental Coffee SA, Switzerland</b>        |  |  |
| Sale of Instant Coffee                           | 10869.65   | 4119.15  |
| Trade Receivable                                 | 5992.86  | 2988.59  |
| <b>Continental Coffee Private Limited, India</b> |  |  |
| Sale of Instant Coffee                           | 5360.87  | 3523.66  |
| Trade Receivable                                 | 2438.66  | 1521.70  |
| Short Term Loan                                  | 2200.00  | -  |
| Interest on Short Term Loan                      | 7.92   | -  |
| <b>TOTAL</b>                                     | <b>26869.96</b>  | <b>12153.10</b>  |

## 2.27 Earnings/expenditure in foreign currency:

### Expenditure in Foreign currency:

(₹ in Lakhs)

| Particulars                 | For the year ended<br>31 <sup>st</sup> March 2020 | For the year ended<br>31 <sup>st</sup> March 2019 |
|-----------------------------|---|---|
| Travel Expenses             | 1.69  | 17.22   |
| Professional Fees           | 26.79   | 22.84   |
| Purchase of Raw Materials   | 31753.92  | 37276.60  |
| Purchase of Stores & Spares | 549.32  | 100.74  |
| Other expenses              | 10.02   | 14.29   |
| <b>Total</b>                | <b>32,341.74</b>                                  | <b>37431.69</b>                                   |

### Earnings in Foreign currency:

| Particulars          | For the year ended<br>31 <sup>st</sup> March 2020 | For the year ended<br>31 <sup>st</sup> March 2019 |
|----------------------|---|---|
| FOB Value of Exports | 72018.03  | 68973.60  |
| Dividend             | 13128.75  | 2939.55   |
| <b>Total</b>         | <b>85146.78</b>                                   | <b>71913.15</b>                                   |

## 2.28 Segment Reporting:

The Company concluded that there is only one operating segment i.e, Coffee products. Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. Accordingly, the Company shall present entity-wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 108.

## 2.29 Employee benefits:

### Gratuity benefits

In accordance with applicable laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Life Insurance Corporation of India (LIC).

The components of gratuity cost recognized in the statement of profit and loss for the years ended 31<sup>st</sup> March 2020 and 2019 consist of the following:

| Particulars   | For the Years ended 31 <sup>st</sup> March |              |
|---|--|--------------|
|   | 2020                                       | 2019         |
| Current service cost  | 41.98                                      | 32.71        |
| Interest on net defined benefit liability/(asset)               | 36.50                                      | 27.00        |
| <b>Gratuity cost recognized in statement of profit and loss</b> | <b>78.48</b>                               | <b>59.71</b> |

Details of the employee benefits obligations and plan assets are provided below: (₹ in Lakhs)

| Particulars   | As of 31 <sup>st</sup> March |                 |
|---|------------------------------|-----------------|
|   | 2020                         | 2019            |
| Present value of funded obligations                       | 571.71                       | 472.55          |
| Fair value of plan assets                                 | 628.16                       | 576.12          |
| <b>Net defined benefit liability / (asset) recognized</b> | <b>(56.44)</b>               | <b>(103.57)</b> |

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

| Particulars   | As of 31 <sup>st</sup> March |               |
|---|------------------------------|---------------|
|   | 2020                         | 2019          |
| <b>Defined benefit obligations at the beginning of the year</b> | <b>480.49</b>                | <b>343.90</b> |
| Current service cost  | 41.98                        | 32.71         |
| Interest on defined obligations                                 | 36.50                        | 27.00         |
| Re-measurements due to:   |                              |               |
| Actuarial loss/(gain) due to change in financial assumptions    | 19.51                        | 81.77         |
| Actuarial loss/(gain) due to demographic assumptions            |                              |               |
| Actuarial loss/(gain) due to experience changes                 |                              |               |
| Benefits paid   | (6.76)                       | (12.82)       |
| <b>Defined benefit obligations at the end of the year</b>       | <b>571.71</b>                | <b>472.56</b> |

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

| Particulars   | As of 31 <sup>st</sup> March |               |
|---|------------------------------|---------------|
|   | 2020                         | 2019          |
| <b>Fair value of plan assets at the beginning of the year</b> | <b>576.12</b>                | <b>399.89</b> |
| Employer contributions  | 16.06                        | 156.05        |
| Actuarial loss/(gain) on plan assets                          | (1.69)                       | (3.06)        |
| Re-measurements due to:                                       |                              |               |
| Return on plan assets excluding interest on plan assets       | 44.42                        | 36.07         |
| Benefits paid   | (6.76)                       | (12.82)       |
| <b>Plan assets at the end of the year</b>                     | <b>628.16</b>                | <b>576.13</b> |

#### Summary of Actuarial Assumptions

The actuarial assumptions used in accounting for the Gratuity Plan are as follows:

The assumptions used to determine benefit obligations:

| Particulars                   | As of 31 <sup>st</sup> March |       |
|-------------------------------|------------------------------|-------|
|                               | 2020                         | 2019  |
| Discount rate                 | 8.00%                        | 8.00% |
| Rate of compensation increase | 4.00%                        | 4.00% |

#### Leave Encashment

The Company accumulates compensated absences by certain categories of its employees for one year. These employees receive cash in lieu thereof as per the Company's policy. The Company records expenditure on payment basis.

### Contribution to Provident Fund

The employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed ₹ 248.41 Lakhs and ₹ 151.55 Lakhs to the provident fund plan during the years ended 31<sup>st</sup> March 2020 and 2019, respectively.

### Contribution to Superannuation schemes

Certain categories of employees of the Company participate in superannuation, a defined contribution plan administered by the Life Insurance Corporation of India. The Company makes annual contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its annual contributions. The Company contributed ₹ 154.87 Lakhs and ₹ 264.85 Lakhs to the superannuation Schemes during the years ended 31<sup>st</sup> March 2020 and 2019, respectively.

### 2.30 Income Taxes:

#### Income tax expense/ (benefit) recognized in the statement of profit and loss:

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following:

(₹ in Lakhs)

| Particulars  | For the Year Ended 31 <sup>st</sup> March |                |
|--|---|----------------|
|  | 2020                                      | 2019           |
| <b>Current taxes expense</b>   |   |                |
| Domestic   | 5221.64                                   | 5249.66        |
| <b>Deferred taxes expense/(benefit)</b>  |   |                |
| Domestic   | 718.36                                    | 65.27          |
| <b>Total income tax expense/(benefit) recognized in the statement of profit and loss</b> | <b>5940.00</b>                            | <b>5314.94</b> |

#### a) Income tax expense/ (benefit) recognized directly in equity

Income tax expense/ (benefit) recognized directly in equity consist of the following:

| Particulars   | For the Year Ended 31 <sup>st</sup> March |              |
|---|---|--------------|
|   | 2020                                      | 2019         |
| Tax effect on actuarial gains/losses on defined benefit obligations | 7.41                                      | 29.65        |
| <b>Total income tax expense/(benefit) recognized in the equity</b>  | <b>7.41</b>                               | <b>29.65</b> |

#### b) Reconciliation of Effective tax rate

| Particulars                                    | For the Year Ended 31 <sup>st</sup> March |                 |
|--|---|-----------------|
|  | 2020                                      | 2019            |
| <b>Profit before income taxes</b>              | <b>29833.26</b>                           | <b>17857.83</b> |
| Enacted tax rate in India                      | 34.94%                                    | 34.94%          |
| <b>Computed expected tax benefit/(expense)</b> | <b>10423.74</b>                           | <b>6240.24</b>  |
| <b>Effect of:</b>                              |   |                 |
| Expenses not deductible for Tax purposes       | 1054.94                                   | 1773.83         |
| Expenses deductible for Tax purposes           | (12007.67)                                | (1984.80)       |



(₹ in Lakhs)

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Taxable at Special Rate             | 2023.00        | 2939.55        |
| Due to loss in SEZ Unit             | 529.22         | -              |
| <b>Income tax benefit/(expense)</b> | <b>2023.23</b> | <b>5626.76</b> |
| <b>Effective tax rate</b>           | <b>6.78%</b>   | <b>31.51%</b>  |

The Company's average effective tax rate for the years ended March 31, 2020 and 2019 were 6.78% and 31.51%, respectively.

The company for the year ended 31.03.2020 is liable to pay Minimum Alternative Tax @ 17.47% on its book profit. The amount of Minimum Alternative Tax payable (MAT) is ₹ 5,221.64 Lakhs and the tax credit available for carry forward and set off on account of the MAT is ₹ 3,198.41 Lakhs. Accordingly the effective tax liability for the year ended 31.03.2020 was ₹ 2,023.23 Lakhs.

**c) Deferred tax assets & Liabilities:**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

| Particulars                                  | For the Year Ended 31 <sup>st</sup> March |                  |
|--|---|------------------|
|  | 2020                                      | 2019             |
| <b>Deferred tax assets/(liabilities):</b>    |   |                  |
| <b>Property, plant and equipment</b>         | <b>(7942.35)</b>                          | <b>(3990.51)</b> |
| Others                                       | 3,237.47                                  | 3.99             |
| <b>Net deferred tax assets/(liabilities)</b> | <b>(4704.88)</b>                          | <b>(3986.52)</b> |

**2.31 Financial Risk Management:**

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

**a. Credit Risk:**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has the following categories of financial assets that are subject to credit risk evaluation:

**Trade Receivables-** The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

**Financial assets that are neither past due nor impaired** - None of the Company's cash equivalents, including deposits with banks, were past due or impaired as at 31<sup>st</sup> March 2020. Of the total trade and other receivables, impairment loss is provided for ₹ 77.43 as at 31<sup>st</sup> March 2020 and ₹ 40.13 at 31<sup>st</sup> March 2019.

The Company's credit period for customers generally ranges from 60-90 days. The aging of trade receivables that are past due but not impaired is given below: (₹ in Lakhs)

| Particulars      | As of 31 <sup>st</sup> March |                 |
|------------------|------------------------------|-----------------|
|                  | 2020                         | 2019            |
| Period (in days) |                              |                 |
| 1 – 90           | 12502.27                     | 12591.76        |
| 90 – 180         | 7155.31                      | 2226.04         |
| More than 180    | 1974.93                      | 113.10          |
| <b>Total</b>     | <b>21632.51</b>              | <b>14930.90</b> |

Other than trade receivables, the Company has no significant class of financial assets that are past due or impaired as at 31<sup>st</sup> March, 2020.

On account of adoption of Ind AS 109, the Company uses Expected Credit Loss (ECL) model for assessing the impairment loss. For this purpose, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate.

#### Reconciliation of allowance for credit losses

The details of changes in allowance for credit losses during the year ended 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019 are as follows:

| Particulars                                 | For the Year Ended 31 <sup>st</sup> March |              |
|---|---|--------------|
|   | 2020                                      | 2019         |
| <b>Balance at the beginning of the year</b> | <b>40.13</b>                              | <b>21.95</b> |
| Impairment of Trade receivables             | 37.29                                     | 18.18        |
| <b>Balance at the end of the year</b>       | <b>77.43</b>                              | <b>40.13</b> |

#### b. Liquidity Risks:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

As of 31<sup>st</sup> March 2020 and 2019, the Company has utilized working capital credit limits from banks for ₹ 14270.14 Lakhs and ₹ 16845.60 Lakhs respectively.

As of 31<sup>st</sup> March 2020, the Company had working capital (current assets less current liabilities) of ₹ 19707.89 Lakhs including cash and cash equivalents of ₹ 1844.56 Lakhs. As of 31<sup>st</sup> March 2019, the Company had working capital (current assets less current liabilities) of ₹ 3961.26 Lakhs including cash and cash equivalents of ₹ 3898.17 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31<sup>st</sup> March 2020: (₹ in Lakhs)

| Particulars                                      | 2021     | 2022    | 2023    | Thereafter | Total           |
|--|----------|---------|---------|------------|-----------------|
| Trade payables                                   | 1714.56  | -       | -       | -          | <b>1714.56</b>  |
| Long term borrowings                             | 8578.29  | 7411.61 | 5955.81 | -          | <b>21945.71</b> |
| Bank overdraft, short-term loans and borrowings* | 14270.14 | -       | -       | -          | <b>14270.14</b> |
| Other liabilities*                               | 12916.58 | -       | -       | -          | <b>12916.58</b> |

\*Note: The Bank Overdraft and other liabilities are payable on demand.

### c. Market Risks

Market risk is the risk that changes in market prices such as commodity prices risk, foreign exchange rates and interest rates which will affect the Company's financial position. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Coffee Industry is dependent on nature, making it susceptible to climate vagaries. The major weather factors that influence coffee yield are rainfall, temperature, light intensity and relative humidity.

#### Commodity Price Risk

The Company exposure to Market risk for commodity prices can result in changes to realisation for its Cost of Production for its products. The company mitigates risk by entering into Coffee Future Contracts and with the natural hedge arising on export of Products vis a vis import of Coffee Beans.

#### Coffee Futures

The Company uses Coffee future contract to reduce its price risk associated with forecasted purchases of Coffee beans. Throughout the year, the company enters into coffee futures based on market price and anticipated production requirements.

#### Foreign currency risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The company mitigates the currency risk with natural hedge arising on export of Products vis a vis import of Coffee Beans.

#### Interest rate risk

Interest rate risk refers to risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market interest rates.

### 2.32 Capital Management

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through equity, borrowings and operating cash flows required.

The company's Debt Equity ratio is as follows:

| Particulars              | 2020          | 2019          |
|--------------------------|---------------|---------------|
| Total Debt               | 55551.89      | 56377.13      |
| Total Equity             | 79241.40      | 64904.47      |
| <b>Debt Equity Ratio</b> | <b>0.70:1</b> | <b>0.87:1</b> |

### 2.33 Contingent Liabilities and Commitments:

The following are the details of contingent liabilities and commitments:

(₹ in Lakhs)

| Particulars  | 2020           | 2019           |
|--|----------------|----------------|
| <b>Contingent Liabilities</b>  |                |                |
| a) Claims against the company/disputed liabilities not acknowledged as debts                   |                |                |
| Income Tax*  | 4402.40        | 2883.28        |
| Service Tax  | 995.92         | 552.98         |
| Sales Tax  | 47.16          | -              |
| b) Guarantees  |                |                |
| Bank Guarantee   | 1423.27        | 2786.28        |
|  | <b>6868.75</b> | <b>6222.54</b> |
| <b>Commitments</b>   |                |                |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 836.31         | 1487.72        |
|  | <b>836.31</b>  | <b>1487.72</b> |

\* Tax deposited under protest ₹ 2883.28 Lakhs

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

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

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

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

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

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

By order of the Board

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

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

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## Independent Auditor's Report

### To the Members of CCL Products (India) Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated financial statements of CCL Products (India) Limited (hereinafter referred to as "the Parent") and its subsidiaries Jayanti Pte Ltd, Singapore; Continental Coffee SA, Switzerland (formerly known as Grandsaugreen SA); Ngon Coffee Company Limited, Vietnam; Continental Coffee Private Limited, India and CCL Beverages Private Limited, India (the Parent and its subsidiaries together referred to as "the Group") which comprise of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2020, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity the for the year then ended, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to Note 1.26 of the consolidated financial statements, which describes the extent to which the COVID-19 Pandemic will impact the Company's results which depend on future developments that are highly uncertain. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

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

| Key Audit Matter  | How the Matter was addressed in Audit  |
|---|--|
| <p><b>1. Evaluation of uncertain tax position:</b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes 2.31 to the Financial Statements</p> | <p><b><u>Principal Audit Procedures</u></b></p> <p>Obtained details of completed tax assessments and demands up to the year ended March 31, 2020 from management. We involved our internal experts to challenge the management’s underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management’s position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at 1<sup>st</sup> April 2019 to evaluate whether any change was required to management’s position on these uncertainties.</p> <p>We conclude that tax provisions and related disclosures are appropriately disclosed.</p> |

**Other Information**

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by other auditors, to the extent relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

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

**Management’s Responsibility for the Consolidated Financial Statements**

The Parent’s Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of

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the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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

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## Other Matters

We did not audit the financial information of 5 subsidiaries whose financial statements reflect total assets of ₹ 44,579.07 Lakhs as at 31<sup>st</sup> March, 2020, total revenues of ₹ 48,056.29 Lakhs and total net profit after tax amounting to ₹ 5,795.88 Lakhs, total comprehensive income of ₹ 5,788.51 Lakhs for the year ended on that date as considered in the consolidated financial statements. These financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors. Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
  - c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including Other Comprehensive Income, the consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors of the parent as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors of the parent, none of the directors of the parent is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's report of the Parent. Our report expresses an unmodified opinion on the adequacy and operation effectiveness of internal financial controls over financial reporting of the Parent.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the

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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.

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

**For RAMANATHAM & RAO**  
Chartered Accountants  
Firm Registration. No. 002934S  
Sd/-  
**(K SREENIVASAN)**  
Partner  
ICAI Membership No. 206421  
UDIN:20206421AAAADS9541

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**Annexure - A to the Independent Auditors' Report  
(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements'  
section of our report of even date)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of  
Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of CCL Products (India) Limited ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are

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recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**For RAMANATHAM & RAO**  
Chartered Accountants  
Firm Registration. No. 002934S  
Sd/-  
**(K SREENIVASAN)**  
Partner  
ICAI Membership No. 206421  
UDIN:20206421AAAADS9541

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2020** (₹ in Lakhs)

|  | Note No. | 2020             | 2019             |
|--|----------|------------------|------------------|
| <b>ASSETS</b>  |          |                  |                  |
| <b>Non-current assets</b>  |          |                  |                  |
| Property plant and Equipment   | 2.1      | 72362.00         | 38298.48         |
| Capital Work Inprogress  |          | 10017.91         | 42412.52         |
| Intangible assets  | 2.2      | 1.50             | 1.50             |
| <b>Financial assets</b>  |          |                  |                  |
| (i) Investments  | 2.3      | 148.01           | 148.01           |
| (ii) Other financial assets  | 2.4      | 556.97           | 354.98           |
| Other non current assets   | 2.5      | 4249.95          | 3850.30          |
|  |          | <b>87336.34</b>  | <b>85065.78</b>  |
| <b>Current assets</b>  |          |                  |                  |
| Inventories  | 2.6      | 26,041.95        | 20,194.83        |
| Financial assets   |          |                  |                  |
| Trade receivables  | 2.7      | 26,811.36        | 23,518.39        |
| Cash and cash equivalent   | 2.8      | 3,869.25         | 9,651.20         |
| Other financial assets   | 2.4      | 8.28             | 651.83           |
| Other current assets   | 2.5      | 6,870.59         | 3,080.00         |
|  |          | <b>63601.44</b>  | <b>57096.25</b>  |
| <b>TOTAL ASSETS</b>  |          | <b>150937.78</b> | <b>142162.03</b> |
| <b>EQUITY AND LIABILITIES</b>  |          |                  |                  |
| <b>Equity</b>  |          |                  |                  |
| Equity Share Capital   | 2.9      | 2660.56          | 2660.56          |
| Other Equity   | 2.10     | 90178.97         | 81230.96         |
|  |          | <b>92839.53</b>  | <b>83,891.52</b> |
| <b>Liabilities</b>   |          |                  |                  |
| <b>Non-current liabilities</b>   |          |                  |                  |
| <b>Financial Liabilities</b>   |          |                  |                  |
| Borrowings   | 2.11     | 24945.71         | 19264.56         |
| Other Financial Liability  | 2.15     | 874.68           | 311.53           |
| Deferred tax liabilities (net)   | 2.12     | 4624.94          | 3961.34          |
| Provisions   | 2.16     | 32.12            | 115.83           |
|  |          | <b>30,477.45</b> | <b>23,553.25</b> |
| <b>Current liabilities</b>   |          |                  |                  |
| <b>Financial Liabilities</b>   |          |                  |                  |
| Borrowings   | 2.11     | 14270.14         | 18345.60         |
| <b>Trade payables</b>  |          |                  |                  |
| a. Total Out standing dues of Micro and Small Enterprises                      |          |                  |                  |
| b. Total Out standing dues of creditors other than Micro and Small Enterprises | 2.14     | 2463.54          | 5705.97          |
| Other financial liabilities  | 2.15     | 9827.96          | 8864.35          |
| Provisions   | 2.16     | -                | 0.69             |
| Other current liabilities  | 2.13     | 1059.17          | 1800.66          |
|  |          | <b>27620.80</b>  | <b>34717.26</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>150937.78</b> | <b>142162.03</b> |

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

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

By order of the Board

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

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

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

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

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

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

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

**CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**  
(₹ in Lakhs)

|   | Note No. | 2020             | 2019             |
|---|----------|------------------|------------------|
| <b>Income</b>   |          |                  |                  |
| Revenue from operations   | 2.17     | 113915.27        | 108141.67        |
| Other income  | 2.18     | 449.77           | 333.80           |
| <b>Total Revenue</b>  |          | <b>114365.05</b> | <b>108475.47</b> |
| <b>Expenses</b>   |          |                  |                  |
| Cost of materials consumed  | 2.19     | 59191.49         | 60170.03         |
| Changes in inventories  | 2.20     | (3250.11)        | (440.69)         |
| Employee benefits expense   | 2.21     | 7034.11          | 5894.69          |
| Finance costs   | 2.22     | 1796.33          | 845.80           |
| Depreciation and amortization expense                                   | 2.1&2.2  | 4711.22          | 3172.04          |
| Other expenses  | 2.3      | 22350.50         | 17969.24         |
| <b>Total Expenses</b>   |          | <b>91,833.54</b> | <b>87,611.12</b> |
| <b>Profit before tax</b>  |          | <b>22531.51</b>  | <b>20864.35</b>  |
| <b>Tax expense</b>  |          |                  |                  |
| (1) Current tax   |          | 5274.31          | 5329.28          |
| (2) Deferred tax  |          | 663.60           | 45.86            |
| <b>Profit for the year</b>  |          | <b>16593.60</b>  | <b>15489.21</b>  |
| <b>Other comprehensive income (OCI)</b>                                 |          |                  |                  |
| Items that will not be reclassified to profit or loss                   |          | (28.57)          | (84.84)          |
| Tax on items that will not be reclassified to profit or loss            |          | 7.41             | 29.65            |
|   |          | (21.16)          | (55.19)          |
| <b>Items that will be reclassified to profit or loss:</b>               |          |                  |                  |
| Items that may be reclassified subsequently to profit or loss           |          | 1354.95          | 1201.40          |
| Tax on items that will be reclassified subsequently to profit or loss   |          | 1354.95          | 1201.40          |
| <b>Total other comprehensive income/(loss) for the year, net of tax</b> |          | <b>1333.79</b>   | <b>1146.21</b>   |
| <b>Total comprehensive income for the year</b>                          |          | <b>17927.39</b>  | <b>16635.42</b>  |
| <b>Earnings per share:</b>  |          |                  |                  |
| Basic earnings per share of ₹. 2/-each                                  |          | 12.47            | 11.64            |
| Diluted earnings per share of ₹. 2/- each                               |          | 12.47            | 11.64            |

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

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

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

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

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

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

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

**By order of the Board**

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

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



### Statement of changes in equity

#### Statement of changes in equity for the period ended 31.03.2020

| Equity share capital                                  | Opening balance<br>as at 1 Apr 2019 | Changes in equity share<br>capital during the year | Closing balance<br>as at 31 Mar 2020 |
|---|-------------------------------------|--|--------------------------------------|
| 13,30,27,920 Equity Shares of ₹ 2 each, fully paid up | 26,60,55,840                        | -  | 26,60,55,840                         |
|   | <b>26,60,55,840</b>                 | <b>-</b>   | <b>26,60,55,840</b>                  |
| Equity share capital                                  | Opening balance<br>as at 1 Apr 2018 | Changes in equity share<br>capital during the year | Closing balance<br>as at 31 Mar 2019 |
| 13,30,27,920 Equity Shares of ₹ 2 each, fully paid up | 26,60,55,840                        | -  | 26,60,55,840                         |
|   | <b>26,60,55,840</b>                 | <b>-</b>   | <b>26,60,55,840</b>                  |

(₹ in Lakhs)

|  | Retained Earnings | General Reserve | Capital Reserve | Actuarial Gains or Losses | Derivative at Fair Value | Total Equity    |
|--|-------------------|-----------------|-----------------|---------------------------|--------------------------|-----------------|
| <b>Balance as at 1/4/2019</b>  | <b>49624.16</b>   | <b>28820.70</b> | <b>3232.44</b>  | <b>(134.81)</b>           | <b>(311.53)</b>          | <b>81230.96</b> |
| Profit for the year  | 16593.60          | -               | -               | -                         | -                        | 16593.60        |
| Additions during the year  | -                 | -               | 1918.10         | -                         | -                        | 1918.10         |
| Dividend paid  | (8979.38)         | -               | -               | -                         | -                        | (8979.38)       |
| Amount transfer to general reserve   | -                 | -               | -               | -                         | -                        | -               |
| Net change in fair value of FVTPL investments and others                         | -                 | -               | -               | -                         | -                        | -               |
| Measurement of derivatives at fair value   | -                 | -               | -               | -                         | (563.15)                 | (563.15)        |
| Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit | -                 | -               | -               | (21.16)                   | -                        | (21.16)         |
| <b>Balance as at 31/03/2020</b>  | <b>57238.38</b>   | <b>28820.70</b> | <b>5150.54</b>  | <b>(155.97)</b>           | <b>(874.68)</b>          | <b>90178.97</b> |

|  | Retained Earnings | General Reserve | Capital Reserve | Actuarial Gains or Losses | Derivative at Fair Value | Total Equity     |
|--|-------------------|-----------------|-----------------|---------------------------|--------------------------|------------------|
| <b>Balance as at 1/4/2018</b>  | <b>40872.41</b>   | <b>28820.70</b> | <b>1719.51</b>  | <b>(79.62)</b>            | <b>-</b>                 | <b>71333.00</b>  |
| Profit for the year  | 15489.21          | -               | -               | -                         | -                        | 15489.21         |
| Additions during the year  | -                 | -               | 1512.93         | -                         | -                        | 1512.93          |
| Dividend paid  | (6737.46)         | -               | -               | -                         | -                        | (6737.46)        |
| Amount transfer to general reserve   | -                 | -               | -               | -                         | -                        | -                |
| Net change in fair value of FVTPL investments and others                         | -                 | -               | -               | -                         | (311.53)                 | (311.53)         |
| Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit | -                 | -               | -               | (55.19)                   | -                        | (55.19)          |
| <b>Balance as at 31/03/2019</b>  | <b>49624.16</b>   | <b>28820.70</b> | <b>3232.44</b>  | <b>(134.81)</b>           | <b>(311.53)</b>          | <b>81,230.96</b> |

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020**  
(₹ in Lakhs)

|   | 2020              | 2019               |
|---|-------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>                 |                   |                    |
| <b>Net profit before tax</b>                                | 22531.51          | 20864.35           |
| <b>Adjustments for :</b>                                    |                   |                    |
| Depreciation and amortization expense                       | 4711.22           | 3172.04            |
| Provision for doubtful debts/advances/ impairment           | (26.14)           | -                  |
| Dividend Income   | (16.92)           | (9.13)             |
| Foreign currency Translation                                | 1918.10           | 1512.93            |
| Other Comprehensive Income                                  | (28.57)           | (84.84)            |
| <b>Operating profit before working capital changes</b>      | <b>29089.20</b>   | <b>25455.36</b>    |
| <b>Movements in Working Capital</b>                         |                   |                    |
| (Increase)/Decrease in Trade Receivables                    | (3266.84)         | (5315.18)          |
| (Increase)/Decrease in Other financial assets               | 441.55            | (669.68)           |
| (Increase)/Decrease in Inventories                          | (5847.12)         | (1879.19)          |
| (Increase)/Decrease in Other Current Assets                 | (2437.90)         | (390.41)           |
| (Increase)/Decrease in Other Non Current Assets             | (399.65)          | (162.26)           |
| Increase/(Decrease) in Trade Payables                       | (3242.43)         | 4672.84            |
| Increase/(Decrease) in Other financial liabilities          | 801.71            | 474.88             |
| Increase/(Decrease) in Other Current liabilities            | (741.49)          | (339.61)           |
| Increase/(Decrease) in Provisions                           | 15.60             | 16.52              |
| <b>Changes in Working Capital</b>                           | <b>(14676.59)</b> | <b>(3592.08)</b>   |
| <b>Cash generated from operations</b>                       | <b>14412.61</b>   | <b>21863.28</b>    |
| Direct Taxes Paid   | (5347.01)         | (5706.38)          |
| <b>Net Cash from operating activities</b>                   | <b>9065.61</b>    | <b>16156.90</b>    |
| <b>Cash flows from Investing Activities</b>                 |                   |                    |
| Purchase of Fixed Assets (Including CWIP)                   | (6380.11)         | (24133.31)         |
| Dividend Income   | 16.92             | 9.13               |
| Creditor for Capital goods                                  | (1,207.62)        | 848.42             |
| Advance for Fixed Assets                                    | (1272.57)         | 5801.39            |
| <b>Net Cash From/ (Used In) Investing Activities</b>        | <b>(8,843.38)</b> | <b>(17,474.37)</b> |
| <b>Cash flows from Financing Activities</b>                 |                   |                    |
| Proceeds from/ (Repayment) Long term borrowings             | 9,331.17          | 4858.68            |
| Proceeds from/(Repayment of) Short-term borrowings          | (4075.46)         | 5684.14            |
| Dividend and corporate dividend tax paid                    | (8979.38)         | (6330.72)          |
| <b>Net Cash From/ (Used In) Financing Activities</b>        | <b>(3723.67)</b>  | <b>4212.10</b>     |
| <b>Net Increase/(Decrease) in cash and cash equivalents</b> | <b>(3501.45)</b>  | <b>2894.63</b>     |
| Cash and Cash equivalents at the beginning of the PYear     | 7266.82           | 4372.18            |
| Cash and Cash equivalents at the ending of the Year         | 3765.37           | 7266.82            |

Notes :- 1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard on "Cash Flow Statements".(Ind AS-7)

2. The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For RAMANATHAM & RAO**  
Chartered Accountants

**By order of the Board**

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

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

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

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

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

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

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

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## 1. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 General Information

CCL Products (India) Limited (“the Holding Company”) and its subsidiaries (together “the Group”) are engaged in the production, trading and distribution of Coffee. The Company has business operations mainly in India, Vietnam and Switzerland countries. The Company is a public limited Company incorporated and domiciled in India and has its registered office at Duggirala, Guntur, Andhra Pradesh. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.2 Basis of Preparation of Consolidated Financial Statements

The Consolidated Financial Statements have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Except for the changes below, the Company has consistently applied accounting policies to all applicable periods.

##### **Ind AS 116, Leases:**

Effective April 1, 2019, the Company has adopted Ind AS 116 “Leases” and applied to its Lease contracts existing on April 1, 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact

##### **Amendment to Ind AS 12 ‘Income Taxes’:**

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 ‘Income Taxes’ with effect from April 1, 2019. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Since Dividend Distribution Tax is not applicable with effective from April 1, 2020, this amendment will have no impact on the financial statements.

##### **Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:**

The Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

##### **Amendment to Ind AS 19 ‘Employee Benefits’:**

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 ‘Employee Benefits’ in connection with accounting for plan amendments, curtailments and settlements. The amendments require

an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019 the Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

### 1.3 Basis of Measurement

These Consolidated financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- a. Certain financial assets are measured either at fair value or at amortized cost depending on the classification;
- b. Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less Actuarial gains and the present value of the defined benefit obligation; and
- c. Long-term borrowings, except obligations under finance leases, are measured at amortized cost using the effective interest rate method.
- d. All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realization / settlement within twelve months period from the balance sheet date.

The following are the details of subsidiaries considered for the purpose of Consolidation:

| Name of Enterprise                  | Country of Incorporation | Nature of Business                 | Shareholding/ Controlling interest |
|-------------------------------------|--------------------------|------------------------------------|------------------------------------|
| Jayanti Pte Limited                 | Singapore                | Investment Vehicle                 | 100%                               |
| Ngon Coffeee Company Limited        | Vietnam                  | Manufacturing of Instant Coffee    | 100%                               |
| Continental Coffeee Private Limited | India                    | Trading of Instant Coffee          | 100%                               |
| Coninental Coffee SA                | Switzerland              | Manufacturing of Instant Coffee    | 100%                               |
| CCL Beverages Private Limited       | India                    | Agglomeration and Packing Facility | 100%                               |

### 1.4 Use of judgment, estimates and assumptions.

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, the areas involving critical estimates or Judgments are:

#### **a. Depreciation and amortization**

Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.

#### **b. Employee Benefits**

The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

#### **c. Provision and contingencies**

Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.

#### **d. Fair valuation**

Fair value is the market based measurement of observable market transaction or available market information. All financial instruments are measured at fair value as at the balance sheet date, as provided in Ind AS 109 and 113. Being a critical estimate, judgment is exercised to determine the carrying values. The fair value of financial instruments that are unlisted and not traded in an active market is determined at fair values assessed based on recent transactions entered into with third parties, based on valuation done by external appraisers etc., as applicable based on the fair value hierarchy i.e, Level I inputs, Level II inputs and Level III inputs specified in IND AS 113.

### **1.5 Scope of Consolidation**

The consolidated financial statements have been prepared on the following basis:

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Fully consolidated means recognition of all assets and liabilities and items in the income statement in full. Thereafter the portion of net profit and equity is allocated between the owners of the Holding Company and non-controlling interest. Changes in ownership that do not result in a change of control are accounted for as equity transactions and therefore do not have any impact on goodwill. The difference between consideration and the non-controlling share of net assets acquired is recognised within equity.

The financial statements of group companies are consolidated on line by line basis and Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated if there is a profit on ultimate sale of goods. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

### **1.6 Functional and Presentation Currency**

These Consolidated Financial Statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest Lakhs.

In respect of all non-Indian subsidiaries that operate as marketing arms of our parent company in their respective countries/regions, the functional currency has been determined to be the functional currency of our parent company (i.e., the Indian rupee). The operations of these subsidiaries are largely restricted to the import of finished goods from our parent company in India, sale of these products in the foreign country and making of import payments to our parent company. The cash flows realized from sale of goods are available for making import payments to our parent company and cash is paid to our parent company on a regular basis. The costs incurred by these subsidiaries are primarily the cost of goods imported from our parent company. The financing of these subsidiaries is done directly or indirectly by our parent company.

In respect of subsidiaries whose operations are self-contained and integrated within their respective countries/regions, the functional currency has been determined to be the local currency of those countries/regions.

### 1.7 Current and Non-Current Classification

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

**Assets:** An asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realised within twelve months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Liabilities:** A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within twelve months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets / liabilities include the current portion of non-current assets / liabilities respectively. All other assets/ liabilities are classified as non-current.

### 1.8 Foreign Currencies

#### Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the consolidated statement of profit and loss in the period in which they arise.



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Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction, if any.

### **Group Entities**

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b. Income and expenses for each Statement of Profit and Loss are translated at date of transaction exchange rates and
- c. All resulting exchange differences are recognized in Foreign Currency Translation Reserve
- d. On disposal of a foreign operation, the associated exchange differences are reclassified to the Statement of Profit and Loss, as part of the gain or loss on disposal.

### **1.9 Property Plant & Equipment**

#### Recognition and measurement

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset.

#### **Directly attributable costs include:**

- a. Cost of Employee Benefits arising directly from Construction or acquisition of PPE.
- b. Cost of Site Preparation.
- c. Initial Delivery & Handling costs.
- d. Professional Fees and
- e. Costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within in the consolidated statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the consolidated statement of profit and loss as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

### **Depreciation**

Depreciation is recognized in the consolidated statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on Schedule II to the Companies Act, 2013 (“Schedule”), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on pro-rata basis. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives are as follows:

| Type of Asset          | Estimated useful life |
|------------------------|-----------------------|
| Buildings              |                       |
| i) Main Plant Building | 30                    |
| ii) Other Building     | 60                    |
| Plant & Machinery      | 25                    |
| Lab Equipment          | 7.5                   |
| Material Handling      | 7.5                   |
| Fire fighting          | 7.5                   |
| Vehicles               | 8                     |
| Computers              | 3                     |
| Office Equipment       | 5                     |
| Furniture & Fixtures   | 10                    |

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non-current assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

### **1.10 Intangible assets**

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

### **Amortization**

Amortization is recognized in the consolidated statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset’s future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use.

The estimated useful lives are as follows:

| Type of Asset     | Estimated useful life |
|-------------------|-----------------------|
| Intangible Assets |                       |
| Computer Software | 3                     |

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

### 1.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial assets**

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Subsequent measurement

##### Debt instrument at FVTPL

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. The Company has not designated any debt instrument as at FVTPL.

##### Investment in Preference Shares and Unquoted trade Investments

Investment in Preference Shares and Unquoted trade Investments are measured at amortised cost using Effective Rate of Return (EIR).

##### Investment in equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments i.e., investments in equity shares included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

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### **Investments in subsidiaries**

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

### ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's Consolidated Balance Sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### ***Impairment of trade receivables***

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. Expected credit loss model takes into consideration the present value of all the cash shortfalls over the expected life of a financial instrument. In simple terms, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate. The Standard presumes that entities would suffer credit loss even if the entity expects to be paid in full but later than when contractually due. In other words, it simply focuses on DELAYS in collection of receivables.

For the purpose of identifying the days of delay, the Company took into consideration the weighted average number of delays taking into consideration the date of billing, the credit period and the collection days.

### ***Financial liabilities***

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

#### Derivative financial instruments and hedging activities:

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either

- a. hedges of the fair value of recognised assets or liabilities (fair value hedge); or
- b. hedges of a particular risk associated with a firm commitment or a highly probable forecasted transaction (cash flow hedge);

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

Movements in the hedging reserve are accounted in other comprehensive income and are shown within the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

#### **(a) Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### **(b) Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion of changes in the fair value of the derivative is recognised in the statement of profit and loss. Gains or losses accumulated in equity are reclassified to the statement of profit and loss in the periods when the hedged item affects the statement of profit and loss.

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When a hedging instrument expires or swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss existing in statement of changes in equity is recognised in the Statement of Profit and Loss.

When a forecasted transaction is no longer expected to occur, the cumulative gains/losses that were reported in equity are immediately transferred to the statement of profit and loss.

### **Fair value measurement**

Fair value of financial assets and liabilities is normally determined by references to the transaction price or market price. If the fair value is not reliably determinable, the Company determines the fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### **1.12 Inventories**

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables which are used in operating machines or consumed as indirect materials in the manufacturing process. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### **1.13 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the consolidated statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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#### **1.14 Cash & Cash Equivalents**

Cash and bank balances comprise of cash balance in hand, in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and Unclaimed dividend accounts. For this purpose, “short-term” means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Margin money deposits and unclaimed dividend balances shall be disclosed as restricted cash balances.

#### **1.15 Employee Benefits**

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **Defined Contribution Plan**

The Company’s contributions to defined contribution plans are charged to the consolidated statement of profit and loss as and when the services are received from the employees.

#### **Defined Benefit Plan**

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on prevailing market yields of Indian Government Bonds and that have terms to maturity approximating to the terms of the related defined benefit obligation. The current service cost of the defined benefit plan, recognised in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

#### **Termination benefits**

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

#### **Other long-term employee benefits**

The Company’s net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.



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## 1.16 Provisions, contingent liabilities and contingent assets

### Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## 1.17 Revenue Recognition

### Sale of goods and trade license

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

#### Sale of goods:

Revenue is recognized when the company substantially satisfies its performance obligation while transferring a promised good or service to its customers. The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

#### Sale of Trade License:

The company receives export incentives in the form of MEIS scripts which do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly government grant relating to Income is recognised on accrual basis in Profit and Loss statement and when the terms and conditions related to export performance obligations are met.

#### Other Income:

##### Interest Income

Interest Income mainly comprises of interest on Margin money deposit with banks relating to bank guarantee. Interest income should be recorded using the effective interest rate (EIR). However, the

amount of margin money deposits relating to bank guarantee are purely current in nature, hence effective interest rate has not been applied. Interest is recognised using the time-proportion method, based on rates implicit in the transactions.

### **Dividend**

Dividend income is recognized when the Company's right to receive dividend is established.

### **1.18 Government Grants:**

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity. Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held. Grants related to income are government grants other than those related to assets. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable. Export incentives in the form of MEIS scrips and power subsidy receivable by the company do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly, government grant relating to Income is recognised on accrual basis in Profit and Loss statement and when the terms and conditions related to export performance obligations are met.

### **1.19 Borrowing Costs**

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

### **1.20 Tax Expenses**

Tax expense consists of current and deferred tax.

### **Income Tax**

Income tax expense is recognized in the consolidated statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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## Deferred Tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

### 1.21 Earnings Per Share

The Company presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

### 1.22 Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

### 1.23 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### 1.24 Determination of fair values

The Company’s accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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(i) Property, plant and equipment

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

(ii) Intangible assets

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the “relief of royalty method”). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Investments in equity and debt securities and units of mutual funds

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(v) Derivatives

The fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option and swap contracts and interest rate swap contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

(vi) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company’s borrowings that have floating rates of interest, their -fair value approximates carrying value.

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### **1.25 Recent Accounting Pronouncements.**

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

### **1.26 Impact of COVID-19 Key accounting judgements, estimates and assumptions.**

The threats posed by the coronavirus outbreak are multifold. In many countries, businesses have been forced to cease or limit their operations for long or indefinite periods of time. Even in India the outbreak has been declared epidemic and on March 24, 2020, the Government of India ordered a nationwide lockdown, limiting movement of the population of India as a preventive measure against the COVID-19 pandemic. As a result, most businesses throughout the world are dealing with lost revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many organizations.

However, as the Company operates in an industry that is considered essential in India and other countries, its operations were continuing during lockdown by ensuring appropriate safety measures.

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis. Based on its current estimates, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.

As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

The preparation of the Financial Statements required the Management to exercise judgements and to make estimates and assumptions. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Management has considered the global economic conditions prevailing as at the date of approval of these financial statements and has used internal and external sources of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic

#### **i. Depreciation and amortisation**

Depreciation and amortisation are based on management estimates of the future useful lives of the property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

#### **ii. Employee Benefits**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using various assumptions. The assumptions used in determining the net cost/(income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

#### **iii. Inventories**

The method of valuation of Inventories has been stated in Note No. 1.12 of Significant Accounting Policies. The Company has considered the possible impact relating to COVID-19 while determining the net realisable value of inventory of green coffee beans, and coffee powder. Based on the available internal and external information as determined by the Management, the Company does not expect the carrying values of such inventories to be significantly impacted.

**2.1: Property, plant and equipment**

(₹ in Lakhs)

|                             | Gross carrying value              |                 |              |                              |                                    | Accumulated depreciation / impairment |                |                         |             |                              | Net carrying value                 |                                    |                                    |
|-----------------------------|-----------------------------------|-----------------|--------------|------------------------------|------------------------------------|---------------------------------------|----------------|-------------------------|-------------|------------------------------|------------------------------------|------------------------------------|------------------------------------|
|                             | As at 1 <sup>st</sup> April, 2019 | Additions       | Disposals    | Foreign Exchange Fluctuation | As at 31 <sup>st</sup> March, 2020 | As at 1 <sup>st</sup> April, 2019     | For the year   | Impairment for the year | Disposals   | Foreign Exchange Fluctuation | As at 31 <sup>st</sup> March, 2020 | As at 31 <sup>st</sup> March, 2019 | As at 31 <sup>st</sup> March, 2019 |
| Land                        | 3522.80                           | -               | -            | 122.76                       | 3645.56                            | -                                     | -              | -                       | -           | -                            | -                                  | 3645.56                            | 3522.80                            |
| Buildings                   | 9731.66                           | 6892.91         | -            | 747.03                       | 17371.60                           | 1321.40                               | 570.34         | -                       | -           | 240.99                       | 2132.73                            | 15238.87                           | 8410.26                            |
| Plant and equipment         | 33830.94                          | 30198.13        | 45.00        | 1565.48                      | 65549.55                           | 8242.54                               | 3912.40        | -                       | -           | 983.52                       | 13138.46                           | 52411.09                           | 25588.40                           |
| Lab Equipment               | 26.68                             | 287.75          | -            | -                            | 314.43                             | 5.88                                  | 12.15          | -                       | -           | -                            | 18.03                              | 296.40                             | 20.80                              |
| Material Handling Equipment | 55.97                             | 4.30            | -            | -                            | 60.27                              | 10.85                                 | 9.64           | -                       | -           | -                            | 20.49                              | 39.78                              | 45.12                              |
| Fire fighting Equipment     | 0.83                              | -               | -            | -                            | 0.83                               | 0.06                                  | -              | -                       | -           | -                            | 0.06                               | 0.77                               | 0.77                               |
| Vehicles                    | 685.74                            | 75.68           | 33.29        | 4.96                         | 733.09                             | 200.46                                | 103.23         | -                       | 7.71        | 4.35                         | 300.33                             | 432.76                             | 485.28                             |
| Computers                   | 145.28                            | 22.48           | -            | -                            | 167.76                             | 64.28                                 | 38.92          | -                       | -           | -                            | 103.20                             | 64.56                              | 81.00                              |
| Office Equipment            | 220.64                            | 127.32          | -            | 3.97                         | 351.93                             | 104.71                                | 59.19          | -                       | -           | 4.01                         | 167.91                             | 184.02                             | 115.93                             |
| Furniture & Fixtures        | 44.74                             | 25.45           | -            | 8.12                         | 78.31                              | 16.62                                 | 5.35           | -                       | -           | 8.16                         | 30.13                              | 48.18                              | 28.12                              |
| <b>Total</b>                | <b>48265.28</b>                   | <b>37634.02</b> | <b>78.29</b> | <b>2452.32</b>               | <b>88273.33</b>                    | <b>9966.80</b>                        | <b>4711.22</b> | <b>-</b>                | <b>7.71</b> | <b>1241.03</b>               | <b>15911.34</b>                    | <b>72362.00</b>                    | <b>38298.48</b>                    |

|                             | Gross carrying value              |                |               |                              |                                    | Accumulated depreciation / impairment |                |                         |              |                              | Net carrying value                 |                                    |                                    |
|-----------------------------|-----------------------------------|----------------|---------------|------------------------------|------------------------------------|---------------------------------------|----------------|-------------------------|--------------|------------------------------|------------------------------------|------------------------------------|------------------------------------|
|                             | As at 1 <sup>st</sup> April, 2018 | Additions      | Disposals     | Foreign Exchange Fluctuation | As at 31 <sup>st</sup> March, 2019 | As at 1 <sup>st</sup> April, 2018     | For the year   | Impairment for the year | Disposals    | Foreign Exchange Fluctuation | As at 31 <sup>st</sup> March, 2019 | As at 31 <sup>st</sup> March, 2018 | 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                            | 8551.36                            |
| Plant and equipment         | 29659.47                          | 3759.25        | 469.00        | 881.22                       | 33830.94                           | 5213.59                               | 2613.09        | -                       | 58.64        | 474.50                       | 8242.54                            | 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 Equipment     | 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                             | 485.28                             | 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                         | 104.71                             | 115.93                             | 102.64                             |
| Furniture & Fixtures        | 40.50                             | 2.76           | -             | 1.48                         | 44.74                              | 11.74                                 | 3.40           | -                       | -            | 1.48                         | 16.62                              | 28.12                              | 28.76                              |
| <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>38298.48</b>                    | <b>37108.78</b>                    |

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

**2.2: Other Intangible assets**

(₹ in Lakhs)

|                   | Gross carrying value                 |           |           | Accumulated depreciation / impairment |                                      |                 |                            | Net carrying value |  |  |
|-------------------|--------------------------------------|-----------|-----------|---------------------------------------|--------------------------------------|-----------------|----------------------------|--------------------|--|--|
|                   | As at<br>1 <sup>st</sup> April, 2019 | Additions | Disposals | As at<br>31 <sup>st</sup> March, 2020 | As at<br>1 <sup>st</sup> April, 2019 | For the<br>year | Impairment<br>for the year | Disposals          | As at<br>31 <sup>st</sup> March,<br>2020 | As at<br>31 <sup>st</sup> March,<br>2019 |
| Computer Software | 14.21                                | -         | -         | 14.21                                 | 12.71                                | -               | -                          | -                  | 12.71                                    | 3.79                                     |
| <b>Total</b>      | <b>14.21</b>                         | <b>-</b>  | <b>-</b>  | <b>14.21</b>                          | <b>12.71</b>                         | <b>-</b>        | <b>-</b>                   | <b>-</b>           | <b>12.71</b>                             | <b>3.79</b>                              |

|                   | Gross carrying value                 |           |           | Accumulated depreciation / impairment |                                      |                 |                            | Net carrying value |  |  |
|-------------------|--------------------------------------|-----------|-----------|---------------------------------------|--------------------------------------|-----------------|----------------------------|--------------------|--|--|
|                   | As at<br>1 <sup>st</sup> April, 2018 | Additions | Disposals | As at<br>31 <sup>st</sup> March, 2019 | As at<br>1 <sup>st</sup> April, 2018 | For the<br>year | Impairment<br>for the year | Disposals          | As at<br>31 <sup>st</sup> March,<br>2019 | As at<br>31 <sup>st</sup> March,<br>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>                              |



(₹ in Lakhs)

**2.3 Investments**

|  | 2020    |               | 2019    |               |
|--|---------|---------------|---------|---------------|
|  | Current | Non Current   | Current | Non Current   |
| <b>Investments at amortized cost( Unquoted Non Trade Investments:</b><br>Coffee Futures Exchange India Ltd<br>(Equity Subscription for Membership as Ordinary member - 1 share of Rs.10,000)<br>Preference shares in Associated Coffee Merchants (Int'l) Ltd<br>(1,87,400 Preference Shares Face value of GBP 1/-each) | -       | 0.10          | -       | 0.10          |
| <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> |

#### 2.4 Other Financial Assets

(₹ in Lakhs)

|   | 2020        |               | 2019          |               |
|---|-------------|---------------|---------------|---------------|
|   | Current     | Non Current   | Current       | Non Current   |
| Rental Deposits                         | -           | 27.89         | -             | 27.89         |
| Electricity and Other Security Deposits | -           | 529.08        | -             | 327.09        |
| Other Receivables                       | -           | -             | 643.55        | -             |
| Tender Deposit                          | 8.28        | -             | 8.27          | -             |
|   | <b>8.28</b> | <b>556.97</b> | <b>651.82</b> | <b>354.98</b> |

#### 2.5 Other Non Current Assets and Current Assets

|  | 2020           |                | 2019           |                |
|--|----------------|----------------|----------------|----------------|
|  | Current        | Non Current    | Current        | Non Current    |
| Advance Tax (Net of Provision for tax) | 80.10          | 1366.67        | 294.66         | 967.01         |
| Deposits with Statutory authorities    | -              | 2883.28        | -              | 2883.28        |
| Advances to Employees                  | 53.51          | -              | 35.88          | -              |
| Prepaid Expenses                       | 246.89         | -              | 77.78          | -              |
| Input tax and other taxes receivables  | 1223.71        | -              | 1848.43        | -              |
| Advance to Creditors                   | 889.18         | -              | 236.28         | -              |
| Advances for Capital goods/services    | 1772.42        | -              | 499.85         | -              |
| Other receivables                      | 2604.77        | -              | 87.13          | -              |
|  | <b>6870.59</b> | <b>4249.95</b> | <b>3080.00</b> | <b>3850.30</b> |

**2.6 Inventories**

(₹ in Lakhs)

|                                | <b>2020<br/>Current</b> | <b>2019<br/>Current</b> |
|--------------------------------|-------------------------|-------------------------|
| Raw materials                  | 13149.78                | 11153.05                |
| Work-in-progress               | 370.45                  | 167.89                  |
| Finished goods                 | 9161.09                 | 6112.43                 |
| Stores, spares and consumables | 2076.37                 | 1527.66                 |
| Packing materials              | 1284.26                 | 1233.79                 |
|                                | <b>26041.95</b>         | <b>20194.83</b>         |

The mode of valuation of Inventories has been stated in Note 1.12 of Significant Accounting Policies  
 Inventories hypothecated as security for availing working capital facilities

**2.7 Trade receivables**

|                                    | <b>2020<br/>Current</b> | <b>2019<br/>Current</b> |
|------------------------------------|-------------------------|-------------------------|
| <b>Trade Receivables</b>           |                         |                         |
| Unsecured, considered good         | 26969.36                | 23702.52                |
| Less: Allowances for credit losses | 158.00                  | 184.13                  |
| Less: Bad debts written off        | -                       | -                       |
|                                    | <b>26811.36</b>         | <b>23518.39</b>         |

Trade Receivables hypothecated as security for availing working capital facilities

**2.8 Cash and Cash Equivalents**

|   | <b>2020</b>    | <b>2019</b>    |
|---|----------------|----------------|
| <b>a) Cash and Cash equivalents</b>                         |                |                |
| i) Cash on hand   | 6.25           | 10.32          |
| ii) Balances with banks<br>- Current Accounts               | 3529.33        | 7038.15        |
| <b>b) Other Bank Balances (with restricted use)</b>         |                |                |
| (i) Margin Money Deposit Accounts (against Bank Guarantees) | 182.16         | 182.16         |
| (ii) Unclaimed Dividend Account                             | 103.89         | 56.39          |
| (iii) Dividend Account                                      | -              | 2327.99        |
| Interest accrued but not due on deposits                    | 47.63          | 36.19          |
|   | <b>3869.25</b> | <b>9651.20</b> |

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

|   | 2020           | 2019           |
|---|----------------|----------------|
| Cash and Cash Equivalents/ Bank Balances        | 3869.25        | 9651.20        |
| Less: Unclaim dividend                          | 103.89         | 56.39          |
| Less: dividend                                  | -              | 2327.99        |
| <b>Cash and Cash Equivalents/ Bank Balances</b> | <b>3765.37</b> | <b>7266.82</b> |

**2.9 Share Capital**

|   | 2020           | 2019           |
|---|----------------|----------------|
| <b>Authorized Share Capital</b><br>150,000,000 Equity Shares of ₹ 2 each<br>(Previous year :150,000,000 Equity Shares of ₹ 2 each)  | 3000.00        | 3000.00        |
| <b>Issued Subscribed and Paid up Share Capital</b><br>133,027,920 Equity Shares of ₹ 2 each, fully paid up<br>(Previous year :133,027,920 Equity Shares of ₹ 2 each, fully paid up) | 2660.56        | 2660.56        |
|   | <b>2660.56</b> | <b>2660.56</b> |

| Details of shareholders holding shares : more than 5% | No. of shares | % Holding | No. of shares | % Holding |
|---|---------------|-----------|---------------|-----------|
| 1. Challa Rajendra Prasad                             | 13237481      | 9.95%     | 13065400      | 9.82%     |
| 2. Challa Shantha Prasad                              | 18431659      | 13.86%    | 18270000      | 13.73%    |
| 3. Challa Srishant                                    | 13944914      | 10.48%    | 13722000      | 10.32%    |
| 4. Challa Soumya                                      | 13350898      | 10.04%    | 13175300      | 9.90%     |
| 5. Smallcap World Fund Inc                            | -             | -         | 10642173      | 8.00%     |

**2.9.1 Reconciliation of Number of Shares :**

|  | 2020             | 2019             |
|--|------------------|------------------|
| Number of Shares at the beginning of the year  | 133027920        | 133027920        |
| Add : Shares issued during the year            |                  |                  |
| <b>Number of Shares at the end of the year</b> | <b>133027920</b> | <b>133027920</b> |

**2.9.2 Rights attached to equity shares**

“The Company has only one class of equity shares having a face value of ₹ 2 /- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**2.10 “ Other Equity”**

(₹ in Lakhs)

|   | <b>2020</b>     | <b>2019</b>     |
|---|-----------------|-----------------|
| Opening Balance   | 49624.16        | 40872.41        |
| Add: Current year Transfer                                      | 16593.60        | 15489.21        |
| Less: Dividend Paid( Including Dividend distribution Tax)       | (8979.38)       | (6737.46)       |
| <b>Total</b>  | <b>57238.38</b> | <b>49624.16</b> |
| <b>General Reserve</b>  |                 |                 |
| Opening Balance   | 28820.70        | 28820.70        |
| Add: Current year Transfer                                      | -               | -               |
| Less: Written Back in Current year                              | -               | -               |
| <b>Total</b>  | <b>28820.70</b> | <b>28820.70</b> |
| <b>Foreign Currency Translation Reserve</b>                     |                 |                 |
| Opening Balance   | 3232.44         | 1719.51         |
| Add: Current year Transfer                                      | 1918.10         | 1512.93         |
| Less: Written Back in Current year                              | -               | -               |
| <b>Total</b>  | <b>5150.54</b>  | <b>3232.44</b>  |
| <b>Actuarial Gains or Losses (OCI)</b>                          |                 |                 |
| Opening Balance   | (134.81)        | (79.62)         |
| Add: Current year Transfer                                      | (21.16)         | (55.19)         |
| Less: Written Back in Current year                              | -               | -               |
| <b>Total</b>  | <b>(155.97)</b> | <b>(134.81)</b> |
| <b>Measurement of derivative instrument at Fair value (OCI)</b> |                 |                 |
| Opening Balance   | (311.53)        | -               |
| Add: Current year Transfer                                      | (563.15)        | (311.53)        |
| Less: Written Back in Current year                              | -               | -               |
| <b>Total</b>  | <b>(874.68)</b> | <b>(311.53)</b> |
| <b>Total Other Equity</b>                                       | <b>90178.97</b> | <b>81230.96</b> |

## 2.11 Borrowings

(₹ in Lakhs)

|   | 2020            |                 | 2019            |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | Current         | Non Current     | Current         | Non Current     |
| <b>Secured Borrowings:</b>                      |                 |                 |                 |                 |
| <b>Term loans from Banks</b>                    |                 |                 |                 |                 |
| HDFC Bank Ltd.                                  | -               | 10166.67        | -               | 4133.33         |
| Citi Bank NA.                                   | -               | 3000.00         | -               | -               |
| Citi Bank NA., (External commercial borrowings) | -               | 11779.05        | -               | 15131.22        |
| Working Capital Facilities                      | 14270.14        | -               | 18345.60        | -               |
|   | <b>14270.14</b> | <b>24945.71</b> | <b>18345.60</b> | <b>19264.56</b> |

The term loan of ₹ 50.00 Crs and ₹ 10.00 Crs from HDFC Bank carrying floating interest rate of Monthly MCLR+15 bps repayable in twelve and ten equal quarterly installments respectively at the end of each quarter commencing from 29<sup>th</sup> June, 2019 and 29<sup>th</sup> Dec. 2019 respectively.

Total term loan of ₹ 90.00 Crs from HDFC Bank carrying floating interest rate of Monthly MCLR+5 bps repayable in sixteen quarterly installments at the end of each quarter commencing from 29<sup>th</sup> June, 2020.

Term loans from HDFC Bank is secured by first pari passu charge on movable assets of the company and second pari passu charge on current assets of the Company.

External commercial borrowings from Citi bank is secured by first ranking exclusive charge over all the fixed assets EOU located at Duggirala, Guntur district and SEZ Unit located at kuvvakoli village, Chittoor district of Andhra Pradesh. The coupon for External Commercial Borrowings is linked to LIBOR plus applicable spread.

Term loans repayable in next twelve months period was segregated as current maturities of long term debt as Other financial liabilities under Current liabilities.

Working Capital Facilities(Packing credit) from State Bank of India, Citi Bank and ICICI Bank Limited under consortium are secured by way of first pari-passu charge on current assets and second pari-passu charge on fixed assets of the company . The Working Capital is repayable on demand.

## 2.12 Deferred Tax Liabilities

|                                       | 2020           | 2019           |
|---------------------------------------|----------------|----------------|
| Opening Balance                       | <b>3961.34</b> | <b>3915.48</b> |
| Add : On account of IND AS Adjustment | -              | (3.99)         |
| Add : On account of depreciation      | 3955.10        | 68.53          |
| Add : On account of Others            | (3291.50)      | (18.68)        |
| Closing Balance                       | <b>4624.94</b> | <b>3961.34</b> |

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

(₹ in Lakhs)

|                                     | 2020           |             | 2019           |             |
|-------------------------------------|----------------|-------------|----------------|-------------|
|                                     | Current        | Non Current | Current        | Non Current |
| Salaries and employee benefits      | 423.30         | -           | 287.75         | -           |
| Withholding and other taxes payable | 159.01         | -           | 87.51          | -           |
| Advance from customers              | 223.46         | -           | 59.28          | -           |
| Others                              | 253.40         | -           | 1366.11        | -           |
|                                     | <b>1059.17</b> | <b>-</b>    | <b>1800.66</b> | <b>-</b>    |

**2.14 Trade Payables**

|   | 2020 Current   | 2019 Current   |
|---|----------------|----------------|
| <b>(a) Due to Micro &amp; Small Enterprises</b> | -              | -              |
| <b>(b) Dues to others</b>                       |                |                |
| For Raw material                                | 956.67         | 4429.22        |
| For Packing material                            | 820.64         | 677.66         |
| For Stores and Consumables                      | 147.14         | 133.13         |
| For Services                                    | 539.09         | 465.95         |
|   | <b>2463.54</b> | <b>5705.97</b> |

**2.15 Other financial liabilities**

|  | 2020           |               | 2019           |               |
|--|----------------|---------------|----------------|---------------|
|  | Current        | Non Current   | Current        | Non Current   |
| Creditors For Capital goods                | 669.00         | -             | 1876.62        | -             |
| Unpaid dividends                           | 103.89         | -             | 56.39          | -             |
| Dividend payables                          | -              | -             | 2327.99        | -             |
| Interest accrued but not due on borrowings | 220.89         | -             | 143.08         | -             |
| Current maturities of long term debt       | 7678.29        | -             | 4028.27        | -             |
| Derivative Financial liability             | -              | 874.68        | -              | 311.53        |
| Other Payables                             | 1155.90        | -             | 432.00         | -             |
|  | <b>9827.96</b> | <b>874.68</b> | <b>8864.35</b> | <b>311.53</b> |



**2.16 Provisions**

(₹ in Lakhs)

|                   | 2020    |              | 2019        |              |
|-------------------|---------|--------------|-------------|--------------|
|                   | Current | Non Current  | Current     | Non Current  |
| Leave Encashment  | -       | 7.16         | 0.64        | -            |
| Provision for tax | -       | -            | 0.06        | -            |
| Gratuity          | -       | 24.96        | -           | 15.83        |
|                   | -       | <b>32.12</b> | <b>0.69</b> | <b>15.83</b> |

**2.17 Revenue from operations**

|                                | 2020             | 2019             |
|--------------------------------|------------------|------------------|
| <b>Revenue from</b>            |                  |                  |
| Sale of Products - Coffee      | 110521.19        | 102999.83        |
| Sale of Trade Licences         | 3394.08          | 5141.84          |
| <b>Revenue from operations</b> | <b>113915.27</b> | <b>108141.67</b> |

**2.18 Other income**

|  | 2020          | 2019          |
|--|---------------|---------------|
| Interest on Deposits                     | 167.57        | 314.47        |
| Dividend Income on long-term investments | 16.92         | 9.13          |
| Profit on sale of assets                 | -             | 0.06          |
| Scrap sales                              | 0.93          | -             |
| Miscellaneous Income                     | 264.35        | 10.14         |
|  | <b>449.77</b> | <b>333.80</b> |

**2.19 Cost of materials consumed**

|                     | 2020            | 2019            |
|---------------------|-----------------|-----------------|
| <b>Raw Material</b> |                 |                 |
| Purchases           | 61188.21        | 61620.05        |
| Add: Opening Stock  | 11153.05        | 9703.03         |
|                     | 72341.26        | 71323.08        |
| Less: Closing Stock | 13149.78        | 11153.05        |
|                     | <b>59191.49</b> | <b>60170.03</b> |

**2.20 Changes in inventories** (₹ in Lakhs)

|                         | 2020             | 2019            |
|-------------------------|------------------|-----------------|
| <b>Work-in-progress</b> |                  |                 |
| Opening                 | 167.89           | 154.90          |
| Closing                 | 370.45           | 167.89          |
|                         | (202.56)         | (12.99)         |
| <b>Finished goods</b>   |                  |                 |
| Opening                 | 6113.55          | 5685.86         |
| Closing                 | 9161.09          | 6113.55         |
|                         | (3047.54)        | (427.69)        |
|                         | <b>(3250.11)</b> | <b>(440.69)</b> |

**2.21 Employee benefits expense**

|   | 2020           | 2019           |
|---|----------------|----------------|
| Salaries, Wages and Bonus                 | 4336.12        | 3692.62        |
| Directors' Remuneration                   | 1582.00        | 1486.11        |
| Contribution to provident and other funds | 463.21         | 372.78         |
| Staff welfare                             | 652.78         | 343.17         |
|   | <b>7034.11</b> | <b>5894.69</b> |

**2.22 Finance costs**

|                       | 2020           | 2019          |
|-----------------------|----------------|---------------|
| Interest Expense      | 1561.28        | 593.18        |
| Other borrowing costs | 235.05         | 252.62        |
|                       | <b>1796.33</b> | <b>845.80</b> |

**2.23 Other expenses**

|  | 2020    | 2019    |
|--|---------|---------|
| Packing material consumed                              | 5980.14 | 4881.68 |
| Stores and Consumable consumed                         | 947.56  | 797.85  |
| Power and fuel   | 6469.39 | 4499.99 |
| Repairs and Maintenance to Buildings                   | 38.19   | 73.16   |
| Repairs and Maintenance to Machinery                   | 1099.75 | 636.86  |
| Repairs and Maintenance to Other assets                | 130.27  | 53.33   |
| Transportation, Ocean Freight, Clearing and Forwarding | 3019.26 | 2210.86 |
| Insurance  | 203.72  | 139.50  |

(₹ in Lakhs)

|   |                 |                 |
|---|-----------------|-----------------|
| Rent  | 106.40          | 77.98           |
| Rates and Taxes                                   | 140.01          | 142.36          |
| Directors' Sitting Fee                            | 17.45           | 19.35           |
| Non-whole time Directors' Commission              | 81.00           | 63.00           |
| Selling Expenses                                  | 2392.98         | 2006.87         |
| Commission on Sales                               | 411.08          | 331.32          |
| Travelling and Conveyance                         | 378.24          | 346.19          |
| Communication Expenses                            | 110.60          | 78.07           |
| Printing and Stationery                           | 25.01           | 13.45           |
| Office Maintenance                                | 578.71          | 271.52          |
| Donations   | 96.06           | 112.57          |
| Corporate Social Responsibility (CSR) Expenditure | 328.22          | 298.60          |
| Professional Fees & Expenses                      | 352.20          | 199.63          |
| Subscription and Membership fee                   | 9.46            | 3.59            |
| Auditor's Remuneration                            | 39.68           | 33.81           |
| Foreign Exchange Loss (Net)                       | (745.90)        | 392.25          |
| Miscellaneous expenses                            | 161.57          | 80.39           |
| Allowance for credit losses                       | (26.13)         | 159.51          |
| Loss on sale of Investments                       | 5.59            | -               |
| Bad debts written off                             | -               | 45.56           |
|   | <b>22350.50</b> | <b>17969.24</b> |

#### 2.24 Auditors Remuneration

| Particulars                                | For the year ended<br>31 <sup>st</sup> March, 2020 | For the year ended<br>31 <sup>st</sup> March, 2019 |
|--|--|--|
| a) Audit fees                              | 35.49  | 27.81  |
| b) Other charges                           |  |  |
| Taxation matters                           | 2.50   | 2.50   |
| Certification fee                          | 1.20   | 2.60   |
| c) Reimbursement of out of pocket expenses | 0.49   | 0.90   |
| <b>TOTAL</b>                               | <b>39.68</b>                                       | <b>33.81</b>                                       |

## 2.25 Earnings per Share

(₹ in Lakhs)

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2020 | For the year ended<br>31 <sup>st</sup> March, 2019 |
|--|--|--|
| <b>Earnings</b>  |  |  |
| Profit attributable to equity holders  | 23,893.26  | 12,542.90  |
| <b>Shares</b>  |  |  |
| Number of shares at the beginning of the year  | 13,30,27,920                                       | 13,30,27,920                                       |
| Add: Equity shares issued  | -  | -  |
| Less: Buy back of equity shares  | -  | -  |
| Total number of equity shares outstanding at the end of the year   | 13,30,27,920                                       | 13,30,27,920                                       |
| <b>Weighted average number of equity shares outstanding during the year – Basic</b>  | <b>13,30,27,920</b>                                | <b>13,30,27,920</b>                                |
| Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS | -  | -  |
| <b>Weighted average number of equity shares outstanding during the year – Diluted</b>  | <b>13,30,27,920</b>                                | <b>13,30,27,920</b>                                |
| Earnings per share of par value ₹ 2/- -Basic ( ₹ )   | 17.96  | 9.43   |
| Earnings per share of par value ₹ 2/- – Diluted ( ₹ )  | 17.96  | 9.43   |

## 2.26 Related Parties

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, members of the Company’s Management Council and Company Secretary are considered as Key Managerial Personnel. List of Key Managerial Personnel of the Company is as below:

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

The following is a summary of significant related party transactions of Parent Company

| Particulars                          | For the year ended<br>31 <sup>st</sup> March 2020 | For the year ended<br>31 <sup>st</sup> March 2019 |
|--------------------------------------|---|---|
| <b>a) Key managerial personnel</b>   |   |   |
| <b>Remuneration &amp; Commission</b> |   |   |
| Mr. Challa Rajendra Prasad           | 420.00  | 743.06  |
| Mr. Challa Srishant                  | 665.00  | 445.83  |
| Mr. B.Mohan Krishna                  | 497.00  | 297.22  |
| Mr. K.V.L.N.Sarma                    | 89.57   | 84.23   |
| Mr. V. Lakshmi Narayana              | 83.88   | 55.29   |
| Ms.Sridevi Dasari                    | 16.94   | 16.73   |
| <b>Rent</b>                          |   |   |
| Mr. Challa Srishant                  | 22.30   | 22.30   |

(₹ in Lakhs)

|   |                 |                |
|---|-----------------|----------------|
| <b>b) Non-whole time Directors</b>              |                 |                |
| <b>Sitting Fee</b>                              |                 |                |
| Mr.Vipin K.Singal                               | 2.15            | 2.15           |
| Mr.K.Chandrasahas                               | 2.45            | 2.40           |
| Mr.J.Rambabu                                    | -               | 2.40           |
| Mr.K.K.Sarma                                    | 2.30            | 2.25           |
| Mr.G.V.Krishna Rau                              | 2.00            | 2.40           |
| Ms.Kulsoom Noor Saifullah                       | 1.45            | 2.00           |
| Ms.Challa Shantha Prasad                        | 1.20            | 1.45           |
| Mr.K Durga Prasad                               | 2.45            | 2.30           |
| Dr.L.Krishnanand                                | 2.15            | 2.00           |
| Mr.K.V.Chowdary                                 | 1.30            | -              |
| <b>Commission</b>                               |                 |                |
| Mr.Vipin K.Singal                               | 9.00            | 7.00           |
| Mr.K.Chandrasahas                               | 9.00            | 7.00           |
| Mr.J.Rambabu                                    | -               | 7.00           |
| Mr.K.K.Sarma                                    | 9.00            | 7.00           |
| Mr.G.V.Krishna Rau                              | 9.00            | 7.00           |
| Ms.Kulsoom Noor Saifullah                       | 9.00            | 7.00           |
| Ms.Challa Shantha Prasad                        | 9.00            | 7.00           |
| Mr.K Durga Prasad                               | 9.00            | 7.00           |
| Dr.L.Krishnanand                                | 9.00            | 7.00           |
| Mr.K.V.Chowdary                                 | 9.00            | -              |
| <b>Rent</b>                                     |                 |                |
| Ms.Challa Shantha Prasad                        | 21.46           | 21.46          |
| <b>c) Relatives of Key Managerial Personnel</b> |                 |                |
| <b>Rent</b>                                     |                 |                |
| Ms.Challa Soumya                                | 7.04            | 7.04           |
| <b>TOTAL</b>                                    | <b>1,921.64</b> | <b>1775.51</b> |

## 2.27 Segment Reporting:

The Company concluded that there is only one operating segment i.e, Coffee products. Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. Accordingly, the Company shall present entity-wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 108.

## 2.28 Employee benefits:

### Gratuity benefits

In accordance with applicable laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Holding Company makes contributions to the Life Insurance Corporation of India (LIC).

The components of gratuity cost recognized in the statement of profit and loss for the years ended 31<sup>st</sup> March 2020 and 2019 consist of the following:

(₹ in Lakhs)

| Particulars  | For the Year Ended 31 <sup>st</sup> March |              |
|--|---|--------------|
|  | 2020                                      | 2019         |
| Current service cost                                     | 53.02                                     | 41.85        |
| Interest cost on net defined benefit liability/(asset)   | 37.52                                     | 31.17        |
| Gratuity cost recognized in statement of profit and loss | <b>90.54</b>                              | <b>73.02</b> |

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

| Particulars                                  | As of 31 March |                 |
|--|----------------|-----------------|
|  | 2020           | 2019            |
| Present value of funded obligations          | 596.84         | 472.55          |
| Fair value of plan assets                    | 628.16         | 576.12          |
| <b>Net defined benefit liability/(asset)</b> | <b>(81.57)</b> | <b>(103.57)</b> |

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

| Particulars  | As of 31 March |               |
|--|----------------|---------------|
|  | 2020           | 2019          |
| Defined benefit obligations at the beginning of the year     | 493.79         | 343.90        |
| Current service cost   | 53.02          | 41.85         |
| Interest cost on defined obligations                         | 37.52          | 31.17         |
| Re-measurements due to:                                      |                |               |
| Actuarial loss/(gain) due to change in financial assumptions | 19.27          | 81.77         |
| Actuarial loss/(gain) due to demographic assumptions         |                |               |
| Actuarial loss/(gain) due to experience changes              |                |               |
| Benefits paid  | (6.76)         | (12.82)       |
| <b>Defined benefit obligations at the end of the year</b>    | <b>596.83</b>  | <b>485.87</b> |

**Details of changes in the fair value of plan assets are as follows:** (₹ in Lakhs)

| Particulars   | As of 31 March |               |
|---|----------------|---------------|
|   | 2020           | 2019          |
| Fair value of plan assets at the beginning of the year  | 576.12         | 399.89        |
| Employer contributions                                  | 16.06          | 156.05        |
| Actuarial loss/(gain) on plan assets                    | (1.69)         | (3.06)        |
| Re-measurements due to:                                 |                |               |
| Return on plan assets excluding interest on plan assets | 44.42          | 36.07         |
| Benefits paid   | (6.76)         | (12.82)       |
| <b>Plan assets at the end of the year</b>               | <b>628.16</b>  | <b>576.13</b> |

**Summary of Acturial Assumptions:**

The actuarial assumptions used in accounting for the Gratuity Plan are as follows:

The assumptions used to determine benefit obligations:

| Particulars                   | As of 31 March |       |
|-------------------------------|----------------|-------|
|                               | 2020           | 2019  |
| Discount rate                 | 8.00%          | 8.00% |
| Rate of compensation increase | 4.00%          | 4.00% |

**Leave Encashment**

The Holding Company accumulates of compensated absences by certain categories of its employees for one year. These employees receive cash in lieu thereof as per the Company's policy. The Company records expenditure on payment basis..

**The Subsidiary company, M/s. Continental coffee Private limited:**

The components of Leave Encashment recognized by The Subsidiary company, M/s. Continental coffee Private limited, in the Financial Statements for the years ended 31<sup>st</sup> March 2020 and 2019 as per Actuarial Valuation consist of the following:

| Particulars  | As of 31 March |             |
|--|----------------|-------------|
|  | 2020           | 2019        |
| Past service cost  | 8.80           | 3.22        |
| <b>Present Value of Obligations at the end of the Period</b> | <b>12.02</b>   | <b>3.22</b> |

**Summary of Acturial Assumptions:**

The actuarial assumptions used in accounting for the Leave Encashment are as follows:

The assumptions used to determine benefit obligations:

| Particulars                   | As of 31 March |       |
|-------------------------------|----------------|-------|
|                               | 2020           | 2019  |
| Discount rate                 | 8.00%          | 8.00% |
| Rate of compensation increase | 4.00%          | 4.00% |



## Contribution to Provident Fund

The employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed ₹. 307.58 Lakhs and ₹.196.96 Lakhs to the provident fund plan during the years ended 31<sup>st</sup> March 2020 and 2019, respectively

## Contribution to Superannuation schemes

Certain categories of employees of the Company participate in superannuation, a defined contribution plan administered by the Life Insurance Corporation of India. The Company makes annual contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its annual contributions. The Company contributed ₹. 166.93 Lakhs and ₹. 278.15 Lakhs to the superannuation Schemes during the years ended 31<sup>st</sup> March 2020 and 2019, respectively.

## 2.29 Income Taxes:

### **Income tax expense/ (benefit) recognized in the statement of profit and loss:**

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following:

(₹ in Lakhs)

| Particulars  | For the Year Ended 31 <sup>st</sup> March |                |
|--|---|----------------|
|  | 2020                                      | 2019           |
| Current taxes expense  |   |                |
| Domestic   | 5221.64                                   | 5249.66        |
| Foreign  | 52.67                                     | 79.62          |
| Deferred taxes expense/(benefit)   |   |                |
| Domestic   | 663.60                                    | 45.86          |
| <b>Total income tax expense/(benefit) recognized in the statement of profit and loss</b> | <b>5937.90</b>                            | <b>5375.14</b> |

### **Income tax expense/ (benefit) recognized directly in equity:**

Income tax expense/ (benefit) recognized directly in equity consist of the following:

| Particulars   | For the Year Ended 31 <sup>st</sup> March |              |
|---|---|--------------|
|   | 2020                                      | 2019         |
| Tax effect on actuarial gains/losses on defined benefit obligations | 7.41                                      | 29.65        |
| <b>Total income tax expense/(benefit) recognized in the equity</b>  | <b>7.41</b>                               | <b>29.65</b> |

**Reconciliation of Effective tax rate:**

(₹in Lakhs)

| Particulars  | For the Year Ended 31 <sup>st</sup> March |                 |
|--|---|-----------------|
|  | 2020                                      | 2019            |
| <b>Profit before income taxes</b>                    | <b>22531.51</b>                           | <b>20864.35</b> |
| Enacted tax rate in India                            | 34.94%                                    | 34.94%          |
| <b>Computed expected tax benefit/(expense)</b>       | <b>7872.51</b>                            | <b>7290.84</b>  |
| <b>Effect of:</b>                                    |   |                 |
| Expenses not deductible for Tax purposes             | 1054.94                                   | 1773.83         |
| Expenses deductible for Tax purposes                 | (7432.31)                                 | (1984.80)       |
| Taxable at Special Rates                             | 2287.68                                   | 2939.55         |
| Others   |   | -               |
| Foreign Taxes  | 52.67                                     | 79.62           |
| Tax effect due to non-taxable for Indian Tax Purpose | (1635.52)                                 | (3615.98)       |
| Tax effect due to loss in Indian Subsidiary          | (124.08)                                  | 609.46          |
| <b>Income tax benefit/(expense)</b>                  | <b>2075.90</b>                            | <b>5329.28</b>  |

**Deferred tax assets & Liabilities:**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

| Particulars                                  | As of 31 March |                  |
|--|----------------|------------------|
|  | 2020           | 2019             |
| <b>Deferred tax assets/(liabilities):</b>    |                |                  |
| Property, plant and equipment                | (7916.44)      | (3984.01)        |
| Others                                       | 3219.50        | 22.67            |
| <b>Net deferred tax assets/(liabilities)</b> | <b>4624.94</b> | <b>(3961.34)</b> |

**2.30 Financial Risk Management:**

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

**Credit Risk:**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

## Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The total trade and other receivables impairment loss provided ₹ 158.00 lakhs as at 31<sup>st</sup> March 2020 and Rs. ₹ 184.13 lakhs as at 31<sup>st</sup> March 2019.

(₹ in Lakhs)

| Particulars      | As of 31 March  |                 |
|------------------|-----------------|-----------------|
|                  | 2020            | 2019            |
| Period (in days) |                 |                 |
| 1 – 90           | 20267.32        | 17692.92        |
| 90 – 180         | 4679.60         | 2673.10         |
| More than 180    | 2022.44         | 3336.51         |
| <b>Total</b>     | <b>26969.36</b> | <b>23702.53</b> |

The Company's credit period for customers generally ranges from 60-90 days. The aging of trade receivables that are past due but not impaired is given below:

On account of adoption of Ind AS 109, the Company uses Expected Credit Loss (ECL) model for assessing the impairment loss. For this purpose, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate.

Financial assets that are neither past due nor impaired - None of the Company's cash equivalents, including deposits with banks, were past due or impaired as at 31<sup>st</sup> March 2020

## Reconciliation of allowance for credit losses

The details of changes in allowance for credit losses during the year ended 31 March 2020 and 31 March 2019 are as follows:

| Particulars                           | As of 31 March |               |
|---------------------------------------|----------------|---------------|
|                                       | 2020           | 2019          |
| Balance at the beginning of the year  | 184.13         | 24.62         |
| Impairment of Trade receivables       | (26.13)        | 159.51        |
| <b>Balance at the end of the year</b> | <b>158.00</b>  | <b>184.13</b> |

## Liquidity Risks:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

As of 31 March 2020 and 2019, the Company has utilized working capital credit limits from banks for ₹ 14,270.14 Lakhs and ₹ 18,345.60 Lakhs respectively.

As of 31<sup>st</sup> March 2020, the Company had working capital (current assets less current liabilities) of ₹ 35,980.64 Lakhs including cash and cash equivalents of Rs.3,869.25 Lakhs. As of 31<sup>st</sup> March 2019, the Company had working capital of ₹ 22,378.99 Lakhs, including cash and cash equivalents of ₹ 9651.20 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31<sup>st</sup> March 2020:

(₹ in Lakhs)

| Particulars                                      | 2021     | 2022    | 2023    | 2024   | 2025   | Total    |
|--|----------|---------|---------|--------|--------|----------|
| Trade payables                                   | 2,463.54 | -       | -       | -      | --     | 2,463.54 |
| Long term borrowings                             | 8578.29  | 8161.61 | 6705.81 | 750.00 | 750.00 | 24945.71 |
| Bank overdraft, short-term loans and borrowings* | 14270.14 | -       | -       | -      | -      | 14270.14 |
| Other liabilities*                               | 11793.93 | -       | -       | -      | -      | 11793.93 |

\* The bank overdraft and other liabilities are payable on demand

#### Market Risks:

Market risk is the risk that changes in market prices such as commodity prices risk, foreign exchange rates and interest rates which will affect the Company's financial position. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Coffee Industry is dependent on nature, making it susceptible to climate vagaries. The major weather factors that influence coffee yield are rainfall, temperature, light intensity and relative humidity.

#### Commodity Price Risk

The Company exposure to Market risk for commodity prices can result in changes to realisation for its Cost of Production for its products. The company mitigates risk by entering into Coffee Future Contracts and with the natural hedge arising on export of Products vis a vis import of Coffee Beans.

#### Coffee Futures

The Company uses Coffee future contract to reduce its price risk associated with forecasted purchases of Coffee beans. Throughout the year, the company enters into coffee futures based on market price and anticipated production requirements.

#### Currency Risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The company mitigates the currency risk with natural hedge arising on export of Products vis a vis import of Coffee Beans.

#### Interest rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

### 2.31 Capital Management

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through equity, borrowings and operating cash flows required.

(₹ in Lakhs)

| <b>Particulars</b>       | <b>2020</b>   | <b>2019</b>   |
|--------------------------|---------------|---------------|
| Total Debt               | 58098.26      | 58270.51      |
| Total Equity             | 92839.53      | 83891.52      |
| <b>Debt Equity Ratio</b> | <b>0.62:1</b> | <b>0.69:1</b> |

### 2.32 Contingent Liabilities and Commitments

The following are the details of contingent liabilities and commitments:

| <b>Particulars</b>   | <b>2020</b>    | <b>2019</b>    |
|--|----------------|----------------|
| <b>Contingent Liabilities</b>  |                |                |
| a) Claims against the company/disputed liabilities not acknowledged as debts                   |                |                |
| Income Tax*  | 4402.40        | 2883.28        |
| Service tax  | 995.92         | 552.98         |
| Sales Tax  | 47.16          | -              |
| b) Guarantees  |                |                |
| Bank Guarantees  | 1423.27        | 2786.28        |
|  | <b>6868.75</b> | <b>6222.54</b> |
| <b>Commitments</b>   |                |                |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 4713.19        | 1487.72        |
|  | <b>4713.19</b> | <b>1487.72</b> |

\* Tax deposited under protest ₹ 2883.28 Lakhs

**PROVISIONAL STANDALONE BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER, 2020. (₹ in Lakhs)**

|  | <b>Note No.</b> | <b>Un Audited As on 31.12.20</b> | <b>Audited As on 31.03.20</b> |
|--|-----------------|----------------------------------|-------------------------------|
| <b>ASSETS</b>  |                 |                                  |                               |
| <b>Non-current assets</b>  |                 |                                  |                               |
| Property plant and Equipment   |                 | 56241.80                         | 56712.17                      |
| Capital Work Inprogress  |                 | 14653.17                         | 9709.62                       |
| Intangible assets  |                 | 0.82                             | 0.82                          |
| Financial assets   |                 |                                  |                               |
| Investments  | 2.1             | 15858.69                         | 15858.69                      |
| Other financial assets   | 2.2             | 490.55                           | 527.55                        |
| Other non current assets   | 2.3             | 4522.28                          | 4249.95                       |
|  |                 | <b>91767.31</b>                  | <b>87058.79</b>               |
| <b>Current assets</b>  |                 |                                  |                               |
| Inventories  | 2.4             | 21491.63                         | 18754.11                      |
| Financial assets   |                 |                                  |                               |
| Trade receivables  | 2.5             | 13029.09                         | 21555.09                      |
| Cash and cash equivalent   | 2.6             | 2320.04                          | 1844.56                       |
| Other financial assets   | 2.2             | 2307.94                          | 2215.42                       |
| Other current assets   | 2.3             | 6137.68                          | 3365.33                       |
|  |                 | <b>45286.38</b>                  | <b>47734.50</b>               |
| <b>TOTAL ASSETS</b>  |                 | <b>137053.69</b>                 | <b>134793.29</b>              |
| <b>EQUITY AND LIABILITIES</b>  |                 |                                  |                               |
| <b>Equity</b>  |                 |                                  |                               |
| Equity Share Capital   | 2.7             | 2660.56                          | 2660.56                       |
| Other Equity   | 2.8             | 80020.32                         | 76580.84                      |
|  |                 | <b>82680.88</b>                  | <b>79241.40</b>               |
| <b>Liabilities</b>   |                 |                                  |                               |
| <b>Non-current liabilities</b>   |                 |                                  |                               |
| Financial Liabilities  |                 |                                  |                               |
| Borrowings   | 2.9             | 15431.70                         | 21945.71                      |
| Other Financial Liability  | 2.10            | 601.28                           | 874.68                        |
| Deferred tax liabilities (net)   | 2.12            | 5271.95                          | 4704.88                       |
| Provisions   |                 | -                                | -                             |
|  |                 | <b>21304.93</b>                  | <b>27525.28</b>               |
| <b>Current liabilities</b>   |                 |                                  |                               |
| Financial Liabilities  |                 |                                  |                               |
| Borrowings   | 2.9             | 15877.34                         | 14270.14                      |
| Trade payables   |                 |                                  |                               |
| (a) Total outstanding dues of Micro and Small Enterprises                      |                 |                                  |                               |
| (b) Total outstanding dues of creditors other than Micro and Small Enterprises | 2.14            | 3163.71                          | 1714.56                       |
| Other financial liabilities  | 2.10            | 10081.01                         | 9518.78                       |
| Current Tax Liability  | 2.11            | 205.97                           | -                             |
| Other current liabilities  | 2.13            | 3739.86                          | 2523.12                       |
|  |                 | 33067.88                         | 28026.61                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |                 | <b>137053.69</b>                 | <b>134793.29</b>              |

By order of the Board

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

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

Place : Hyderabad  
Date : 28.01.2021

**PROVISIONAL STANDALONE PROFIT & LOSS STATEMENT FOR THE NINE MONTHS ENDED 31<sup>ST</sup> DECEMBER, 2020**  
(₹ in Lakhs)

|   | <b>Note No.</b> | <b>Un Audited As on 31.12.20</b> | <b>Audited As on 31.03.20</b> |
|---|-----------------|----------------------------------|-------------------------------|
| <b>Income</b>   |                 |                                  |                               |
| Revenue from operations   | 2.15            | 56933.73                         | 82264.70                      |
| Other income  | 2.16            | 134.63                           | 13394.34                      |
| <b>Total Revenue</b>  |                 | <b>57068.36</b>                  | <b>95659.04</b>               |
| <b>Expenses</b>   |                 |                                  |                               |
| Cost of materials consumed  | 2.17            | 30615.03                         | 41809.70                      |
| Changes in inventories  | 2.18            | (2899.18)                        | (2926.89)                     |
| Employee benefits expense   | 2.19            | 3503.50                          | 5005.45                       |
| Finance costs   | 2.20            | 1146.12                          | 1691.48                       |
| Depreciation and amortization expense                                   |                 | 2014.66                          | 2542.74                       |
| Other expenses  | 2.21            | 13867.45                         | 17703.31                      |
| <b>Total Expenses</b>   |                 | <b>48247.58</b>                  | <b>65825.78</b>               |
| <b>Profit before tax</b>  |                 | <b>8820.78</b>                   | <b>29833.26</b>               |
| <b>Tax expense</b>  |                 |                                  |                               |
| (1) Current tax   |                 | 2419.66                          | 5221.64                       |
| (2) Deferred tax  |                 | 574.49                           | 718.36                        |
| <b>Profit for the year</b>  |                 | <b>5826.63</b>                   | <b>23893.26</b>               |
| <b>Other comprehensive income (OCI)</b>                                 |                 |                                  |                               |
| Items that will not be reclassified to profit or loss                   |                 | -                                | (21.20)                       |
| Tax on items that will not be reclassified to profit or loss            |                 | -                                | 7.41                          |
|   |                 | -                                | (13.79)                       |
| <b>Items that will be reclassified to profit or loss:</b>               |                 |                                  |                               |
| Items that may be reclassified subsequently to profit or loss           |                 | 273.40                           | (563.15)                      |
| Tax on items that will be reclassified subsequently to profit or loss   |                 | -                                | -                             |
|   |                 | 273.40                           | (563.15)                      |
| <b>Total other comprehensive income/(loss) for the year, net of tax</b> |                 | <b>273.40</b>                    | <b>(576.94)</b>               |
| <b>Total comprehensive income for the year</b>                          |                 | <b>6100.03</b>                   | <b>23316.32</b>               |
| <b>Earnings per share:</b>  |                 |                                  |                               |
| Basic earnings per share of Rs.2/-each                                  |                 | 4.38                             | 17.96                         |
| Diluted earnings per share of Rs.2/- each                               |                 | 4.38                             | 17.96                         |

By order of the Board

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

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

Place : Hyderabad  
Date : 28.01.2021

**PROVISIONAL STANDALONE CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 31<sup>ST</sup> DECEMBER, 2020**

|   | Un Audited<br>As on 31.12.2020 | Audited<br>As on 31.03.2020 |
|---|--------------------------------|-----------------------------|
| <b>Cash Flows from Operating Activities</b>                 |                                |                             |
| <b>Net profit before tax</b>                                | <b>8,820.78</b>                | <b>29833.26</b>             |
| <b>Adjustments for :</b>                                    |                                |                             |
| Depreciation and amortization expense                       | 2014.66                        | 2542.74                     |
| Provision for doubtful debts/advances/ impairment           | 1.48                           | 37.29                       |
| Dividend Income   | -                              | (13128.75)                  |
| (Profit)/Loss on sale of assets                             | -                              | 5.59                        |
| Other Comprehensive Income                                  | -                              | (21.20)                     |
| <b>Operating profit before working capital changes</b>      | <b>10836.93</b>                | <b>19268.93</b>             |
| <b>Movements in Working Capital</b>                         |                                |                             |
| (Increase)/Decrease in Trade Receivables                    | 8526.00                        | (6701.62)                   |
| (Increase)/Decrease in Other financial assets               | (55.53)                        | (1812.61)                   |
| (Increase)/Decrease in Inventories                          | (2737.52)                      | (4234.81)                   |
| (Increase)/Decrease in Other Current Assets                 | (2772.36)                      | (9.45)                      |
| (Increase)/Decrease in Other Non Current Assets             | 605.87                         | (399.66)                    |
| (Increase)/(Decrease) in Trade Payables                     | 1449.14                        | (3716.66)                   |
| Increase/(Decrease) in Other financial liabilities          | 450.57                         | 551.92                      |
| Increase/(Decrease) in Other Current liabilities            | 462.51                         | 793.71                      |
| <b>Changes in Working Capital</b>                           | <b>5928.69</b>                 | <b>(15528.81)</b>           |
| <b>Cash generated from operations</b>                       | <b>16765.62</b>                | <b>3740.12</b>              |
| Direct Taxes Paid   | (2213.69)                      | (5294.33)                   |
| <b>Net Cash from operating activities</b>                   | <b>14551.93</b>                | <b>(1554.21)</b>            |
| <b>Cash flows from Investing Activities</b>                 |                                |                             |
| Purchase of Fixed Assets (Including CWIP)                   | (6496.75)                      | (4534.83)                   |
| Sale of Fixed assets  | -                              | 19.98                       |
| Investment in Subsidiaries                                  | -                              | (1.00)                      |
| Dividend Income   | -                              | 13128.75                    |
| Creditor for Capital goods                                  | 111.65                         | (1211.32)                   |
| Advance for Fixed Assets                                    | (878.20)                       | (396.83)                    |
| <b>Net Cash From/ (Used In) Investing Activities</b>        | <b>(7263.29)</b>               | <b>7004.76</b>              |
| <b>Cash flows from Financing Activities</b>                 |                                |                             |
| Proceeds from/ (Repayment of ) Long term borrowings         | (5759.78)                      | 6331.17                     |
| Proceeds from/(Repayment of) Short-term borrowings          | 1607.19                        | (2575.46)                   |
| Dividend and corporate dividend tax paid                    | (2660.56)                      | (8979.38)                   |
| <b>Net Cash From/ (Used In) Financing Activities</b>        | <b>(6813.15)</b>               | <b>(5223.67)</b>            |
| <b>Net Increase/(Decrease) in cash and cash equivalents</b> | <b>475.47</b>                  | <b>226.88</b>               |
| Cash and Cash equivalents at the beginning of the year      | 1740.67                        | 1513.79                     |
| <b>Cash and Cash equivalents at the ending of the year</b>  | <b>2216.15</b>                 | <b>1740.67</b>              |

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

|   | Un Audited<br>As on 31.12.2020 | Audited<br>As on 31.03.2020 |
|---|--------------------------------|-----------------------------|
| <b>Cash and Cash Equivalents/ Bank Balances</b> | <b>2,320.04</b>                | <b>1,844.56</b>             |
| Less: Unclaim dividend                          | 103.89                         | 103.89                      |
| <b>Cash and Cash Equivalents/ Bank Balances</b> | <b>2,216.15</b>                | <b>1,740.67</b>             |

By order of the Board

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

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

Place : Hyderabad  
Date : 28.01.2021



## 2.1 Investments

(₹ in Lakhs)

|   | 31.12.2020 |                 | 31.03.2020 |                 |
|---|------------|-----------------|------------|-----------------|
|   | Current    | Non Current     | Current    | Non Current     |
| <b>Investments carried at cost (Unquoted investments)</b>   |            |                 |            |                 |
| In subsidiary companies   |            |                 |            |                 |
| Jayanti Pte Ltd<br>(2,80,84,784 Equity Shares Face Value of \$ 1/- each)  | -          | 11125.57        | -          | 11125.57        |
| Ngon Coffee Company Limited<br>(530000000000 Equity Shares Face Value of VND 1/- each)<br>(344564633286 Equity Shares Face Value of VND 1/- each previous year) | -          | 3877.18         | -          | 3877.18         |
| Continental Coffee SA (earlier known as Grandsaugreen SA)<br>(11100000 Equity Shares Face Value of CHF 1/- each)  | -          | 6.92            | -          | 6.92            |
| Continental Coffee Private Limited<br>(70,00,000 Equity Shares Face Value of ₹ 10/- each)   | -          | 700.00          | -          | 700.00          |
| CCL Beverages Private Limited<br>(10,000 Equity Shares Face Value of ₹ 10/- each)   | -          | 1.00            | -          | 1.00            |
| <b>Aggregate amount of unquoted Investments</b>   | -          | <b>15710.67</b> | -          | <b>15710.67</b> |
| <b>Investments at amortized cost( Unquoted Non Trade Investments:)</b>  |            |                 |            |                 |
| Coffee Futures Exchange India Ltd<br>(Equity Subscription for Membership as Ordinary member - 1 share of ₹ 10,000)  | -          | 0.10            | -          | 0.10            |
| Preference shares in Associated Coffee Merchants (Intl) Ltd<br>(1,87,400 Preference Shares Face value of GBP 1/-each)   | -          | 147.91          | -          | 147.91          |
| <b>Total investments carried at Amortized cost</b>  | -          | <b>148.01</b>   | -          | <b>148.01</b>   |
| <b>Total Investments</b>  | -          | <b>15858.69</b> | -          | <b>15858.69</b> |

## 2.2 Other Financial Assets

|   | 31.12.2020     |               | 31.03.2020     |               |
|---|----------------|---------------|----------------|---------------|
|   | Current        | Non Current   | Current        | Non Current   |
| Rental Deposits                         | -              | 28.79         | -              | 27.89         |
| Electricity and Other Security Deposits | -              | 461.76        | -              | 499.66        |
| Other Receivables                       | 2299.66        | -             | 2207.13        | -             |
| Tender Deposit                          | 8.28           | -             | 8.28           | -             |
|   | <b>2307.94</b> | <b>490.55</b> | <b>2215.42</b> | <b>527.55</b> |

**2.3 Other Non Current Assets and Current Assets**

(₹ in Lakhs)

|  | 31.12.2020     |                | 31.03.2020     |                |
|--|----------------|----------------|----------------|----------------|
|  | Current        | Non Current    | Current        | Non Current    |
| Advance Tax (Net of Provision for tax) | -              | 1638.99        | 80.10          | 1366.67        |
| Deposits with Statutory authorities    | -              | 2883.28        | -              | 2883.28        |
| Advances to Employees                  | 47.97          | -              | 43.25          | -              |
| Prepaid Expenses                       | 144.00         | -              | 235.63         | -              |
| Input tax and other taxes receivables  | 1862.67        | -              | 1064.95        | -              |
| Advance to Creditors                   | 2152.63        | -              | 889.18         | -              |
| Advances for Capital goods/services    | 1712.85        | -              | 834.65         | -              |
| Other receivables                      | 217.56         | -              | 217.56         | -              |
|  | <b>6137.68</b> | <b>4522.28</b> | <b>3365.33</b> | <b>4249.95</b> |

**2.4 Inventories**

|                                | 31.12.2020<br>Current | 31.03.2020<br>Current |
|--------------------------------|-----------------------|-----------------------|
| Raw materials                  | 9118.55               | 10104.96              |
| Work-in-progress               | 306.75                | 230.13                |
| Finished goods                 | 8706.84               | 5884.28               |
| Stores, spares and consumables | 1425.15               | 1302.15               |
| Packing materials              | 1934.34               | 1232.59               |
|                                | <b>21491.63</b>       | <b>18754.11</b>       |

**2.5 Trade receivables**

|                                    | 31.12.2020<br>Current | 31.03.2020<br>Current |
|------------------------------------|-----------------------|-----------------------|
| <b>Trade Receivables</b>           |                       |                       |
| Unsecured, considered good         | 13108.37              | 21632.51              |
| Less: Allowances for credit losses | 79.28                 | 77.43                 |
|                                    | <b>13029.09</b>       | <b>21555.09</b>       |

**2.6 Cash and Cash Equivalents**

(₹ in Lakhs)

|   | 31.12.2020     | 31.03.2020     |
|---|----------------|----------------|
| <b>a) Cash and Cash equivalents</b>                         |                |                |
| i) Cash on hand   | 3.15           | 2.94           |
| ii) Balances with banks                                     |                |                |
| - Current Accounts  | 1974.98        | 1507.94        |
| <b>b) Other Bank Balances (with restricted use)</b>         |                |                |
| (i) Margin Money Deposit Accounts (against Bank Guarantees) | 182.16         | 182.16         |
| (ii) Unclaimed Dividend Account                             | 103.89         | 103.89         |
| (iii) Dividend Account                                      | -              | -              |
| Interest accrued but not due on deposits                    | 55.87          | 47.63          |
|   | <b>2320.04</b> | <b>1844.56</b> |

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

|  | 31.12.2020     | 31.03.2020     |
|--|----------------|----------------|
| Cash and Cash Equivalents/ Bank Balances | 2320.04        | 1844.56        |
| Less: Unclaim dividend                   | 103.89         | 103.89         |
| Less: Dividend account                   | -              | -              |
| Cash and Cash Equivalents/ Bank Balances | <b>2216.15</b> | <b>1740.67</b> |

**2.7 Share Capital** (₹ in Lakhs)

|  | 31.12.2020     | 31.03.2020     |
|--|----------------|----------------|
| <b>Authorized Share Capital</b><br>150,000,000 Equity Shares of ₹ 2 each<br>(Previous year : 150,000,000 Equity Shares of ₹ 2 each)  | 3000.00        | 3000.00        |
| <b>Issued Subscribed and Paid up Share Capital</b><br>133,027,920 Equity Shares of ₹ 2 each, fully paid up<br>(Previous year : 133,027,920 Equity Shares of ₹ 2 each, fully paid up) | 2660.56        | 2660.56        |
|  | <b>2660.56</b> | <b>2660.56</b> |

**2.8 Other Equity**

|   | 31.12.2020      | 31.03.2020      |
|---|-----------------|-----------------|
| <b>Retained Earnings</b>                                  |                 |                 |
| Opening Balance   | 48783.43        | 33869.56        |
| Add: Current year Transfer                                | 5826.63         | 23893.26        |
| Less: Dividend Paid (Including Dividend distribution Tax) | (2660.56)       | (8979.38)       |
| <b>Total</b>  | <b>51949.50</b> | <b>48783.43</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   | (148.60)        | (134.81)        |
| Add: Current year Transfer                                | -               | (13.79)         |
| Less: Written Back in Current year                        | -               | -               |
| <b>Total</b>  | <b>(148.60)</b> | <b>(148.60)</b> |
| Measurement of Derivative instrument at fair value (OCI)  |                 |                 |
| Opening Balance   | (874.68)        | (311.53)        |
| Add: Current year Transfer                                | 273.40          | (563.15)        |
| <b>Total</b>  | <b>(601.28)</b> | <b>(874.68)</b> |
| <b>Total Other Equity</b>                                 | <b>80020.32</b> | <b>76580.84</b> |

**2.9 Borrowings**

(₹ in Lakhs)

|   | 31.12.2020      |                 | 31.03.2020      |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | Current         | Non Current     | Current         | Non Current     |
| <b>Secured Borrowings:</b>                  |                 |                 |                 |                 |
| Term loans from Banks                       |                 |                 |                 |                 |
| HDFC Bank                                   | -               | 6300.00         | -               | 10166.67        |
| Citi bank External commercial borrowings    | -               | 9131.70         | -               | 11779.05        |
| Working Capital Facilities (packing credit) | 15877.34        | -               | 14270.14        | -               |
|   | <b>15877.34</b> | <b>15431.70</b> | <b>14270.14</b> | <b>21945.71</b> |

**2.12 Deferred Tax Liabilities**

|                                       | 31.12.2020     | 31.03.2020     |
|---------------------------------------|----------------|----------------|
| Opening Balance                       | 4704.88        | 3986.52        |
| Add : On account of IND AS Adjustment | -              | -              |
| Add : On account of depreciation      | (93.28)        | 3955.83        |
| Add : On account of Others            | 660.35         | (3237.47)      |
| <b>Closing Balance</b>                | <b>5271.95</b> | <b>4704.88</b> |

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

|                                     | 31.12.2020     |             | 31.03.2020     |             |
|-------------------------------------|----------------|-------------|----------------|-------------|
|                                     | Current        | Non Current | Current        | Non Current |
| Salaries and employee benefits      | 93.14          | -           | 363.02         | -           |
| Withholding and other taxes payable | 74.99          | -           | 94.15          | -           |
| Advance from customers              | 131.03         | -           | 223.46         | -           |
| Others                              | 3440.70        | -           | 1842.50        | -           |
|                                     | <b>3739.86</b> | <b>-</b>    | <b>2523.12</b> | <b>-</b>    |

**2.14 Trade Payables**

|                                   | 31.12.2020<br>Current | 31.03.2020<br>Current |
|-----------------------------------|-----------------------|-----------------------|
| (Due to Micro & Small Enterprises |                       |                       |
| Dues to others                    |                       |                       |
| For Raw material                  | 1675.79               | 251.88                |
| For Packing material              | 915.43                | 820.64                |
| For Stores and Consumables        | 175.40                | 144.93                |
| For Services                      | 397.09                | 497.11                |
|                                   | <b>3163.71</b>        | <b>1714.56</b>        |

## 2.10 Other financial liabilities

|  | 31.12.2020      |               | 31.03.2020     |               |
|--|-----------------|---------------|----------------|---------------|
|  | Current         | Non Current   | Current        | Non Current   |
| Creditors For Capital goods                | 776.96          | -             | 665.30         | -             |
| Unpaid dividends                           | 103.89          | -             | 103.89         | -             |
| Dividend Payable                           | -               | -             | -              | -             |
| Interest accrued but not due on borrowings | 174.22          | -             | 220.89         | -             |
| Current Maturities of Long Term Borrowings | 8432.52         | -             | 7678.29        | -             |
| Derivative Financial Liability             | -               | 601.28        | -              | 874.68        |
| Other Payables                             | 593.43          | -             | 850.42         | -             |
|  | <b>10081.01</b> | <b>601.28</b> | <b>9518.78</b> | <b>874.68</b> |

## 2.11 Provisions

|                   | 31.12.2021    |             | 31.03.2020 |             |
|-------------------|---------------|-------------|------------|-------------|
|                   | Current       | Non Current | Current    | Non Current |
| Leave Encashment  | -             | -           | -          | -           |
| Provision for tax | -             | -           | -          | -           |
| Gratuity          | 205.97        | -           | -          | -           |
|                   | <b>205.97</b> | <b>-</b>    | <b>-</b>   | <b>-</b>    |

(₹ in Lakhs)

### 2.15 Revenue from operations

|                                | 31.12.2020      | 31.03.2020      |
|--------------------------------|-----------------|-----------------|
| <b>Revenue from :</b>          |                 |                 |
| Sale of Products - Coffee      | 55286.75        | 78870.62        |
| Trade Licences                 | 1646.97         | 3394.08         |
| <b>Revenue from operations</b> | <b>56933.73</b> | <b>82264.70</b> |

### 2.16 Other income

|  | 13.12.2020    | 31.03.2020      |
|--|---------------|-----------------|
| Interest on Deposits                         | 115.97        | 47.09           |
| Dividend Income on long-term investments     | -             | 16.92           |
| Dividend Income from Ngon Coffee Company Ltd | -             | 13111.84        |
| Scrap sales                                  | 10.61         | 0.93            |
| Miscellaneous Income                         | 8.05          | 217.56          |
|  | <b>134.63</b> | <b>13394.34</b> |

### 2.17 Cost of materials consumed

|                     | 31.12.2020      | 31.03.2020      |
|---------------------|-----------------|-----------------|
| <b>Raw Material</b> |                 |                 |
| Purchases           | 29628.62        | 42677.88        |
| Add: Opening Stock  | 10104.96        | 9236.78         |
|                     | <b>39733.58</b> | <b>51914.66</b> |
| Less: Closing Stock | 9118.55         | 10104.96        |
|                     | <b>30615.03</b> | <b>41809.70</b> |

### 2.18 Changes in inventories

|                         | 31.12.2020       | 31.03.2020       |
|-------------------------|------------------|------------------|
| <b>Work-in-progress</b> |                  |                  |
| Opening                 | 230.13           | 151.30           |
| Closing                 | 306.75           | 230.13           |
|                         | <b>(76.62)</b>   | <b>(78.83)</b>   |
| <b>Finished goods</b>   |                  |                  |
| Opening                 | 5884.28          | 3036.22          |
| Closing                 | 8706.84          | 5884.28          |
|                         | <b>(2822.56)</b> | <b>(2848.06)</b> |
|                         | <b>(2899.18)</b> | <b>(2926.89)</b> |

### 2.19 Employee benefits expense

|   | 31.12.2020     | 31.03.2020     |
|---|----------------|----------------|
| Salaries, Wages and Bonus                 | 2047.55        | 2571.01        |
| Directors' Remuneration                   | 810.00         | 1582.00        |
| Contribution to provident and other funds | 301.68         | 397.28         |
| Staff welfare                             | 344.27         | 455.16         |
|   | <b>3503.50</b> | <b>5005.45</b> |

**2.20 Finance costs**

(₹ in Lakhs)

|                       | 31.12.2020     | 31.03.2020     |
|-----------------------|----------------|----------------|
| Interest Expense      | 984.91         | 1491.24        |
| Other borrowing costs | 161.21         | 200.24         |
|                       | <b>1146.12</b> | <b>1691.48</b> |

**2.21 Other expenses**

|  | 31.12.2020      | 31.03.2020      |
|--|-----------------|-----------------|
| Packing material consumed                              | 5579.54         | 5546.67         |
| Stores and Consumable consumed                         | 532.73          | 557.95          |
| Power and fuel   | 3179.96         | 5427.97         |
| Repairs and Maintenance to Buildings                   | 33.12           | 24.05           |
| Repairs and Maintenance to Machinery                   | 1136.25         | 1065.44         |
| Repairs and Maintenance to Other assets                | 50.51           | 85.09           |
| Transportation, Ocean Freight, Clearing and Forwarding | 1483.57         | 1907.42         |
| Insurance  | 177.98          | 127.45          |
| Rent   | 60.02           | 69.44           |
| Rates and Taxes  | 103.28          | 119.25          |
| Directors' Sitting Fee                                 | 10.15           | 17.45           |
| Non-whole time Directors' Commission                   | -               | 81.00           |
| Selling Expenses                                       | 699.77          | 1429.89         |
| Commission on Sales                                    | 412.29          | 348.46          |
| Travelling and Conveyance                              | 12.09           | 116.00          |
| Communication Expenses                                 | 38.47           | 89.36           |
| Printing and Stationery                                | 6.03            | 12.00           |
| Office Maintenance                                     | 389.55          | 558.43          |
| Donations  | 51.58           | 94.76           |
| Corporate Social Responsibility (CSR) Expenditure      | 342.98          | 328.22          |
| Professional Fees & Expenses                           | 158.18          | 273.59          |
| Subscription and Membership fee                        | 2.67            | 5.01            |
| Auditor's Remuneration                                 | 13.65           | 15.19           |
| Foreign Exchange Loss (Net)                            | (608.92)        | (639.89)        |
| Miscellaneous expenses                                 | 0.12            | 0.23            |
| Allowance for credit losses                            | 1.86            | 37.29           |
| Loss on sale of Asset                                  | -               | 5.59            |
|  | <b>13867.45</b> | <b>17703.31</b> |



**PROVISIONAL CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER, 2020 (₹ in Lakhs)**

|  | Note No. | Un Audited As on 31.12.20 | Audited As on 31.03.20 |
|--|----------|---------------------------|------------------------|
| <b>ASSETS</b>  |          |                           |                        |
| <b>Non-current assets</b>  |          |                           |                        |
| Property plant and Equipment   |          | 70473.63                  | 72362.00               |
| Capital Work Inprogress  |          | 21177.85                  | 10017.91               |
| Intangible assets  |          | 1.50                      | 1.50                   |
| Financial assets   |          |                           |                        |
| (i) Investments  | 2.1      | 148.01                    | 148.01                 |
| (ii) Other financial assets  | 2.2      | 524.23                    | 556.97                 |
| Other non current assets   | 2.3      | 4522.28                   | 4249.95                |
|  |          | <b>96847.50</b>           | <b>87336.34</b>        |
| <b>Current assets</b>  |          |                           |                        |
| Inventories  | 2.4      | 28053.48                  | 26041.95               |
| Financial assets   |          |                           |                        |
| Trade receivables  | 2.5      | 27948.15                  | 26811.36               |
| Cash and cash equivalent   | 2.6      | 7244.12                   | 3869.25                |
| Other financial assets   | 2.2      | 8.28                      | 8.28                   |
| Other current assets   | 2.3      | 7179.55                   | 6870.59                |
|  |          | <b>70433.59</b>           | <b>63601.44</b>        |
|  |          | <b>167281.10</b>          | <b>150937.78</b>       |
| <b>EQUITY AND LIABILITIES</b>  |          |                           |                        |
| <b>Equity</b>  |          |                           |                        |
| Equity Share Capital   | 2.7      | 2660.56                   | 2660.56                |
| Other Equity   | 2.8      | 101080.58                 | 90178.97               |
|  |          | <b>103741.14</b>          | <b>92839.53</b>        |
| <b>Liabilities</b>   |          |                           |                        |
| <b>Non-current liabilities</b>   |          |                           |                        |
| Financial Liabilities  |          |                           |                        |
| Borrowings   | 2.9      | 19931.70                  | 24945.71               |
| Other Financial Liability  | 2.13     | 601.28                    | 874.68                 |
| Deferred tax liabilities (net)   | 2.10     | 5191.86                   | 4624.94                |
| Provisions   | 2.14     | 32.12                     | 32.12                  |
|  |          | <b>25756.96</b>           | <b>30477.45</b>        |
| <b>Current liabilities</b>   |          |                           |                        |
| Financial Liabilities  |          |                           |                        |
| Borrowings   | 2.9      | 22724.37                  | 14270.14               |
| Trade payables   |          |                           |                        |
| a. Total out standing dues of Micro and Small Enterprises                      |          |                           |                        |
| b. Total out standing dues of creditors other than Micro and Small Enterprises | 2.12     | 3735.72                   | 2463.54                |
| Other financial liabilities  | 2.13     | 10431.20                  | 9827.96                |
| Provisions   | 2.14     | 205.97                    | -                      |
| Other current liabilities  | 2.11     | 685.75                    | 1059.17                |
|  |          | <b>37783.00</b>           | <b>27620.80</b>        |
|  |          | <b>167281.10</b>          | <b>150937.78</b>       |

By order of the Board

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

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

Place : Hyderabad  
Date : 28.01.2021

**PROVISIONAL CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE NINE MONTHS ENDED 31<sup>ST</sup> DECEMBER, 2020**  
(₹ in Lakhs)

|   | <b>Note No.</b> | <b>Un Audited As on 31.12.20</b> | <b>Audited As on 31.03.20</b> |
|---|-----------------|----------------------------------|-------------------------------|
| <b>Income</b>   |                 |                                  |                               |
| Revenue from operations   | 2.15            | 90757.38                         | 113915.27                     |
| Other income  | 2.16            | 375.04                           | 449.77                        |
| <b>Total Revenue</b>  |                 | <b>91132.42</b>                  | <b>114365.05</b>              |
| <b>Expenses</b>   |                 |                                  |                               |
| Cost of materials consumed  | 2.17            | 48399.78                         | 59191.49                      |
| Changes in inventories  | 2.18            | (3066.16)                        | (3250.11)                     |
| Employee benefits expense   | 2.19            | 5452.98                          | 7034.11                       |
| Finance costs   | 2.20            | 1227.81                          | 1796.33                       |
| Depreciation and amortization expense                                   |                 | 3769.24                          | 4711.22                       |
| Other expenses  | 2.21            | 19048.93                         | 22350.50                      |
| <b>Total Expenses</b>   |                 | <b>74832.58</b>                  | <b>91833.54</b>               |
| <b>Profit before tax</b>  |                 | <b>16299.84</b>                  | <b>22531.51</b>               |
| <b>Tax expense</b>  |                 |                                  |                               |
| (1) Current tax   |                 | 2419.66                          | 5274.31                       |
| (2) Deferred tax  |                 | 574.34                           | 663.60                        |
| <b>Profit for the year</b>  |                 | <b>13305.85</b>                  | <b>16593.60</b>               |
| <b>Other comprehensive income (OCI)</b>                                 |                 |                                  |                               |
| Items that will not be reclassified to profit or loss                   |                 | -                                | (28.57)                       |
| Tax on items that will not be reclassified to profit or loss            |                 | -                                | 7.41                          |
|   | -               | (21.16)                          |                               |
| <b>Items that will be reclassified to profit or loss:</b>               |                 |                                  |                               |
| Items that may be reclassified subsequently to profit or loss           |                 | 256.32                           | 1354.95                       |
| Tax on items that will be reclassified subsequently to profit or loss   |                 | -                                | -                             |
|   |                 | 256.32                           | 1354.95                       |
| <b>Total other comprehensive income/(loss) for the year, net of tax</b> |                 | <b>256.32</b>                    | <b>1333.79</b>                |
| <b>Total comprehensive income for the year</b>                          |                 | <b>13562.17</b>                  | <b>17927.39</b>               |
| <b>Earnings per share:</b>  |                 |                                  |                               |
| Basic earnings per share of Rs.2/-each                                  |                 | 10.00                            | 12.47                         |
| Diluted earnings per share of Rs.2/- each                               |                 | 10.00                            | 12.47                         |

By order of the Board

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

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

Place : Hyderabad  
Date : 28.01.2021

**PROVISIONAL CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 31<sup>ST</sup> DECEMBER,2020**  
(₹ in Lakhs)

|   | Un Audited<br>As on 31.12.2020 | Audited<br>As on 31.03.2020 |
|---|--------------------------------|-----------------------------|
| <b>Cash Flows from Operating Activities</b>                 |                                |                             |
| <b>Net profit before tax</b>                                | 16299.84                       | 22531.51                    |
| <b>Adjustments for :</b>                                    |                                |                             |
| Depreciation and amortization expense                       | 3769.24                        | 4711.22                     |
| Provision for doubtful debts/advances/ impairment           | -                              | (26.14)                     |
| Dividend Income   | -                              | (16.92)                     |
| Foreign currency Translation                                | 124.99                         | 1918.10                     |
| Other Comprehensive Income                                  | -                              | (28.57)                     |
| <b>Operating profit before working capital changes</b>      | <b>20194.07</b>                | <b>29089.20</b>             |
| <b>Movements in Working Capital</b>                         |                                |                             |
| (Increase)/Decrease in Trade Receivables                    | (1136.79)                      | (3266.84)                   |
| (Increase)/Decrease in Other financial assets               | 32.74                          | 441.55                      |
| (Increase)/Decrease in Inventories                          | (2011.53)                      | (5847.12)                   |
| (Increase)/Decrease in Other Current Assets                 | (328.25)                       | (2437.90)                   |
| (Increase)/Decrease in Other Non Current Assets             | (272.32)                       | (399.65)                    |
| Increase/(Decrease) in Trade Payables                       | 1272.18                        | (3242.43)                   |
| Increase/(Decrease) in Other financial liabilities          | 329.84                         | 801.71                      |
| Increase/(Decrease) in Other Current liabilities            | (1585.80)                      | (741.49)                    |
| Increase/(Decrease) in Provisions                           | -                              | 15.60                       |
| Changes in Working Capital                                  | (3699.94)                      | (14676.59)                  |
| <b>Cash generated from operations</b>                       | <b>16494.13</b>                | <b>14412.61</b>             |
| Direct Taxes Paid   | (2213.69)                      | (5347.01)                   |
| <b>Net Cash from operating activities</b>                   | <b>14280.44</b>                | <b>9065.61</b>              |
| <b>Cash flows from Investing Activities</b>                 |                                |                             |
| Purchase of Fixed Assets (Including CWIP)                   | (12916.89)                     | (6380.11)                   |
| Dividend Income   | -                              | 16.92                       |
| Creditor for Capital goods                                  | 458.15                         | (1207.62)                   |
| Advance for Fixed Assets                                    | 19.29                          | (1272.57)                   |
| <b>Net Cash From/ (Used In) Investing Activities</b>        | <b>(12439.45)</b>              | <b>(8843.38)</b>            |
| <b>Cash flows from Financing Activities</b>                 |                                |                             |
| Proceeds from/ (Repayment) Long term borrowings             | (4259.78)                      | 9331.17                     |
| Proceeds from/(Repayment of) Short-term borrowings          | 8454.22                        | (4075.46)                   |
| Dividend and corporate dividend tax paid                    | (2660.56)                      | (8979.38)                   |
| Net Cash From/ (Used In) Financing Activities               | 1533.88                        | (3723.67)                   |
| <b>Net Increase/(Decrease) in cash and cash equivalents</b> | <b>3374.86</b>                 | <b>(3501.45)</b>            |
| Cash and Cash equivalents at the beginning of the year      | 3765.37                        | 7266.82                     |
| <b>Cash and Cash equivalents at the ending of the year</b>  | <b>7140.23</b>                 | <b>3765.37</b>              |

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

|   | Un Audited<br>As on 31.12.2020 | Audited<br>As on 31.03.2020 |
|---|--------------------------------|-----------------------------|
| <b>Cash and Cash Equivalents/ Bank Balances</b> | <b>7,244.12</b>                | <b>3869.25</b>              |
| Less: Unclaim dividend                          | 103.89                         | 103.89                      |
| <b>Cash and Cash Equivalents/ Bank Balances</b> | <b>7140.23</b>                 | <b>3765.37</b>              |

By order of the Board

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

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

Place : Hyderabad  
Date : 28.01.2021

## 2.1 Investments

(₹ in Lakhs)

|   | 31.12.2020 |               | 31.03.2020 |               |
|---|------------|---------------|------------|---------------|
|   | Current    | Non Current   | Current    | Non Current   |
| <b>Investments at amortized cost( Unquoted Non Trade Investments:)</b>  |            |               |            |               |
| Coffee Futures Exchange India Ltd<br>(Equity Subscription for Membership as<br>Ordinary member - 1 share of ₹ 10,000) | -          | 0.10          | -          | 0.10          |
| Preference shares in Associated Coffee Merchants (Intl) Ltd<br>(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>148.01</b> | -          | <b>148.01</b> |

## 2.2 Other Financial Assets

|   | 31.12.2020  |               | 31.03.2020  |               |
|---|-------------|---------------|-------------|---------------|
|   | Current     | Non Current   | Current     | Non Current   |
| Rental Deposits                         | -           | 35.14         | -           | 27.89         |
| Electricity and Other Security Deposits | -           | 489.09        | -           | 529.08        |
| Other Receivables                       | -           | -             | -           | -             |
| Tender Deposit                          | 8.28        | -             | 8.28        | -             |
|   | <b>8.28</b> | <b>524.23</b> | <b>8.28</b> | <b>556.97</b> |

## 2.3 Other Non Current Assets and Current Assets

|  | 31.12.2020     |                | 31.03.2020     |                |
|--|----------------|----------------|----------------|----------------|
|  | Current        | Non Current    | Current        | Non Current    |
| Advance Tax (Net of Provision for tax) | -              | 1638.99        | 80.10          | 1366.67        |
| Deposits with Statutory authorities    | -              | 2883.28        | -              | 2883.28        |
| Advances to Employees                  | 52.15          | -              | 53.51          | -              |
| Prepaid Expenses                       | 191.74         | -              | 246.89         | -              |
| Input tax and other taxes receivables  | 2350.86        | -              | 1223.71        | -              |
| Advance to Creditors                   | 2152.63        | -              | 889.18         | -              |
| Advances for Capital goods/services    | 1753.13        | -              | 1772.42        | -              |
| Other receivables                      | 679.03         | -              | 2604.77        | -              |
|  | <b>7179.55</b> | <b>4522.28</b> | <b>6870.59</b> | <b>4249.95</b> |

## 2.4 Inventories

(₹ in Lakhs)

|                                | 31.12.2020<br>Current | 31.03.2020<br>Current |
|--------------------------------|-----------------------|-----------------------|
| Raw materials                  | 11141.32              | 13149.78              |
| Work-in-progress               | 542.35                | 370.45                |
| Finished goods                 | 12055.36              | 9161.09               |
| Stores, spares and consumables | 2265.20               | 2076.37               |
| Packing materials              | 2049.26               | 1284.26               |
|                                | <b>28053.48</b>       | <b>26041.95</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

## 2.5 Trade receivables

|                                    | 31.12.2020<br>Current | 31.03.2020<br>Current |
|------------------------------------|-----------------------|-----------------------|
| <b>Trade Receivables</b>           |                       |                       |
| Unsecured, considered good         | 28089.56              | 26969.36              |
| Less: Allowances for credit losses | 141.41                | 158.00                |
|                                    | <b>27948.15</b>       | <b>26811.36</b>       |

## 2.6 Cash and Cash Equivalents

|   | 31.12.2020     | 31.03.2020     |
|---|----------------|----------------|
| <b>a) Cash and Cash equivalents</b>                         |                |                |
| i) Cash on hand   | 12.55          | 6.25           |
| ii) Balances with banks<br>- Current Accounts               | 6889.66        | 3529.33        |
| <b>b) Other Bank Balances (with restricted use)</b>         |                |                |
| (i) Margin Money Deposit Accounts (against Bank Guarantees) | 182.16         | 182.16         |
| (ii) Unclaimed Dividend Account                             | 103.89         | 103.89         |
| (iii) Dividend Account                                      | -              | -              |
| Interest accrued but not due on deposits                    | 55.87          | 47.63          |
|   | <b>7244.12</b> | <b>3869.25</b> |

Cash and Cash Equivalents include the following for Cash flow purpose

|   | 31.12.2020     | 31.03.2020     |
|---|----------------|----------------|
| Cash and Cash Equivalents/ Bank Balances        | 7244.12        | 3869.25        |
| Less: Unclaim dividend                          | 103.89         | 103.89         |
| Less: dividend                                  | -              | -              |
| <b>Cash and Cash Equivalents/ Bank Balances</b> | <b>7140.23</b> | <b>3765.37</b> |

**2.7 Share Capital**

(₹ in Lakhs)

|   | 31.12.2020     | 31.03.2020     |
|---|----------------|----------------|
| <b>Authorized Share Capital</b><br>150,000,000 Equity Shares of ₹ 2 each<br>(Previous year :150,000,000 Equity Shares of ₹ 2 each)  | 3000.00        | 3000.00        |
| <b>Issued Subscribed and Paid up Share Capital</b><br>133,027,920 Equity Shares of ₹ 2 each, fully paid up<br>(Previous year :133,027,920 Equity Shares of ₹ 2 each, fully paid up) | 2660.56        | 2660.56        |
|   | <b>2660.56</b> | <b>2660.56</b> |

**2.8 Other Equity**

|   | 31.12.2020       | 31.03.2020      |
|---|------------------|-----------------|
| <b>Retained Earnings</b>                                  |                  |                 |
| Opening Balance   | 57238.38         | 49624.16        |
| Add: Current year Transfer                                | 13305.85         | 16593.60        |
| Less: Dividend Paid( Including Dividend distribution Tax) | (2660.56)        | (8979.38)       |
| <b>Total</b>  | <b>67883.67</b>  | <b>57238.38</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> |
| Foreign Currency Translation Reserve                      |                  |                 |
| <b>Opening Balance</b>                                    | <b>5150.54</b>   | <b>3232.44</b>  |
| Add: Current year Transfer                                | (17.08)          | 1918.10         |
| Less: Written Back in Current year                        | -                | -               |
| <b>Total</b>  | <b>5133.46</b>   | <b>5150.54</b>  |
| Actuarial Gains or Losses (OCI)                           |                  |                 |
| <b>Opening Balance</b>                                    | <b>(155.97)</b>  | <b>(134.81)</b> |
| Add: Current year Transfer                                | -                | (21.16)         |
| Less: Written Back in Current year                        | -                | -               |
| <b>Total</b>  | <b>(155.97)</b>  | <b>(155.97)</b> |
| Measurement of derivative instrument at Fair Value (OCI)  |                  |                 |
| Opening Balance   | (874.68)         | (311.53)        |
| Add: Current year Transfer                                | 273.40           | (563.15)        |
| Less: Written Back in Current year                        | -                | -               |
| <b>Total</b>  | <b>(601.28)</b>  | <b>(874.68)</b> |
| <b>Total Other Equity</b>                                 | <b>101080.58</b> | <b>90178.97</b> |

**2.9 Borrowings**

(₹ in Lakhs)

|  | 31.12.2020      |                 | 31.03.2020      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | Current         | Non Current     | Current         | Non Current     |
| <b>Secured Borrowings:</b>               |                 |                 |                 |                 |
| Term loans from Banks                    |                 |                 |                 |                 |
| HDFC Bank                                | -               | 6300.00         | -               | 10166.67        |
| Citi Bank                                | -               | 4500.00         | -               | 3000.00         |
| Citi Bank External commercial borrowings | -               | 9131.70         | -               | 11779.05        |
| Working Capital Facilities               | 22724.37        | -               | 14270.14        | -               |
|  | <b>22724.37</b> | <b>19931.70</b> | <b>14270.14</b> | <b>24945.71</b> |

**2.10 Deferred Tax Liabilities**

|                                       | 31.12.2020     | 31.03.2020     |
|---------------------------------------|----------------|----------------|
| Opening Balance                       | 4624.94        | 3961.34        |
| Add : On account of IND AS Adjustment | -              | -              |
| Add : On account of depreciation      | (95.32)        | 3955.10        |
| Add : On account of Others            | 662.24         | (3291.50)      |
| <b>Closing Balance</b>                | <b>5191.86</b> | <b>4624.94</b> |

**2.11 Other Non Current Liabilities & Current liabilities**

|                                     | 31.12.2020    |             | 31.03.2020     |             |
|-------------------------------------|---------------|-------------|----------------|-------------|
|                                     | Current       | Non Current | Current        | Non Current |
| Salaries and employee benefits      | 203.10        | -           | 423.30         | -           |
| Withholding and other taxes payable | 122.72        | -           | 159.01         | -           |
| Advance from customers              | 152.92        | -           | 223.46         | -           |
| Others                              | 207.01        | -           | 253.40         | -           |
|                                     | <b>685.75</b> | <b>-</b>    | <b>1059.17</b> | <b>-</b>    |

**2.12 Trade Payables**

|                                  | 31.12.2020<br>Current | 31.03.2020<br>Current |
|----------------------------------|-----------------------|-----------------------|
| Due to Micro & Small Enterprises |                       |                       |
| Dues to others                   |                       |                       |
| For Raw material                 | 2198.01               | 956.67                |
| For Packing material             | 915.43                | 820.64                |
| For Stores and Consumables       | 179.81                | 147.14                |
| For Services                     | 442.47                | 539.09                |
|                                  | <b>3735.72</b>        | <b>2463.54</b>        |

**2.13 Other financial liabilities**

(₹ in Lakhs)

|  | 31.12.2020      |               | 31.03.2020     |               |
|--|-----------------|---------------|----------------|---------------|
|  | Current         | Non Current   | Current        | Non Current   |
| Creditors For Capital goods                | 1127.15         | -             | 669.00         | -             |
| Unpaid dividends                           | 103.89          | -             | 103.89         | -             |
| Dividend payables                          | -               | -             | -              | -             |
| Interest accrued but not due on borrowings | 174.22          | -             | 220.89         | -             |
| Current maturities of long term debt       | 8432.52         | -             | 7678.29        | -             |
| Derivative Financial liability             | -               | 601.28        | -              | 874.68        |
| Other Payables                             | 593.43          | -             | 1155.90        | -             |
|  | <b>10431.20</b> | <b>601.28</b> | <b>9827.96</b> | <b>874.68</b> |

**2.14 Provisions**

|                   | 31.12.2020    |              | 31.03.2020 |              |
|-------------------|---------------|--------------|------------|--------------|
|                   | Current       | Non Current  | Current    | Non Current  |
| Leave Encashment  | -             | 7.16         | -          | 7.16         |
| Provision for tax | 205.97        | -            | -          | -            |
| Gratuity          | -             | 24.96        | -          | 24.96        |
|                   | <b>205.97</b> | <b>32.12</b> | <b>-</b>   | <b>32.12</b> |



(₹ in Lakhs)

### 2.15 Revenue from operations

|                                | 31.12.2020      | 31.03.2020       |
|--------------------------------|-----------------|------------------|
| <b>Revenue from :</b>          |                 |                  |
| Sale of Products - Coffee      | 89110.40        | 110521.19        |
| Sale of Trade Licences         | 1646.97         | 3394.08          |
| <b>Revenue from operations</b> | <b>90757.38</b> | <b>113915.27</b> |

### 2.16 Other income

|  | 31.12.2020    | 31.03.2020    |
|--|---------------|---------------|
| Interest on Deposits                         | 8.58          | 167.57        |
| Dividend Income on long-term investments     | -             | 16.92         |
| Dividend Income from Ngon Coffee Company Ltd | -             | -             |
| Profit on sale of assets                     | -             | -             |
| Scrap sales                                  | 10.61         | 0.93          |
| Sales of Raw Materials                       | -             | -             |
| Miscellaneous Income                         | 355.85        | 264.35        |
|  | <b>375.04</b> | <b>449.77</b> |

### 2.17 Cost of materials consumed

|                     | 31.12.2020      | 31.03.2020      |
|---------------------|-----------------|-----------------|
| <b>Raw Material</b> |                 |                 |
| Purchases           | 46391.32        | 61188.21        |
| Add: Opening Stock  | 13149.78        | 11153.05        |
|                     | 59541.10        | 72341.26        |
| Less: Closing Stock | 11141.32        | 13149.78        |
|                     | <b>48399.78</b> | <b>59191.49</b> |

### 2.18 Changes in inventories

|                         | 31.12.2020       | 31.03.2020       |
|-------------------------|------------------|------------------|
| <b>Work-in-progress</b> |                  |                  |
| Opening                 | 370.45           | 167.89           |
| Closing                 | 542.35           | 370.45           |
|                         | (171.90)         | (202.56)         |
| <b>Finished goods</b>   |                  |                  |
| Opening                 | 9161.09          | 6113.55          |
| Closing                 | 12055.36         | 9161.09          |
|                         | (2894.26)        | (3047.54)        |
|                         | <b>(3066.16)</b> | <b>(3250.11)</b> |

### 2.19 Employee benefits expense

|   | 31.12.2020     | 31.03.2020     |
|---|----------------|----------------|
| Salaries, Wages and Bonus                 | 3785.08        | 4336.12        |
| Directors' Remuneration                   | 810.00         | 1582.00        |
| Contribution to provident and other funds | 362.32         | 463.21         |
| Staff welfare                             | 495.58         | 652.78         |
|   | <b>5452.98</b> | <b>7034.11</b> |

**2.20 Finance costs**

(₹ in Lakhs)

|                       | 31.12.2020     | 31.03.2020     |
|-----------------------|----------------|----------------|
| Interest Expense      | 1135.23        | 1561.28        |
| Other borrowing costs | 92.58          | 235.05         |
|                       | <b>1227.81</b> | <b>1796.33</b> |

**2.21 Other expenses**

|  | 31.12.2020      | 31.03.2020      |
|--|-----------------|-----------------|
| Packing material consumed                              | 6067.00         | 5980.14         |
| Stores and Consumable consumed                         | 880.18          | 947.56          |
| Power and fuel   | 4085.00         | 6469.39         |
| Repairs and Maintenance to Buildings                   | 48.39           | 38.19           |
| Repairs and Maintenance to Machinery                   | 1163.77         | 1099.75         |
| Repairs and Maintenance to Other assets                | 113.71          | 130.27          |
| Transportation, Ocean Freight, Clearing and Forwarding | 2777.84         | 3019.26         |
| Insurance  | 233.08          | 203.72          |
| Rent   | 89.16           | 106.40          |
| Rates and Taxes  | 147.52          | 140.01          |
| Directors' Sitting Fee                                 | 10.15           | 17.45           |
| Non-whole time Directors' Commission                   | -               | 81.00           |
| Selling Expenses                                       | 1902.34         | 2392.98         |
| Commission on Sales                                    | 506.45          | 411.08          |
| Travelling and Conveyance                              | 183.93          | 378.24          |
| Communication Expenses                                 | 55.61           | 110.60          |
| Printing and Stationery                                | 20.94           | 25.01           |
| Office Maintenance                                     | 436.13          | 578.71          |
| Donations  | 79.91           | 96.06           |
| Corporate Social Responsibility (CSR) Expenditure      | 342.98          | 328.22          |
| Professional Fees & Expenses                           | 202.93          | 352.20          |
| Subscription and Membership fee                        | 2.67            | 9.46            |
| Auditor's Remuneration                                 | 24.71           | 39.68           |
| Foreign Exchange Loss (Net)                            | (470.29)        | (745.90)        |
| Miscellaneous expenses                                 | 161.42          | 161.57          |
| Allowance for credit losses                            | (16.59)         | (26.13)         |
| Loss on sale of Asset                                  | -               | 5.59            |
|  | <b>19048.93</b> | <b>22350.50</b> |

**INDEPENDENT AUDITOR’S REPORT**

**TO THE MEMBERS OF CCL BEVERAGES PRIVATE LIMITED**

**Report on the Audit of the Financial Statements Opinion**

We have audited the accompanying financial statements of **CCL BEVERAGES PRIVATE LIMITED** (“the Company”), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other comprehensive income) , and the Statement of Cash Flows for the year ended on that date, and a summary of the 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 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss, total comprehensive income, and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the 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 independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| <b>Key Audit Matter</b>  | <b>How the Matter was addressed in Audit</b>  |
|--|---|
| <p><b>Capital Work in Progress:</b><br/>During the FY 2019-20 the company has incurred capital expenses of Rs.2.55 crore. The project has not yet completed hence total expenses incurred are transferred to capital work in progress.</p> | <p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>• Obtained the details of transaction.</li> <li>• Conducted sampling relating to capital work in progress.</li> <li>• We tested the effectiveness of internal controls over capital payments and capital work in progress.</li> <li>• We have reviewed the Purchase Order(s) and Work order(s) documents between the parties to ensure for compliance of terms and conditions.</li> </ul> |

**Information Other than the Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexure’s to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the financial statements and our auditor’s report there on.

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

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in Section 133 of Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the Accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

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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 financial controls 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 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 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 financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 significance in the audit of the 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 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, issued by the department of company affairs, in terms of section 143 (11) of the companies Act, 2013, and on the basis of our examination of the books and records as we considered appropriate and according to the information and explanation given to us, we give in the "Annexure B" a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Companies Act 2013, 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 purpose of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet and Statement of Profit and Loss and Cash flow Statement dealt with this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financials comply with the Accounting Standards specified under of Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.
  - 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"; and
  - g) 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) There are no pending litigations for or against the Company which would impact its financial position.
    - ii) The Company does not have any derivatives contracts. Further there are no long-term contracts for which provisions for any material foreseeable losses is required to be made.
    - iii) There are no amounts pending that are required to be transferred to Investor Education and Protection Fund.

**For NSVR & ASSOCIATES LLP.,**  
Chartered Accountants  
(FRN No.008801S/S200060)

Sd/-  
**R Srinivasu**  
Partner  
M.no:224033  
UDIN:20224033AAAAIJ7227  
Date:15.06.2020  
Place: Hyderabad

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**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of CCL BEVERAGES PRIVATE LIMITED of even date)**

**Report on the Internal Financial Controls Over Financial Reporting 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 BEVERAGES PRIVATE LIMITED** (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company are 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. 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 respective 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.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls system over financial reporting of the Company.

**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 statement for external purpose in accordance with generally accepted accounting principles. A company’s internal financial controls 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of

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unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **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 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

### **For NSVR & ASSOCIATES LLP.,**

Chartered Accountants  
(FRN No. 008801S/S200060)

Sd/-

**R Srinivasu**

Partner

M.no: 224033

UDIN: 20224033AAAAIJ7227

Date: 15.06.2020

Place: Hyderabad



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## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of CCL BEVERAGES PRIVATE LIMITED of even date)

**i. In respect of the Company's fixed assets:**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and capital work in progress.
- (b) The Company has a program of verification to cover all the items of capital work in progress in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain assets relating to capital work in progress were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the company does not have any immovable property hence Clause 3(i)(c) of the Order is not applicable.
  - ii. As explained to us, the company has not started commercial operations hence no inventory is available. Hence Clause 3(ii) of the Order is not applicable.
  - iii. The Company has not granted any loans, secured or unsecured to companies, firms or other Parties covered in the register maintained under section 189 of the Companies Act. Thus, Clause 3(iii) of the Order is not applicable.
  - iv. According to the information and explanations given to us, the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities is not applicable to the company. Hence reporting under Clause iv is not applicable.
  - v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
  - vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Thus reporting under clause vi of the order is not applicable to the Company.
  - vii. According to the information and explanations given to us, in respect of statutory dues:
    - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
    - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- viii. Based on our Audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
- ix. Money raised by way of term loan were applied for the purpose for which it was raised. The Company has not raised moneys by way of initial public offer or further public offer.

- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company has not made transactions with the related parties and hence reporting under clause 3 (xiii) of the Order is not applicable to the Company.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For NSVR & ASSOCIATES LLP.,**

Chartered Accountants  
(FRNo.008801S/S200060)  
UDIN:20224033AAAAIJ7227

Sd/-

**R Srinivasu**  
Partner  
M.no:224033

Date: 15.06.2020  
Place: Hyderabad

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2020**

|  | Note No. | 31/03/20            |
|--|----------|---------------------|
| <b>ASSETS</b>                                  |          |                     |
| <b>Non-current assets</b>                      |          |                     |
| Property plant and Equipment                   |          | -                   |
| Capital Work Inprogress                        |          | 2,55,04,986         |
| Intangible assets                              |          | -                   |
| Financial assets                               |          | -                   |
| Investments                                    |          | -                   |
| Other financial assets                         |          | -                   |
| Other non current assets                       |          | -                   |
|  |          | <b>2,55,04,986</b>  |
| <b>Current assets</b>                          |          |                     |
| Inventories                                    |          | -                   |
| Financial assets                               |          | -                   |
| Trade receivables                              |          | -                   |
| Cash and cash equivalent                       | 2.1      | 16,66,136           |
| Other financial assets                         | 2.2      | 18,42,49,516        |
| Other current assets                           | 2.3      | 8,90,52,587         |
|  |          | <b>27,49,68,239</b> |
| <b>TOTAL ASSETS</b>                            |          | <b>30,04,73,225</b> |
| <b>EQUITY AND LIABILITIES</b>                  |          |                     |
| <b>Equity</b>                                  |          |                     |
| Equity Share Capital                           | 2.4      | 1,00,000            |
| Other Equity                                   | 2.5      | -1,00,000           |
|  |          | -                   |
| <b>Liabilities</b>                             |          |                     |
| <b>Non-current liabilities</b>                 |          |                     |
| Financial Liabilities                          |          |                     |
| Borrowings                                     | 2.6      | 30,00,00,000        |
| Other Financial Liability                      |          | -                   |
| Deferred tax liabilities (net)                 |          | -                   |
|  |          | <b>30,00,00,000</b> |
| <b>Current liabilities</b>                     |          |                     |
| Financial Liabilities                          |          |                     |
| Borrowings                                     |          |                     |
| Trade payables                                 |          |                     |
| (a) Total outstandings dues of MSME            |          | -                   |
| (b) Total outstandings dues of other than MSME |          | -                   |
| Other financial liabilities                    | 2.7      | 3,69,560            |
| Provisions                                     |          | -                   |
| Other current liabilities                      | 2.8      | 1,03,665            |
|  |          | <b>4,73,225</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |          | <b>30,04,73,225</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 NSVR & Associates LLP.,**  
Chartered Accountants  
FRN : 008801S/S200060

**For. CCL BEVERAGES PRIVATE LIMITED**

Sd/-  
**R.Srinivasu**  
Partner  
M.No.224033  
UDIN:20224033AAAAIJ7227

Sd/-  
**CHALLA SRISHANT**  
Director  
DIN:00016035

Sd/-  
**BANDI MOHAN KRISHNA**  
Director  
DIN:03053172

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

**PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

|   | <b>Note No.</b> | <b>31/03/20</b>  |
|---|-----------------|------------------|
| <b>1 Income</b>   |                 |                  |
| Revenue from operations   | 2.90            | -                |
| Other income  | 2.91            | -                |
| <b>Total Revenue</b>  |                 | <b>-</b>         |
| <b>2 Expenses</b>   |                 |                  |
| Consumption of Raw Materials  | 2.92            | -                |
| Changes in inventories  | 2.93            | -                |
| Employee benefits expense   | 2.94            | 75,000           |
| Finance costs   | 2.95            | -                |
| Depreciation and amortization expense                               |                 | -                |
| Other expenses  | 2.96            | 25,000           |
| <b>Total Expenses</b>   |                 | <b>1,00,000</b>  |
| <b>3 Profit before tax</b>  |                 | <b>-1,00,000</b> |
| <b>4 Tax expense</b>  |                 |                  |
| (1) Current tax   |                 | -                |
| (2) Deferred tax  |                 | -                |
| <b>5 Profit for the year</b>  |                 | <b>-1,00,000</b> |
| <b>6 Other comprehensive income (OCI)</b>                           |                 |                  |
| a) (i) Items that will not be reclassified to profit or loss        |                 |                  |
| (ii) Tax on items that will not be reclassified to profit or loss   |                 | -                |
| b) (i) Items that will be reclassified to profit or loss            |                 | -                |
| (ii) Income Tax on items that may be reclassified to profit or loss |                 | -                |
| <b>Total other comprehensive income</b>                             |                 | <b>-</b>         |
| <b>7 Total comprehensive income for the year ( 5 + 6 )</b>          |                 | <b>-1,00,000</b> |
| <b>8 Earnings per share</b>   |                 |                  |
| Basic earnings per share of Rs.10/-each                             |                 | -10.00           |
| Diluted earnings per share of Rs.10/- each                          |                 | -10.00           |

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

As per our report of even date  
**For NSVR & Associates LLP,**  
Chartered Accountants  
FRN : 008801S/S200060

**For. CCL BEVERAGES PRIVATE LIMITED**

Sd/-  
**R.Srinivasu**  
Partner  
M.No.224033  
UDIN:20224033AAAAIJ7227

Sd/-  
**CHALLA SRISHANT**  
Director  
DIN:00016035

Sd/-  
**BANDI MOHAN KRISHNA**  
Director  
DIN:03053172

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020**

|  | As at 31.3.2020       |
|--|-----------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>                  |                       |
| Net profit before taxation, and extraordinary items              | (1,00,000)            |
| Adjusted for :   |                       |
| Interest debited to P&L A/c                                      | -                     |
| Depreciation   | -                     |
| Operating profits before working capital changes                 | (1,00,000)            |
| <b>Changes in current assets and liabilities</b>                 |                       |
| Inventories  | -                     |
| Trade Receivables  | -                     |
| Loans  | -                     |
| Other Current assets   | (8,90,52,587)         |
| Trade Payables   | -                     |
| Other Financial Liabilities                                      | 3,69,560              |
| Other Current Liabilities  | 1,03,665              |
| Other Current Financial Assets                                   | (18,42,49,516)        |
| Cash generated from operations                                   | (27,29,28,878)        |
| Income tax paid  | -                     |
| Net cash generated from operating activities                     | <b>(27,29,28,878)</b> |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>                  |                       |
| Capital Work in Progress   | (2,55,04,986)         |
| Sale of Fixed Assets   |                       |
| Long Term Loans and advances                                     |                       |
| Net cash used in investing activities                            | <b>(2,55,04,986)</b>  |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>                  |                       |
| Secured and Unsecured Loans                                      |                       |
| Borrowings   | 30,00,00,000          |
| Interest paid  | -                     |
| Changes in Non Current Liabilities                               | -                     |
| Increase in share Capital  | 1,00,000              |
| <b>Net cash generated in financing activities</b>                | <b>30,01,00,000</b>   |
| <b>D. Net increase / (decrease) in cash and cash equivalents</b> | <b>16,66,136</b>      |
| <b>E. Cash and cash equivalents at the beginning of the year</b> | -                     |
| <b>F. Cash and cash equivalents at the end of the year</b>       | <b>16,66,136</b>      |

The notes form an integral part of these financial statements 1 to 24

As per our report of even date  
**For NSVR & Associates LLP.,**  
Chartered Accountants  
FRN : 008801S/S200060

**For. CCL BEVERAGES PRIVATE LIMITED**

Sd/-  
**R.Srinivasu**  
Partner  
M.No.224033  
UDIN:20224033AAAAIJ7227

Sd/-  
**CHALLA SRISHANT**  
Director  
DIN:00016035

Sd/-  
**BANDI MOHAN KRISHNA**  
Director  
DIN:03053172

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

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## 1. NOTES TO STANDALONE FINANCIAL STATEMENTS

### DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 General Information

**CCL BEVERAGES PRIVATE LIMITED** (the company) was incorporated on 19th October 2019 and is engaged in the business of manufacturing of Coffee and coffee related products. The Company has business operations mainly in India. The Company is a subsidiary of CCL Products (India) Limited which is a public limited company and domiciled in India and has its registered office at Sy. No. 269/1, Kuvvukolli Village, Varadaiahpalem Mandal, Chittoor, AP. 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.

The financial statements of **CCL BEVERAGES PRIVATE LIMITED** 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.

#### 1.2 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. 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 are measured at amortized cost using the effective interest rate method.

#### 1.3 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.

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### **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.

#### **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.

### **1.6 Current and non-current 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 counter party, 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. 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.

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Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction, if any.

## **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 capitalised as part of the cost of that asset.

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 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 written down value 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 prorata basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other 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.

## **1.9 Intangible assets**

During the financial year there are no Intangible assets that are acquired by the Company.

## **1.10 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and 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

#### (i) 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.

#### (ii) 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).

#### (iii) 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 AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are 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 within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

#### (iv) 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 Company's balance sheet) when:

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) 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

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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.

## **b. 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:

#### (i) 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 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 statement of profit and loss.

## **1.11 Inventories**

Inventories consist of 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 cost includes an appropriate share of overheads based on normal operating capacity.

## **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 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 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.

#### **b. Defined Contribution Plan**

The Company’s contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

#### **c. Defined Benefit Plans**

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on prevailing market yields of Indian Government Bonds and that have terms to maturity approximating to the terms of the related defined benefit obligation. The current service cost of the defined benefit plan, 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.

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#### **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**

#### **a. 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.

#### **b. 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.

#### **c. 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

### **1.16 Revenue Recognition**

#### **a. Sale of goods and trade license**

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of the product is transferred to the customer. Revenue from the sale of Products excludes Goods and Service Tax and is measured at the fair value of the consideration received or receivable, net of returns, applicable trade discounts and primary schemes.

#### **b. Other Income**

##### **(i) Miscellaneous Income**

Miscellaneous Income includes Rounding off and other non operating income these are recognized as and when accrued.

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### 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. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing 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 capitalised 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.

#### a. 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.

#### b. 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 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.

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### 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.

#### a. 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.

#### b. 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.

#### c. 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.

#### d. 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.

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**e. 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.

**f. 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.

For NSVR & Associates LLP. ,  
Chartered Accountants  
Firm Reg. No.008801S/S200060

For CCL BEVERAGES PRIVATE LIMITED

Sd/-  
**R. Srinivasu**  
Partner  
Membership No.224033  
UDIN:20224033AAAAIJ7227

Sd/-  
**CHALLA SRISHANT**  
Director  
DIN:00016035

Sd/-  
**BANDI MOHAN KRISHNA**  
Director  
DIN: 03053172

Place: Hyderabad  
Date: 15th June, 2020

### 1.23 Sale of goods

The company has not started commercial operations

### 1.24 Auditors Remuneration

Amount in INR

| Particulars                                | For the year ended 31 March 2020 |
|--|----------------------------------|
| a) Audit Fee                               | 25,000                           |
| b) Other charges                           | -                                |
| Taxation matters                           | -                                |
| Other matters                              | -                                |
| c) Reimbursement of out of pocket expenses | -                                |
| <b>Total</b>                               | <b>25,000</b>                    |

### 1.25 Earnings per Share

Amount in INR

| Particulars  | For the year ended 31 March 2020 |
|--|----------------------------------|
| <b>Earnings</b>  |                                  |
| Profit attributable to equity holders  | -1,00,000                        |
| <b>Shares</b>  |                                  |
| Number of shares at the beginning of the year  | -                                |
| Add: Equity shares issued  | 10,000                           |
| Less: Buy back of equity shares  | -                                |
| Total number of equity shares outstanding at the end of the year   | 10,000                           |
| <b>Weighted average number of equity shares outstanding during the year – Basic</b>  | <b>10,000</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 | -                                |
| Weighted average number of equity shares outstanding during the year – Diluted   | 10,000                           |
| <b>Earnings per share of par value Rs.10/- – Basic (Rs)</b>  | <b>-10.00</b>                    |
| <b>Earnings per share of par value Rs.10/- – Diluted (Rs)</b>  | <b>-10.00</b>                    |

### 1.26 Related Parties

#### List of Holding Companies

CCL Products (India) Limited., India

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, members of the Company’s Management Council and Company Secretary are considered as Key Management Personnel. List of Key Management Personnel of the Company is as below:

- Mr. Challa Srishant, Director
- Mr. B. Mohan Krishna, Director.



The following is a summary of significant related party transactions:

Amount in INR

| Particulars                          | For the year ended<br>31st March 2020 |
|--------------------------------------|---------------------------------------|
| <b>a) Key managerial personnel</b>   |                                       |
| <b>Remuneration &amp; Commission</b> |                                       |
| Mr. Challa Srishant                  | Nil                                   |
| Mr. B. Mohan Krishna,                | Nil                                   |
| <b>Total</b>                         | <b>Nil</b>                            |

#### 1.27 Earnings/expenditure in foreign currency:

Expenditure in Foreign currency:

Amount in INR

| Particulars          | For the year ended<br>31st March 2020 |
|----------------------|---------------------------------------|
| Purchase of Material | Nil                                   |
| Professional Fees    | Nil                                   |
| Other expenses       | Nil                                   |
| <b>Total</b>         | <b>Nil</b>                            |

Earnings in Foreign currency:

| Particulars          | For the year ended<br>31st March 2020 |
|----------------------|---------------------------------------|
| FOB Value of Exports | Nil                                   |
| Dividend             | Nil                                   |
| <b>Total</b>         | <b>Nil</b>                            |

#### 1.28 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.

#### 1.29 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

**(i) Property, plant & Equipment:**

The Company has not elected to measure any item of property, plant and equipment at its fair value at the Transition Date; property, plant and equipment have been measured at cost in accordance with Ind AS.

**(ii) Investments in equity securities**

The fair value of marketable equity is determined by reference to their quoted market price at the reporting date.

**1.30 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:

**Amount in INR**

| Particulars  | For the year ended 31st march<br>2020 |
|--|---------------------------------------|
| Current Taxes Expense<br>Deferred Taxes Expense<br>Deferred Taxes Expense/(benefit)                            | Nil                                   |
| Deferred Taxes Benefit<br>Total Income Tax Expense/(Benefit) Recognized in the<br>Statement of Profit and Loss | Nil<br>Nil                            |

**b. Reconciliation of Effective Tax Rate:**

**Amount in INR**

| Particulars   | 31.03.2020 |
|---|------------|
| Profit Before Income Taxes  | -1,00,000  |
| Enacted Tax Rate in India   | 25.17%     |
| Computed Expected Tax Benefit/(Expense)   | Nil        |
| Effect of:  |            |
| Differences between Indian and foreign tax rates  | -          |
| Impairment of product related intangibles and goodwill<br>(Unrecognized deferred tax assets) / recognition of previously<br>unrecognized deferred tax assets, net | -          |
| Expenses not deductible for tax purposes  | -          |
| Share-based payment expense   | -          |
| Income exempt from income taxes   | -          |
| Foreign exchange differences  | -          |
| Incremental deduction allowed for research and development costs  | -          |
| Deferred tax expense on undistributed earnings of subsidiary outside India  | -          |
| Current taxes on undistributed earnings of subsidiary outside India   | -          |
| Effect of change in tax laws and rate   | -          |
| Investment allowance deduction  | -          |
| Earlier Years' tax Provision -(reversal)/provided)  | -          |
| Others  | -          |
| Income Tax Benefit/(Expense)  | -          |
| Effective Tax Rate  | -          |

**c. Deferred Tax Assets & Liabilities:**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Amount in INR

| Particulars  | For the year ended 31st march 2020 |
|--|------------------------------------|
| Opening Balance (Deferred Tax Asset) 31.03.2019          | Nil                                |
| Add: Expenses disallowed as per the Income Tax Act, 1961 |                                    |
| Less: Previous year expenses now allowed                 |                                    |
| Add: Depreciation & Amortization                         | -                                  |
| Net Deferred Tax Assets as at 31.03.2020                 | Nil                                |

**1.31 Financial Instruments:**

Amount in INR

| Particulars                 | Carrying Value<br>Mar'20 | Fair value<br>Mar'20 |
|-----------------------------|--------------------------|----------------------|
| Trade Receivables           | -                        | -                    |
| Other Financial Assets      | 18,42,49,516             | 18,42,49,516         |
| Cash and cash equivalents   | 16,66,136                | 16,66,136            |
| <b>Total</b>                | <b>18,59,15,652</b>      | <b>18,59,15,652</b>  |
| Borrowings                  | 30,00,00,000             | 30,00,00,000         |
| Trade payables              | -                        | -                    |
| Other financial liabilities | 3,69,560                 | 3,69,560             |
| <b>Total</b>                | <b>30,03,69,560</b>      | <b>30,03,69,560</b>  |

## 2.5 Other Non Current Assets and Current Assets

|   | <b>31.03.2020</b> |
|---|-------------------|
| <b>a) Cash and Cash equivalents</b>                 |                   |
| i) Cash on hand                                     | -                 |
| ii) Balances with banks                             |                   |
| - Current Accounts                                  | 16,66,136         |
| <b>b) Other Bank Balances (with restricted use)</b> |                   |
| (i) Margin Money Deposit Accounts                   | -                 |
| (ii) Unclaimed Dividend Account                     | -                 |
| (iii) Dividend Account                              | -                 |
| Interest accrued but not due on deposits            | -                 |
|   | <b>16,66,136</b>  |

## 2.2 Other Financial Assets

|   | <b>31.03.2020</b>   |
|---|---------------------|
| Rental Deposits                         |                     |
| Electricity and Other Security Deposits |                     |
| Other Receivables                       | 18,42,49,516        |
| Tender Deposit                          | -                   |
|   | <b>18,42,49,516</b> |

## 2.3 Other Non Current Assets and Current Assets

|                                       | <b>31.03.2020</b>  |
|---------------------------------------|--------------------|
| Deposits with Statutory authorities   |                    |
| Advances to Employees                 | -                  |
| Prepaid Expenses                      | -                  |
| Input tax and other taxes receivables | -                  |
| Advance to Creditors                  | -                  |
| Advances for Capital goods/services   | 8,90,52,587        |
|                                       | <b>8,90,52,587</b> |

## 2.4 Share Capital

|   | <b>31/03/20</b> |
|---|-----------------|
| <b>Authorized Share Capital</b>                           |                 |
| 100000 Equity Shares of Rs.10 each                        | 10,00,000       |
| <b>Issued Subscribed and Paid up Share Capital</b>        |                 |
| 10,000 Equity Shares of Rs.10 each, fully paid up         | 1,00,000        |
|   | <b>1,00,000</b> |
| Details of shareholders holding more than 5% shares :     |                 |
| 1. CCL Products (India) Ltd. - 9999 Shares @ Rs.10/- each |                 |
| 2. Mr. Challa Srishant --1 Share @ Rs.10/- Each           |                 |
| (Registered owner on behalf of the beneficial owner       |                 |
| M/s.CCL Products (India) Limited)                         |                 |

#### 2.4.1 Reconciliation of Number of Shares :

|  | 31/03/20      |
|--|---------------|
| Number of Shares at the beginning of the year<br>Add : Shares issued during the year | 10,000        |
| <b>Number of Shares at the end of the year</b>                                       | <b>10,000</b> |

#### 2.5 Other Equity

|  | 31/03/20         |
|--|------------------|
| Retained Earnings<br>Opening Balance<br>Add: Current year Transfer   | -1,00,000        |
| <b>Total</b>   | <b>-1,00,000</b> |
| <b>General Reserve</b>   |                  |
| Opening Balance<br>Add: Current year Transfer<br>Less: Written Back in Current year                                    |                  |
| <b>Total</b>   |                  |
| Actuarial Gains or Losses (OCI)<br>Opening Balance<br>Add: Current year Transfer<br>Less: Written Back in Current year |                  |
| <b>Total</b>   |                  |
| Measurement of Derivative instrument at fair value (OCI)<br>Opening Balance<br>Add: Current year Transfer              |                  |
| <b>Total</b>   |                  |
| <b>Total Other Equity</b>  | <b>-1,00,000</b> |

#### 2.6 Borrowings

|   | 31/03/20            |
|---|---------------------|
| Secured Borrowings:<br>Term loans from Banks<br>CITI Bank Term loan | 30,00,00,000        |
|   | <b>30,00,00,000</b> |

Note:-

Term loan from CITI Bank, N.A of Rs.45 Crs carrying interest rate of 3months T bill +1.70% pa repayable in 6 years including 2 years of moratorium and repayable in 8 Half Yearly installments. Security:- 1. Corporate Guarantee From CCL Products (India) Limited 2. Exclusive charge on all present and future fixed assets situated at Kuvvakolli (village), Varadiahpalem (Mandal), Chittoor District, AP.

## 2.7 Other financial liabilities

|  | <b>31/03/20</b> |
|--|-----------------|
| Creditors For Capital goods                | 3,69,560        |
| Unpaid dividends                           |                 |
| Dividend Payable                           |                 |
| Interest accrued but not due on borrowings |                 |
| Current Maturities of Long Term Borrowings |                 |
| Derivative Financial Liability             |                 |
| Other Payables                             |                 |
|  | <b>3,69,560</b> |

## 2.8 Other Non Current Liabilities & Current liabilities

| <b>Particulars</b>                  | <b>31/03/20</b> |
|-------------------------------------|-----------------|
| Salaries and employee benefits      | 75,000          |
| Withholding and other taxes payable | 3,665           |
| Audit Fees Payable                  | 25,000          |
| Others                              |                 |
|                                     | <b>1,03,665</b> |

### 2.9 Revenue from operations

|  | 31.03.2020 |
|--|------------|
| <b>Revenue from :</b><br>Sale of Products - Coffee |            |
| Revenue from operations                            | -          |

### 2.91 Other income

|   | 31.03.2020 |
|---|------------|
| <b>Interest on Deposits</b><br>Dividend Income on long-term investments | -          |

### 2.92 Cost of materials consumed

|                                  | 31.03.2020 |
|----------------------------------|------------|
| <b>Raw Material</b><br>Purchases | -          |
| Add: Opening Stock               | -          |
| Less: Closing Stock              | -          |
|                                  | -          |

### 2.93 Changes in inventories

|                                    | 31.03.2020 |
|------------------------------------|------------|
| <b>Work-in-progress</b><br>Opening | -          |
| Closing                            | -          |
| <b>Finished goods</b><br>Opening   | -          |
| Closing                            | -          |

### 2.94 Employee benefits expense

|   | 31.03.2020    |
|---|---------------|
| Salaries, Wages and Bonus                 | 75,000        |
| Directors' Remuneration                   | -             |
| Contribution to provident and other funds | -             |
| Staff welfare                             | -             |
|   | <b>75,000</b> |

### 2.95 Finance costs

|                                   | <b>31.03.2020</b> |
|-----------------------------------|-------------------|
| Interest on Working Capital Loans | -                 |
| Less: Forward contract Premium    | -                 |
| Interest on Term Loans            | -                 |
| Other borrowing costs             | -                 |
|                                   | -                 |

### 2.96 Other expenses

|                        | <b>31.03.2020</b> |
|------------------------|-------------------|
| Auditor's Remuneration | 25,000            |
| Miscellaneous expenses | -                 |
|                        | <b>25,000</b>     |

For NSVR & Associates LLP. ,  
Chartered Accountants  
Firm Reg. No.008801S/S200060

For CCL BEVERAGES PRIVATE LIMITED

Sd/-  
**R. Srinivasu**  
Partner  
Membership No.224033  
UDIN:20224033AAAAIJ7227

Sd/-  
**CHALLA SRISHANT**  
Director  
DIN:00016035

Sd/-  
**BANDI MOHAN KRISHNA**  
Director  
DIN: 03053172

Place: Hyderabad  
Date : 15th June, 2020



**PROVISIONAL BALANCE SHEET AS AT 31<sup>st</sup> DECEMBER, 2020**

|  | Note No. | Un Audited<br>As on 31/12/20 | Audited<br>As on 31/03/20 |
|--|----------|------------------------------|---------------------------|
| <b>ASSETS</b>                                  |          |                              |                           |
| <b>Non-current assets</b>                      |          |                              |                           |
| Property plant and Equipment                   |          | -                            | -                         |
| Capital Work Inprogress                        |          | 10,28,94,414                 | 2,55,04,986               |
| Intangible assets                              |          | -                            | -                         |
| Financial assets                               |          |                              |                           |
| Investments                                    |          | -                            | -                         |
| Other financial assets                         |          | -                            | -                         |
| Other non current assets                       |          | -                            | -                         |
|  |          | <b>10,28,94,414</b>          | <b>2,55,04,986</b>        |
| <b>Current assets</b>                          |          |                              |                           |
| Inventories                                    |          | -                            | -                         |
| Financial assets                               |          |                              |                           |
| Trade receivables                              |          | -                            | -                         |
| Cash and cash equivalent                       | 2.1      | 27,92,841                    | 16,66,136                 |
| Other financial assets                         | 2.2      | 34,40,70,230                 | 18,42,49,516              |
| Other current assets                           | 2.3      | 3,64,323                     | 8,90,52,587               |
|  |          | <b>34,72,27,394</b>          | <b>27,49,68,239</b>       |
| <b>TOTAL ASSETS</b>                            |          | <b>45,01,21,808</b>          | <b>30,04,73,225</b>       |
| <b>EQUITY AND LIABILITIES</b>                  |          |                              |                           |
| <b>Equity</b>                                  |          |                              |                           |
| Equity Share Capital                           | 2.4      | 1,00,000                     | 1,00,000                  |
| Other Equity                                   | 2.5      | -1,00,000                    | -1,00,000                 |
|  |          | -                            | -                         |
| <b>Liabilities</b>                             |          |                              |                           |
| <b>Non-current liabilities</b>                 |          |                              |                           |
| Financial Liabilities                          |          |                              |                           |
| Borrowings                                     | 2.6      | 45,00,00,000                 | 30,00,00,000              |
| Other Financial Liability                      |          |                              |                           |
| Deferred tax liabilities (net)                 |          | -                            | -                         |
|  |          | <b>45,00,00,000</b>          | <b>30,00,00,000</b>       |
| <b>Current liabilities</b>                     |          |                              |                           |
| Financial Liabilities                          |          |                              |                           |
| Borrowings                                     |          |                              |                           |
| Trade payables                                 |          |                              |                           |
| (a) Total outstandings dues of MSME            |          | -                            | -                         |
| (b) Total outstandings dues of other than MSME |          | -                            | -                         |
| Other financial liabilities                    | 2.7      | -                            | 3,69,560                  |
| Provisions                                     |          | -                            | -                         |
| Other current liabilities                      | 2.8      | 1,21,808                     | 1,03,665                  |
|  |          | <b>1,21,808</b>              | <b>4,73,225</b>           |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |          | <b>45,01,21,808</b>          | <b>30,04,73,225</b>       |

**For. CCL BEVERAGES PRIVATE LIMITED**

Sd/-  
**CHALLA SRISHANT**  
Director  
DIN:00016035

Sd/-  
**BANDI MOHAN KRISHNA**  
Director  
DIN:03053172

Place : Hyderabad  
Date : 6<sup>th</sup> March, 2021

**PROVISIONAL PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2020**

|   | Note No. | Un Audited As on 31/12/20 | Audited As on 31/03/20 |
|---|----------|---------------------------|------------------------|
| <b>1 Income</b>   |          |                           |                        |
| Revenue from operations   | 2.90     |                           | -                      |
| Other income  | 2.91     | -                         | -                      |
| <b>Total Revenue</b>  |          | -                         | -                      |
| <b>2 Expenses</b>   |          |                           |                        |
| Consumption of Raw Materials  | 2.92     | -                         | -                      |
| Changes in inventories  | 2.93     | -                         | -                      |
| Employee benefits expense   | 2.94     | -                         | 75,000                 |
| Finance costs   | 2.95     | -                         | -                      |
| Depreciation and amortization expense                               |          | -                         | -                      |
| Other expenses  | 2.96     | -                         | 25,000                 |
| <b>Total Expenses</b>   |          | -                         | 1,00,000               |
| <b>3 Profit before tax</b>  |          | -                         | <b>-1,00,000</b>       |
| <b>4 Tax expense</b>  |          |                           |                        |
| (1) Current tax   |          | -                         | -                      |
| (2) Deferred tax  |          | -                         | -                      |
| <b>5 Profit for the year</b>  |          | -                         | <b>-1,00,000</b>       |
| <b>6 Other comprehensive income (OCI)</b>                           |          |                           |                        |
| a) (i) Items that will not be reclassified to profit or loss        |          |                           |                        |
| (ii) Tax on items that will not be reclassified to profit or loss   |          | -                         | -                      |
| b) (i) Items that will be reclassified to profit or loss            |          | -                         | -                      |
| (ii) Income Tax on items that may be reclassified to profit or loss |          |                           |                        |
|   |          | -                         | -                      |
| <b>Total other comprehensive income</b>                             |          | -                         | -                      |
| <b>Total comprehensive income for the year ( 5 + 6 )</b>            |          | -                         | <b>-1,00,000</b>       |
| Earnings per share  |          |                           |                        |
| Basic earnings per share of Rs.10/-each                             |          | -                         | -10.00                 |
| Diluted earnings per share of Rs.10/- each                          |          | -                         | -10.00                 |

For. CCL BEVERAGES PRIVATE LIMITED

Sd/-  
**CHALLA SRISHANT**  
 Director  
 DIN:00016035

Sd/-  
**BANDI MOHAN KRISHNA**  
 Director  
 DIN:03053172

Place : Hyderabad  
 Date : 6<sup>th</sup> March, 2021

**PROVISIONAL CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020**

|  | Un Audited<br>As at 31.12.2020 | Audited<br>As at 31.3.2020 |
|--|--------------------------------|----------------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>                  |                                |                            |
| Net profit before taxation, and extraordinary items              | -                              | (1,00,000)                 |
| Adjusted for :   |                                |                            |
| Interest debited to P&L A/c                                      | -                              | -                          |
| Depreciation   | -                              | -                          |
| Operating profits before working capital changes                 | -                              | <b>(1,00,000)</b>          |
| <b>Changes in current assets and liabilities</b>                 |                                |                            |
| Inventories  | -                              | -                          |
| Trade Receivables  | -                              | -                          |
| Loans  | -                              | -                          |
| Other Current assets   | 8,86,88,264                    | (8,90,52,587)              |
| Trade Payables   | -                              | -                          |
| Other Financial Liabilities                                      | (3,69,560)                     | 3,69,560                   |
| Other Current Liabilities  | 18,143                         | 1,03,665                   |
| Other Current Financial Assets                                   | (15,98,20,714)                 | (18,42,49,516)             |
| Cash generated from operations                                   | (7,14,83,867)                  | (27,29,28,878)             |
| Income tax paid  | -                              | -                          |
| Net cash generated from operating activities                     | <b>(7,14,83,867)</b>           | <b>(27,29,28,878)</b>      |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>                  |                                |                            |
| Capital Work in Progress   | (7,73,89,428)                  | (2,55,04,986)              |
| Sale of Fixed Assets   |                                |                            |
| Long Term Loans and advances                                     |                                |                            |
| Net cash used in investing activities                            | <b>(7,73,89,428)</b>           | <b>(2,55,04,986)</b>       |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>                  |                                |                            |
| Secured and Unsecured Loans                                      |                                |                            |
| <b>Borrowings</b>  | <b>15,00,00,000</b>            | <b>30,00,00,000</b>        |
| Interest paid  | -                              | -                          |
| Changes in Non Current Liabilities                               | -                              | -                          |
| Increase in share Capital  | -                              | 1,00,000                   |
| Net cash generated in financing activities                       | <b>15,00,00,000</b>            | <b>30,01,00,000</b>        |
| <b>D. Net increase / (decrease) in cash and cash equivalents</b> | 11,26,705                      | 16,66,136                  |
| <b>E. Cash and cash equivalents at the beginning of the year</b> | 16,66,136                      | -                          |
| <b>F. Cash and cash equivalents at the end of the year</b>       | <b>27,92,841</b>               | <b>16,66,136</b>           |

**For. CCL BEVERAGES PRIVATE LIMITED**

Place : Hyderabad  
Date : 6<sup>th</sup> March, 2021

Sd/-  
**CHALLA SRISHANT**  
Director  
DIN:00016035

Sd/-  
**BANDI MOHAN KRISHNA**  
Director  
DIN:03053172

## 2.1 Cash and Cash Equivalents

|   | 31.12.2020       | 31.03.2020       |
|---|------------------|------------------|
| <b>a) Cash and Cash equivalents</b>                 |                  |                  |
| i) Cash on hand                                     | -                | -                |
| ii) Balances with banks                             |                  |                  |
| - Current Accounts                                  | 27,92,841        | 16,66,136        |
| <b>b) Other Bank Balances (with restricted use)</b> |                  |                  |
| (i) Margin Money Deposit Accounts                   | -                | -                |
| (ii) Unclaimed Dividend Account                     | -                | -                |
| (iii) Dividend Account                              | -                | -                |
| Interest accrued but not due on deposits            | -                | -                |
|   | <b>27,92,841</b> | <b>16,66,136</b> |

## 2.2 Other Financial Assets

|   | 31.12.2020          | 31.03.2020          |
|---|---------------------|---------------------|
| Rental Deposits                         |                     |                     |
| Electricity and Other Security Deposits |                     |                     |
| Other Receivables                       | 34,40,70,230        | 18,42,49,516        |
| Tender Deposit                          | -                   | -                   |
|   | <b>34,40,70,230</b> | <b>18,42,49,516</b> |

Note:

## 2.3 Other Non Current Assets and Current Assets

|                                       | 31.12.2020      | 31.03.2020         |
|---------------------------------------|-----------------|--------------------|
| Deposits with Statutory authorities   |                 |                    |
| Advances to Employees                 | -               | -                  |
| Prepaid Expenses                      | -               | -                  |
| Input tax and other taxes receivables | -               | -                  |
| Advance to Creditors                  | -               | -                  |
| Advances for Capital goods/services   | 3,64,323        | 8,90,52,587        |
|                                       | <b>3,64,323</b> | <b>8,90,52,587</b> |

## 2.4 Share Capital

|  | 31.12.2020      | 31.03.2020      |
|--|-----------------|-----------------|
| <b>Authorized Share Capital</b>                    |                 |                 |
| 100000 Equity Shares of Rs.10 each                 | 10,00,000       | 10,00,000       |
| <b>Issued Subscribed and Paid up Share Capital</b> |                 |                 |
| 10,000 Equity Shares of Rs.10 each, fully paid up  | 1,00,000        | 1,00,000        |
|  | <b>1,00,000</b> | <b>1,00,000</b> |

### 2.4.1 Reconciliation of Number of Shares :

|  | 31.12.2020    | 31.03.2020    |
|--|---------------|---------------|
| Number of Shares at the beginning of the year  |               |               |
| Add : Shares issued during the year            | 10,000        | 10,000        |
| <b>Number of Shares at the end of the year</b> | <b>10,000</b> | <b>10,000</b> |

## 2.5 Other Equity

|  | 31/12/20         | 31/03/20         |
|--|------------------|------------------|
| Retained Earnings  |                  |                  |
| Opening Balance  |                  |                  |
| Add: Current year Transfer                               | -1,00,000        | -1,00,000        |
| <b>Total</b>   | <b>-1,00,000</b> | <b>-1,00,000</b> |
| General Reserve  |                  |                  |
| Opening Balance  |                  |                  |
| Add: Current year Transfer                               |                  |                  |
| Less: Written Back in Current year                       |                  |                  |
| <b>Total</b>   |                  |                  |
| Acturial Gains or Losses (OCI)                           |                  |                  |
| Opening Balance  |                  |                  |
| Add: Current year Transfer                               |                  |                  |
| Less: Written Back in Current year                       |                  |                  |
| <b>Total</b>   |                  |                  |
| Measurement of Derivative instrument at fair value (OCI) |                  |                  |
| Opening Balance  |                  |                  |
| Add: Current year Transfer                               |                  |                  |
| <b>Total</b>   |                  |                  |
| <b>Total Other Equity</b>                                | <b>-1,00,000</b> | <b>-1,00,000</b> |

## 2.6 Borrowings

|                       | 31/12/20            | 31/03/20            |
|-----------------------|---------------------|---------------------|
| Secured Borrowings:   |                     |                     |
| Term loans from Banks |                     |                     |
| CITI Bank Term loan   | 45,00,00,000        | 30,00,00,000        |
|                       | <b>45,00,00,000</b> | <b>30,00,00,000</b> |

## 2.7 Other financial liabilities

|  | 31/12/20 | 31/03/20        |
|--|----------|-----------------|
| Creditors For Capital goods                | -        | 3,69,560        |
| Unpaid dividends                           |          |                 |
| Dividend Payable                           |          |                 |
| Interest accrued but not due on borrowings |          |                 |
| Current Maturities of Long Term Borrowings |          |                 |
| Derivative Financial Liability             |          |                 |
| Other Payables                             |          |                 |
|  | -        | <b>3,69,560</b> |

## 2.8 Other Non Current Liabilities & Current liabilities

| Particulars                         | 31/12/20        | 31/03/20        |
|-------------------------------------|-----------------|-----------------|
| Salaries and employee benefits      | 75,000          | 75,000          |
| Withholding and other taxes payable | 21,808          | 3,665           |
| Audit Fees Payable                  | 25,000          | 25,000          |
| Others                              |                 |                 |
|                                     | <b>1,21,808</b> | <b>1,03,665</b> |

For. CCL BEVERAGES PRIVATE LIMITED

Sd/-  
**CHALLA SRISHANT**  
 Director  
 DIN:00016035

Sd/-  
**BANDI MOHAN KRISHNA**  
 Director  
 DIN:03053172

Date : 06.03.2021  
 Place : Hyderabad

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF CCL PRODUCTS (INDIA) LIMITED, AT ITS MEETING HELD ON TUESDAY, 20TH DAY OF OCTOBER, 2020 AT 11: 30 A.M. AT THE CORPORATE OFFICE OF THE COMPANY SITUATED AT 7-1-24/2/D, GREENDALE, AMEERPET -500016.

**PRESENT:**

|                              |   |                     |
|------------------------------|---|---------------------|
| CHALLA RAJENDRA PRASAD       | : | Chairman            |
| CHALLA SRISHANT              | : | Managing Director   |
| VIPIN KUMAR SINGAL           | : | Director            |
| CHALLA SHANTHA PRASAD        | : | Director            |
| KULSOOM NOOR SAIFULLAH       | : | Director            |
| CHANDRAHAS KATA              | : | Director            |
| BANDI MOHAN KRISHNA          | : | Whole Time Director |
| KONDAMUDU KASYAP SARMA       | : | Director            |
| VENKATA KRISHNA RAU GOGINENI | : | Director            |
| KRISHNANAND LANKA            | : | Director            |
| DURGA PRASAD KODE            | : | Director            |
| VEERAYYA CHOWDARY KOSARAJU   | : | Director            |

**BACKGROUND:**

1. A Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors ("Scheme"), was approved by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Company on 20.10.2020 for the purpose of amalgamation of CCL Beverages Private Limited with CCL Products (India) Limited (Transferee Company) on a going concern basis with effect from 01.04.2020 (First Day of April, Two Thousand and Twenty), being the Appointed Date.
2. This report is being adopted pursuant to the requirement of section 232(2) (c) of the Companies Act, 2013, for circulating to the equity shareholders / Creditors and Stakeholders of the Company. This report explains the effect of the Scheme of Amalgamation on equity shareholders, key managerial personnel, promoters, non-promoter shareholders and other stake holders.
3. The Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors ("Scheme"), was approved by the Board of Directors of the Company after taking into consideration the rationale of the Scheme and the certificate issued by the Statutory Auditors of the Company to the effect that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

**4. RATIONALE, OBJECTIVE, PURPOSE AND BENEFITS OF THE SCHEME TO THE COMPANY AND ITS STAKEHOLDERS**

The Transferee Company is holding the entire stake in the Transferor Company. The Transferor Company i.e. CCL Beverages Private Limited was incorporated in the year 2019 and was made a wholly owned subsidiary of the Transferee Company in order to implement agglomeration and packing project at Kuvvakolli Village through its Spray Dried Coffee Plant to cater to the increased demand in international markets. However, the Board of Directors of the Transferee Company thought fit and decided to implement the said project under the Transferee Company itself and hence the amalgamation of the Transferor Company with the Transferee Company is being undertaken. The amalgamation of the Transferor Company with the Transferee Company would inter-alia have the following benefits:

1. The amalgamation will enable appropriate consolidation of activities of Transferor Company and Transferee Company with pooling and more efficient utilization of their resources, greater economies of scale, reduction in overheads and other expenses and improvement in various operating parameters.
2. To achieve consolidation, greater integration and flexibility which will maximize overall shareholder value and improve the competitive position of the combined entity.
3. To achieve greater efficiency in cash management and unfettered access to cash flows generated by the combined entity which can be deployed more effectively to fund organic and inorganic growth opportunities.
4. Improved organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
5. Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business process, elimination of duplication and rationalization of administrative expenses.
6. The amalgamation will result in reduction of multiplicity of entities, thereby reducing compliance cost of multiple entities viz., statutory filings, regulatory compliances, labour law/ establishment related compliances.

**5. REPORT OF THE BOARD OF DIRECTORS :**

- a. Based on review of the Scheme/Documents, the Board is of the view that the Scheme is fair and reasonable.
- b. The Scheme of Amalgamation, if approved by the appropriate authorities and the Hon'ble Tribunal, shall not have any adverse impact or effect on Equity Shareholders, Key Managerial Personnel (KMP), Directors, Promoters, Non-Promoter Members, Creditors, whether secured or unsecured, employees of Transferee Company and / or Transferor Company.
- c. Further, it is noted that since the present Scheme of Amalgamation does not contemplate any issue of shares, the Exchange ratio is not applicable in the instant case.

In the opinion of the Board, the said Scheme will be beneficial to the Company, its shareholders, creditors and other stakeholders and the terms thereof are fair and reasonable.

The Board has adopted this Report after considering the information set out herein. The Board or any duly authorised committee or official(s) authorised by it is entitled to make relevant modifications to this Report, if required, and such modifications shall be deemed to form part of this Report.

FOR CCL PRODUCTS (INDIA) LIMITED

Sd/-  
Challa Srishant  
Managing Director  
(DIN: 00016035)



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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF CCL BEVERAGES PRIVATE LIMITED, AT ITS MEETING HELD ON TUESDAY, 20TH DAY OF OCTOBER, 2020 AT 05: 30 P.M. AT 7-1-24/2/D, GREENDALE, AMEERPET -500016.

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**PRESENT:**

CHALLA SRISHANT : Director (in the Chair)  
BANDI MOHAN KRISHNA : Director

**BACKGROUND:**

1. A Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors ("Scheme"), was approved by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Company on 20.10.2020 for the purpose of amalgamation of CCL Beverages Private Limited with CCL Products (India) Limited (Transferee Company) on a going concern basis with effect from 01.04.2020 (First Day of April, Two Thousand and Twenty), being the Appointed Date.
2. This report is being adopted pursuant to the requirement of section 232(2) (c) of the Companies Act, 2013, for circulating to the equity shareholders / Creditors and Stakeholders of the Company. This report explains the effect of the Scheme of Amalgamation on equity shareholders, key managerial personnel, promoters, non-promoter shareholders and other stake holders.
3. The Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors ("Scheme"), was approved by the Board of Directors of the Company after taking into consideration the rationale of the Scheme and the certificate issued by the Statutory Auditors of the Company to the effect that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

**4. RATIONALE, OBJECTIVE, PURPOSE AND BENEFITS OF THE SCHEME TO THE COMPANY AND ITS STAKEHOLDERS**

The Transferee Company is holding the entire stake in the Transferor Company. The Transferor Company i.e. CCL Beverages Private Limited was incorporated in the year 2019 and was made a wholly owned subsidiary of the Transferee Company in order to implement agglomeration and packing project at Kuvvakolli Village through its Spray Dried Coffee Plant to cater to the increased demand in international markets. However, the Board of Directors of the Transferee Company thought fit and decided to implement the said project under the Transferee Company itself and hence the amalgamation of the Transferor Company with the Transferee Company is being undertaken. The amalgamation of the Transferor Company with the Transferee Company would inter-alia have the following benefits:

- a. The amalgamation will enable appropriate consolidation of activities of Transferor Company and Transferee Company with pooling and more efficient utilization of their resources, greater economies of scale, reduction in overheads and other expenses and improvement in various operating parameters.
- b. To achieve consolidation, greater integration and flexibility which will maximize overall shareholder value and improve the competitive position of the combined entity.
- c. To achieve greater efficiency in cash management and unfettered access to cash flows generated by the combined entity which can be deployed more effectively to fund organic and inorganic growth opportunities.

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- d. Improved organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
  - e. Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business process, elimination of duplication and rationalization of administrative expenses.
  - f. The amalgamation will result in reduction of multiplicity of entities, thereby reducing compliance cost of multiple entities viz., statutory filings, regulatory compliances, labour law/ establishment related compliances.

**5. REPORT OF THE BOARD OF DIRECTORS :**

- a. Based on review of the Scheme/Documents, the Board is of the view that the Scheme is fair and reasonable.
- b. The Scheme of Amalgamation, if approved by the appropriate authorities and the Hon'ble Tribunal, shall not have any adverse impact or effect on Equity Shareholders, Key Managerial Personnel (KMP), Directors, Promoters, Non-Promoter Members, Creditors, whether secured or unsecured, employees of Transferee Company and / or Transferor Company.
- c. Further, it is noted that since the present Scheme of Amalgamation does not contemplate any issue of shares, the Exchange ratio is not applicable in the instant case.

In the opinion of the Board, the said Scheme will be beneficial to the Company, its shareholders, creditors and other stakeholders and the terms thereof are fair and reasonable.

The Board has adopted this Report after considering the information set out herein. The Board or any duly authorised committee or official(s) authorised by it is entitled to make relevant modifications to this Report, if required, and such modifications shall be deemed to form part of this Report.

FOR CCL BEVERAGES PRIVATE LIMITED

Sd/-  
Bandi Mohan Krishna  
Director  
(DIN: 03053172)



**Ramanatham & Rao**  
Chartered Accountants

P. B. No. 2102, Flat # 302, Kala Mansion,  
Sarojini Devi Road, Secunderabad - 500 003  
E-mail : ramanathamand Rao@gmail.com  
Phone : 27814147, 27849305, Fax : 27840307

To

The Board of Directors,  
CCL Products (India) Limited  
Duggirala,  
Guntur - 522330  
Andhra Pradesh

**Auditors Certificate**

We, the Statutory Auditors of M/s CCL Products (India) Limited have examined the accounting treatment of the scheme of Amalgamation of M/s CCL Beverages Private Limited (Transferor Company) with CCL Products (India) Limited (Transferee Company) pursuant to the provisions of Section 230 to 232 of the Companies Act, 2013, as amended from time to time and subject to the Rules laid there under.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatments are in accordance with the applicable Accounting Standards notified by the Central Government under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended from time to time read with Generally Accepted Accounting Principles.

For RAMANATHAM & RAO  
CHARTERED ACCOUNTANTS  
FRN: 002934S

(K SREENIVASAN)  
Partner  
ICAI M No. 206421  
UDIN: 20206421AAAAIG1349

Place: Hyderabad  
Date: 30-11-2020





**NSVR & ASSOCIATES LLP.,**  
**CHARTERED ACCOUNTANTS**

To,


The Board of directors,  
**CCL BEVERAGES PRIVATE LIMITED.,**  
Door No/SY No.269/1, Kuvvakolli Village,  
Varadaiahpalem (Mandal),  
Chittoor dist,  
AP 517645 IN.

Auditor's Certificate

We , the statutory auditors of **M/s CCL Beverages Private Limited** have examined the accounting treatment of the scheme of Amalgamation of **M/s CCL Private Limited** with **M/s. CCL Products (India) Limited** pursuant to the of Sec 230 to 233 of the Companies Act,2013, as amended from time to time and subject to the rules laid there under.

Based on our examination and according to the information and explanation given to us, we confirm that the accounting treatments are in accordance with the applicable Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016., the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014.

For **NSVR Associates & LLP**  
(Chartered Accountants)  
FRN No : 008801S/S200060

  
**(R.Srinivasu)**  
Partner  
M.No:224033  
UDIN: 21224033AAAAL6361



Date: 05.01.2021  
Place: Hyderabad.

*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: companysecretary@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 creditor | :  |         |
| 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           |  | Signature |
|    | Address        |  |           |
|    | E-mail Id      |  | Signature |
|    | or failing him |  |           |
| 2. | Name           |  | Signature |
|    | Address        |  |           |
|    | E-mail Id      |  | Signature |
|    | or failing him |  |           |
| 3. | Name           |  | Signature |
|    | Address        |  |           |
|    | E-mail Id      |  | Signature |
|    | or failing him |  |           |

as my / our proxy to attend and vote for me / us and on my / our behalf at the Tribunal Convened Meeting of Equity Shareholders of the company, to be held through video conferencing (“VC”) / other audio visual means (“OAVM”) on Saturday, the 10th day of April, 2021, at 11:00 A.M. (IST)

| SI No. |  |
|--------|--|
| 1.     | Approval of the Scheme of Amalgamation between CCL Beverages Private Limited (Transferor Company) and CCL Products (India) Limited (Transferee Company) and their respective Shareholders and Creditors pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 and rules thereunder. |

Signed this ..... day of \_\_\_\_\_ 2021.

Signature of shareholder :

Signature of Proxy holder(s) :

|                           |
|---------------------------|
| Affix<br>Revenue<br>Stamp |
|---------------------------|

**Note:**

- 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.
- 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.
- 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.
- 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.





