



**CCL PRODUCTS (INDIA) LIMITED**  
**ANNUAL REPORT 2012-13**





**52<sup>nd</sup> ANNUAL GENERAL MEETING**

Saturday 3<sup>rd</sup> August, 2013  
at 11.00 A.M.,  
Duggirala – 522 330  
Guntur Dist.  
Andhra Pradesh  
INDIA

**Contents**

|  | Page No. |
|--|----------|
| ❖ Company Information  | 2        |
| ❖ Notice   | 3        |
| ❖ Directors' Report  | 11       |
| ❖ Report on Management Discussion and Analysis                                       | 14       |
| ❖ Report on Corporate Governance   | 21       |
| ❖ Auditors' Report   | 33       |
| ❖ Balance Sheet  | 38       |
| ❖ Profit & Loss Account  | 39       |
| ❖ Cash Flow Statement  | 40       |
| ❖ Notes to Financial Statements  | 41       |
| ❖ Statement under Section 212 of the Companies Act, 1956                             | 58       |
| <b><u>Consolidated Financial Statements</u></b>                                      |          |
| ❖ Auditors' Report on Consolidated Financial Statements                              | 59       |
| ❖ Consolidated Balance Sheet   | 61       |
| ❖ Consolidated Profit & Loss Account   | 62       |
| ❖ Consolidated Cash Flow Statement   | 63       |
| ❖ Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account | 64       |



## Company Information

### Board of Directors:

Mr. Zafar Saifullah, IAS (Retd.)  
Mr. J. Rambabu, IAS (Retd.)  
Mr. I. J. Rao, IRS (Retd.)  
Mr. K. Chandrahas, IRS (Retd.)  
Mr. Jonathan T. Feuer  
Mr. Vipin K. Singal  
Mr. K. K. Sarma (Additional Director w.e.f. 03.07.2013)  
Mr. B. Mohan Krishna (Additional Director w.e.f. 03.07.2013)  
Mr. Challa Srishant, Executive Director  
Mr. Challa Rajendra Prasad, Chairman & Managing Director

### Chief Financial Officer

Mr. K.V.L.N. Sarma

### Company Secretary & Compliance Officer

Ms. Sridevi Dasari

### Registered Office & Factory:

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

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

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

### Secretarial Auditors :

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

### Auditors

M/s. M. Anandam & Co.,  
Chartered Accountants  
7 'A', Surya Towers  
Sardar Patel Road  
Secunderabad – 500 003, A.P., India.

### Internal Auditors

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

### Bankers

ICICI Bank Ltd  
State Bank of India  
State Bank of Hyderabad  
Kotak Mahindra Bank Ltd

### Board Committees

#### Audit Committee

Mr. K. Chandrahas - Chairman  
Mr. Zafar Saifullah  
Mr. I. J. Rao  
Mr. Vipin K. Singal  
Mr. J. Rambabu

#### Shareholders' / Investors' Grievance Committee

Mr. I. J. Rao - Chairman  
Mr. Zafar Saifullah  
Mr. Vipin K. Singal  
Mr. K. Chandrahas  
Mr. J. Rambabu

#### Remuneration Committee

Mr. I. J. Rao - Chairman  
Mr. Zafar Saifullah  
Mr. Vipin K. Singal  
Mr. K. Chandrahas  
Mr. J. Rambabu



**NOTICE**

Notice is hereby given that the 52<sup>nd</sup> Annual General Meeting of the Company will be held on Saturday, the 03<sup>rd</sup> of August, 2013 at 11.00 A.M., at the Registered Office of the Company situated at Duggirala, Guntur District, Andhra Pradesh- 522 330 to transact the following items of business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31<sup>st</sup> of March, 2013 and the Balance Sheet as on that date together with the Report of the Board of Directors and the Auditors thereon.
2. To declare dividend for the financial year 2012-13.
3. To appoint a Director in place of Mr. Zafar Saifullah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jonathan T Feuer who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. M. Anandam & Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**Special Business:**

**6. To appoint Mr. K. K. Sarma as Director of the Company.**

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

“RESOLVED THAT pursuant to Article 84 of the Company’s Articles of Association and in conformity with the provisions of Section 260 of the Companies Act, 1956, Mr. K. K. Sarma, who was appointed as an Additional Director of the Company by the Board of Directors, and who holds office under the said Article and Section 260 of the Companies Act, 1956, only upto the date of this Annual General Meeting, and in respect of whom, the Company has received a notice in writing along with a deposit of ₹ 500/- under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby elected and appointed as Director of the Company, liable to retire by rotation.”

**7. To appoint Mr. B. Mohan Krishna as Director of the Company.**

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

“RESOLVED THAT pursuant to Article 84 of the Company’s Articles of Association and in conformity with the provisions of Section 260 of the Companies Act, 1956, Mr. B. Mohan Krishna, who was appointed as an Additional Director of the Company by the Board of Directors, and who holds office under the said Article and Section 260 of the Companies Act, 1956, only upto the date of this Annual General Meeting, and in respect of whom, the Company has received a notice in writing along with a deposit of ₹ 500/- under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby elected and appointed as Director of the Company, liable to retire by rotation.”



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

“RESOLVED THAT pursuant to the provisions of Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) or any other law for the time being in force (including any statutory modification or re-enactment thereof) and pursuant to Article No. 53 of the Articles of Association of the Company and subject to such approval(s), permission(s), sanction(s), confirmation(s), as may be required under any law for the time being in force, the consent of the Company be and is hereby accorded for the increase of Authorised share capital from ₹ 20,00,00,000/- (Twenty Crores) to ₹ 30,00,00,000/- (Thirty Crores) and for sub-dividing the equity shares of the Company, including the paid-up shares, such that each existing equity share of the Company of the face value of ₹ 10/- (Rupees Ten) each be sub-divided into Five equity shares of the face value of ₹ 2/- (Rupees Two) each.

“RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association be and is hereby substituted in the manner as set out below:

The Authorised Share Capital of the Company is ₹ 30,00,00,000/- (Rupees Thirty Crores only) divided into 15,00,00,000 (Fifteen Crores only) equity shares of ₹ 2/- (Rupees Two) each.”

“RESOLVED FURTHER THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (“ the Act”) or any other law for the time being in force (including any statutory modification or re-enactment thereof) the Article 5 of the Articles of Association of the Company be and is hereby amended and substituted as:

“The Authorised Share Capital of the Company is ₹ 30,00,00,000/- (Rupees Thirty Crores only) divided into 15,00,00,000 (Fifteen Crores only) equity shares of ₹ 2/- (Rupees Two) each.”

“RESOLVED FURTHER THAT the existing share certificate(s) in relation to the equity share capital held in physical form be cancelled and new share certificate(s) be issued in respect of the equity shares held by the members of the Company consequent upon the sub-division of the equity shares as aforesaid and in case of shares held in the dematerialized form, the sub-divided equity shares be credited to the respective demat accounts of the beneficiaries in lieu of the existing shares held by them.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (“the Board”, which expression shall also include a duly constituted Committee thereof) be and is hereby authorised to do all such acts, deeds and things and to delegate all or any of the powers vested in the Board to any Director(s) or Company Secretary of the Company as may be required to give effect to the above resolution.”

**9. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an “Ordinary Resolution”:**

“RESOLVED THAT pursuant to applicable provisions of the Companies Act, 1956, Article 126 of the Articles of Association of the Company and in accordance with the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“the Regulations”) and subject to such other necessary approvals, permissions and sanctions, as may be required and subject to such terms and modifications as may be specified while according such approvals, the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including powers conferred by this resolution), be and is hereby authorized to capitalize a sum not exceeding ₹ 13,30,27,920/- out of the Company’s General Reserve Account, as per the audited



## CCL PRODUCTS (INDIA) LIMITED

accounts of the Company for the financial year ended March 31, 2013 and that the said amount be transferred to the Share Capital Account and be applied for issue and allotment of equity shares not exceeding 6,65,13,960 of ₹ 2/- each as bonus shares credited as fully paid up, to the eligible members of the Company holding equity shares of ₹ 2/- each whose names appear on the Company's Register of Members on such date ("Record Date") as the Board may determine, in the proportion of one new fully paid equity share of ₹ 2/- for every one equity share of ₹ 2/- held as on the Record Date and that the new bonus shares so issued and allotted shall be treated for all purposes as an increase of the nominal amount of the equity capital of the Company held by each such member and not as income.

"RESOLVED FURTHER THAT:

- (a) the new equity shares of ₹ 2/- each to be issued and allotted as bonus shares shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank pari passu in all respects with and carry the same rights as the existing fully paid up equity shares of the Company;
- (b) the share certificates for bonus shares be delivered to the shareholders who hold the existing equity shares in physical form and the respective beneficiary accounts be credited with the bonus shares, for such shareholders who hold the existing equity shares or opt to receive the bonus shares, in dematerialized form, within the prescribed period."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the bonus shares so allotted on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreement with the Stock Exchanges concerned, the Regulations and other applicable laws and regulations."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the bonus shares without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto and for matters connected herewith or incidental hereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board of Directors of the Company ("the Board", which expression shall also include a duly constituted Committee thereof) be and is hereby authorised to do all such acts, deeds and things and to delegate all or any of the powers vested in the Board to any Director(s) or Company Secretary of the Company as may be required to give effect to the above resolution."

By order of the Board of Directors

Sd/-

**Sridevi Dasari**  
Company Secretary

Place : Hyderabad  
Date : 3<sup>rd</sup> July, 2013



**NOTES FOR MEMBERS:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on poll instead of himself and such proxy need not be a member of the Company.
2. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares will remain closed from Tuesday, 16<sup>th</sup> of July 2013 to Thursday, 18<sup>th</sup> of July, 2013 (both days inclusive).
4. M/s. Venture Capital and Corporate Investments Pvt. Ltd, 12-10-167, Bharat Nagar, Hyderabad - 500 018 is the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
5. We would like to draw your attention to Circular No. CIR/MRD/DP/10/2013 dated 21<sup>st</sup> March, 2013 ("Circular") issued by Securities and Exchange Board of India (SEBI), to all listed companies to update bank details of their shareholders holding shares in demat mode and / or physical form, to enable usage of the electronic mode of remittance i.e ECS, NEFT etc., for distributing dividends and other cash benefits to the shareholders.

The circular further states that in cases where either the Bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code) etc., that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the Bank, Companies or their Registrars and Transfer Agents (RTA) may use physical payment instructions for making cash payments to the investors. Companies shall mandatorily print the Bank account details of the investors on such payment instruments.

As you are aware, payment of dividend and other cash benefits through electronic mode has many advantages like prompt credit, elimination of fraudulent encashment / delay in transit etc.

In case you are holding the Company's shares in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account.

In case you are holding Company's shares in physical form, please inform Company's RTA viz. Venture Capital and Corporate Investments Pvt. Ltd, by enclosing a photocopy of blank cancelled cheque of your bank account.

6. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent/Company.
7. Members holding shares in the dematerialized form are requested to notify any changes with respect to their addresses, email id, ECS mandate and bank details to their Depository Participant.
8. Members holding shares in physical form are informed to furnish their bank account details to the RTA to have printed the same on the dividend warrants so as to avoid any possible fraudulent encashment / misuse of dividend warrants by others.





9. Pursuant to Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payment shall be made from that fund in respect of any such claims.

Members who haven't yet encashed their dividend warrants for the financial year 2005-06 onwards are requested to make their claims to the Company without any further delay.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**

**ITEM NO. 6**

Mr. K. K. Sarma was appointed by the Board of Directors as an Additional Director with effect from 03<sup>rd</sup> July, 2013 under Article 84 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds his office upto the date of this Annual General Meeting. As required by Section 257 of the said Act, a notice along with the requisite deposit of ₹ 500/- has been received from a member signifying his intention to propose Mr. K. K. Sarma, as a candidate for the office of the Director.

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

Considering the qualification and diverse experience of Mr. K. K. Sarma, the Board felt that it will be in the interest of the Company to avail of his services as a Director of the Company.

The resolution as set out in this item of the accompanying notice is accordingly commended for the approval of the members.

None of the Directors of the Company is interested in passing this resolution except Mr. K. K. Sarma.

**ITEM NO. 7**

Mr. B. Mohan Krishna was appointed by the Board of Directors as an Additional Director with effect from 03<sup>rd</sup> July, 2013 under Article 84 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds his office upto the date of this Annual General Meeting. As required by Section 257 of the said Act, a notice along with the requisite deposit of ₹ 500/- has been received from a member signifying his intention to propose Mr. B. Mohan Krishna, as a candidate for the office of the Director.

Mr. B. Mohan Krishna is a Civil Engineering Graduate having more than 10 years of varied experience in the field of implementation of Civil, Mechanical and Electrical Projects.

The resolution as set out in this item of the accompanying notice is accordingly commended for the approval of the members.

None of the Directors of the Company is interested in passing this resolution except Mr. Challa Rajendra Prasad, Mr. Challa Srishant and Mr. B. Mohan Krishna.

**ITEM NO. 8**

The members may note that presently the authorised share capital is ₹ 20,00,00,000 and proposed to increase to ₹ 30,00,00,000 to facilitate further issue of equity shares.



## CCL PRODUCTS (INDIA) LIMITED

As the members are aware, the equity shares of your Company are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited, (BSE) and are also regularly traded on the said Exchanges.

However, as a measure of further improving the liquidity of Company's shares, it is proposed to sub-divide the nominal value and paid up value of the Equity Shares (Authorized/ Subscribed / Issued and Paid-up) of the Company.

The nominal and paid up value of the equity shares of the Company is ₹ 10/- per share and consequent upon the proposed sub-division, it shall be ₹ 2/- per share. This implies that equity share of ₹ 10/- each shall be sub-divided into 5 equity shares of ₹ 2/- each.

The aforesaid increase in Authorised share capital and sub-division would require substitution of existing Capital Clause V of the Memorandum of Association and Article 5 of the Articles of Association of the Company by Clause V and Article 5 detailed in the resolution.

The Managing Director, any other Director or Company Secretary of the Company, in consultation with the Stock Exchange(s), as may be required, shall fix the Record Date for the purpose of ascertaining the list of members whose shares shall be subdivided, as proposed above, and the same shall be notified to the members through appropriate medium.

Pursuant to the provisions of Section 16, Section 31 and Section 94 of the Companies Act, 1956, approval of the members is required for increase of Authorised share capital and sub-division of shares, by way of passing Special Resolution in their General Meeting.

Hence the said resolution is recommended for your approval.

The Directors of the Company are deemed to be concerned or interested in the resolution to the extent of shares held by them and / or their relatives in the Company.

### ITEM NO. 9

Members are aware that the Board of Directors of the Company ("the Board") at its meeting held on 03<sup>rd</sup> July, 2013 has recommended issue of bonus shares in the ratio of 1:1 i.e. one new fully paid up equity share of ₹ 2/- each for every one existing fully paid up equity share of ₹ 2/- each, to the eligible members of the Company as on the Record Date to be fixed by the Board for this purpose. The bonus shares shall be issued pursuant to the applicable provisions of the Companies Act, 1956, Article 126 of the Articles of Association of the Company, the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to such other approvals, if any required, after capitalizing a sum not exceeding ₹ 13,30,27,920/- from the Company's General Reserve Account or such other accounts as are permissible to be utilized for the purpose.

Hence the said resolution is recommended for your approval.

The Directors of the Company are deemed to be concerned or interested in the resolution to the extent of shares held by them and / or their relatives in the Company.

By order of the Board of Directors

Sd/-

**Sridevi Dasari**  
Company Secretary

Place : Hyderabad  
Date : 3<sup>rd</sup> July, 2013



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

|   |   |
|---|---|
| <b>1. Name of the Director</b>              | : <b>Mr. Zafar Saifullah</b>  |
| Date of Birth                               | : 24-04-1936  |
| Occupation                                  | : IAS (Retd.)   |
| Expertise in specific functional areas      | : He is a former Cabinet Secretary, Government of India and has held various other key posts with the Central and State Governments such as Advisor to the Governor of Haryana, Additional Chief Secretary & Development Commissioner, Govt. of Karnataka, Chairman-Mumbai Port Trust, etc, |
| Directorships in other Indian Companies     | : Metrail India (Pvt) Ltd.,<br>Good Earth Mining (Pvt) Ltd.<br>Shankara Pipes (India) Ltd.<br>Carf Pharma Private Ltd.  |
| Committee positions held in other Companies | : -NIL-   |
| Shareholding in the Company                 | : -NIL-   |

**Brief Profile:**

Mr. Zafar Saifullah held various positions in the administrative system of Government of India and various State Governments as an IAS Officer during his tenure of service. Some of the important positions held by him in the past are as under:

- Cabinet Secretary, Government of India
- Special Assistant to Union Minister for Industrial Development
- Advisor to Governor, State of Haryana
- Development Commissioner and Additional Chief Secretary, Government of Karnataka
- Chairman, Mumbai Port Trust
- Secretary to Govt. of Karnataka, Rural Development and Cooperation Department.
- CMD, Mysore Paper Mills Limited
- CMD, Karnataka State Industrial Investment & Development Corporation
- Managing Director, Trade Fair Authority of India (now ITPO)
- Managing Director, Gauribidanur Corporation Sugar Factory Limited
- Director, Industries & Commerce, Government of Karnataka
- General Manager, National Mineral Development Corporation Limited



## CCL PRODUCTS (INDIA) LIMITED

---

---

|   |   |   |
|---|---|---|
| <b>Name of the Director</b>                 | : | <b>Mr. Jonathan T Feuer</b>   |
| Date of Birth                               | : | 22-11-1951  |
| Occupation                                  | : | Business  |
| Expertise in specific functional areas      | : | Over 35 years experience in the soluble coffee business. More than twenty years serving on the National Coffee Association of USA Board of Directors, serving in various officership positions and as Chairman from 2008-2010. Also historic members of the Green Coffee Association of New York City, Inc., the Pacific Coast Coffee Association and the Tea and Coffee Association of Canada. |
| Directorships in other Indian Companies     | : | -NIL-   |
| Committee positions held in other Companies | : | -NIL-   |
| Shareholding in the Company                 | : | -NIL-   |

### **Brief Profile:**

Mr. Feuer is the President of privately held firm LMZ Soluble Coffee Incorporated in New York, an importer and manufacturer's representative specializing exclusively in the trade of soluble coffee products. LMZ Soluble Coffee has been in the soluble coffee business since 1954 and is among the largest suppliers of instant coffee products in North America. Mr. Feuer joined the firm in 1977, advancing to the position of President and CEO in 1990.

Notably, Mr. Feuer has served as the Treasurer, Vice Chairman and Chairman of the National Coffee Association of USA, the leading trade association serving North America who represents the coffee industry and government in all international forums such as International Coffee Organization (ICO). Mr. Feuer continues to serve on the Board of Directors of the NCA.

Mr. Feuer has also served on the Board of Directors of Super Continental Private Ltd., a Singapore based soluble coffee manufacturer from 1996 - 2000. A former Director of Asian Coffee Ltd. (presently Tata Coffee Ltd.), Mr. Feuer is on the Board of CCL Products (India) Ltd. since the inception of its Instant Coffee Unit in 1994.

In addition, Mr. Feuer has served as Director of various charitable organizations. As a member of the Investment Committee of a New York based religious organization, his responsibilities included overseeing of USD 125 million per annum investment fund. Mr. Feuer has served as Board member and President of the Holt-Elwell Memorial Foundation from 1988 to 1996, which has owned and operated a summer camp for boys since 1903.

Mr. Feuer travels extensively in South America, South-East Asia, Europe and India in connection with the soluble coffee business.

**Directors' Report**

Your Directors submit their report for the financial year ended 31<sup>st</sup> March, 2013:

(₹ in Lakhs)

| <b>Particulars</b>  | <b>2013</b>  | <b>2012</b> |
|---|--------------|-------------|
| Revenue from operations   | <b>58482</b> | 48973       |
| Profit for the year after meeting all expenses<br>(before Interest, Depreciation & Tax) | <b>10866</b> | 8175        |
| Less:   |              |             |
| Interest  | <b>1196</b>  | 1156        |
| Depreciation and other write offs   | <b>1587</b>  | 1585        |
| Provision for Taxation  | <b>2624</b>  | 1781        |
| Net Profit  | <b>5459</b>  | 3653        |
| Balance brought forward   | <b>2822</b>  | 942         |
| Balance available for appropriation   | <b>8281</b>  | 4595        |
| Short provision for Income Tax earlier  | -            | -           |
| Provision for dividend  | <b>665</b>   | 665         |
| Provision for dividend tax  | <b>108</b>   | 108         |
| Transfer to General Reserve   | <b>3000</b>  | 1000        |
| Balance carried forward to Balance sheet  | <b>4508</b>  | 2822        |

**Company Performance**

Your Company posted good financial results during the year under review. The production and sales of Instant Coffee were 13,045 M.Ts. and 13,003 M. Ts. as against 12,392 M.Ts. and 12,589 M. Ts. respectively in the preceding year. Turnover of the company has increased from ₹ 48,973 Lakhs to ₹ 58,482 Lakhs, registering growth of 19%. The net profit of the Company for the current year is ₹ 5,459 Lakhs as against ₹ 3,653 Lakhs in the preceding year, registering growth of 49%.

**Dividend**

Your Directors are pleased to recommend a dividend of ₹ 5 per equity share of ₹ 10/- for the year 2012-13 subject to the approval of shareholders.

**Wholly Owned Subsidiary**

Your Company has successfully completed implementation of the instant coffee project through its 100% stepdown subsidiary, M/s Ngon Coffee Company Limited, Vietnam. The Plant was inaugurated by the Hon'ble Minister of State, Ministry of Commerce and Industry, Dr. Smt. D. Purandeswari on 28<sup>th</sup> of April, 2013. The operations of other subsidiary namely M/s. Grandsaugreen SA, Switzerland are expected to improve in the ensuing year.



**Service to the Community**

In furtherance of its commitment to the society, during the year under review, your Company has donated ₹ 16.4 Lakhs to many welfare and philanthropic activities in the areas of education, sports, culture, etc.

**Statutory Auditors**

The present Statutory Auditors of the Company, M/s M. Anandam & Co., Chartered Accountants, Secunderabad, retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment.

**Internal Auditors**

The Board of Directors has appointed M/s. Ramesh & Co., Chartered Accountants, Hyderabad, as the Internal Auditors of your Company. The Internal Auditors are submitting their reports on quarterly basis.

**Directors**

As per the Company's Articles of Association, Mr. Zafar Saifullah and Mr. Jonathan T Feuer, Directors of your Company, retire by rotation and, being eligible, offer themselves for re-appointment.

**Fixed Deposits**

Your Company has not accepted any fixed deposits and as such no principal or interest was outstanding as on the date of the Balance sheet.

**Directors' Responsibility Statement**

In terms of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm the following with regard to the Annual Accounts, Accounting Policies, Maintenance of accounting records, etc. -

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2012-13 and of the profit or loss of the company for that period;
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. The annual accounts have been prepared on a going concern basis.

**Management Discussion & Analysis**

Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Management Discussion & Analysis is set out in Annexure - I attached to this report.



---

---

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

A statement of the particulars of the conservation of energy, technology absorption and foreign exchange earnings and outgoings as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is furnished in Annexure - II attached to this report.

Your Company recycles solid waste generated during the production of coffee as biomass fuel for energy input to the boilers, thus conserving scarce fossil fuel, and in turn reducing pollution to the environment.

### **Particulars of Employees**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report and is given as Annexure – III.

### **Corporate Governance**

The Company has been making every endeavor to bring more transparency in the conduct of its business. As per the requirements of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance for the year 2012-13 and a Certificate from the Auditors of the Company are furnished which form part of this Annual Report.

### **Human Resources**

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

### **Acknowledgments**

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

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

On behalf of the Board

Sd/-

**Challa Rajendra Prasad**

Chairman and Managing Director

Place : Hyderabad  
Date : 03<sup>rd</sup> July, 2013



Annexure - I

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Soluble Instant coffee, more commonly referred to as instant coffee or coffee powder, is commercially prepared in solid form by either freeze-drying or spray- drying, after which it can be rehydrated. The latest version of instant coffee now becoming popular is in the form of concentrated liquid.

Instant coffees have now been on the market for many decades. Soluble coffee consumption accounts for over 20% of global coffee consumption. The instant coffee market has potential to be transformed away from traditional small glass jars and tins. Liquid coffee also makes the product more convenient to put in more retail locations with ease of use.

**BUSINESS REVIEW**

Your Company has already established its long standing presence in the international markets in the traditional Spray-Dried Instant Coffee segment and has made a successful entry in the Freeze- Dried Coffee and focused to make a mark in the Liquid Coffee segment, the future for which is encouraging.

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

During the year under review the sales of your Company grew from ₹ 48,935 lakhs to ₹ 58,482 lakhs. The Net Profit is at ₹ 5,459 lakhs as against ₹ 3,653 lakhs during the preceding financial year.

Earnings per share (EPS) for the current year is ₹ 41

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The emerging markets in Asia are growing at a fast rate. China has the highest growth rate of around 12% per annum. 83% of the U.S. adult population now drinks coffee, the world's biggest consumer of the beverage, up from 78% a year earlier. The EU exported just over 11,000 tonnes of soluble coffee in the first quarter of 2013 representing an increase of 14% and the soluble imports reached more than 12,000 tonnes, representing an increase of 2% compared to the same period the previous year, according to Eurostat data. As per the latest trade statistics, Brazilian exports of soluble coffee reached almost 27,800 tonnes over the first four months of 2013, an increase of 18% compared to the same period of previous year.

**OUTLOOK**

The modern times have witnessed evolution of coffee drinking from an everyday habit to a healthy lifestyle choice. Coffee has gained the status of being the most preferred beverage worldwide. Coffee is the second most traded commodity in the world. The coffee market is expected to grow at an annual rate of over 2% per annum over the next five years, with the strongest growth in the emerging markets. China has the strongest growth rate. The fastest growth in soluble coffee consumption is expected to be from the emerging Asian consumers. Coffee Production for the past one year, ending June 2013 is around 145 million bags and the consumption of soluble coffee is 6,80,000 tonnes, reporting a growth of around 2.4% per annum.

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





### **OPPORTUNITIES AND THREATS**

Your Company's wholly owned step down subsidiary in Vietnam, M/s. Ngon Coffee Company Limited, has commenced commercial production. The presence in Vietnam helps the company to cater to the coffee needs of ASEAN countries and also this is in close proximity to many South-East Asian nations, Japan, Korea, China etc. Most of these countries have granted Vietnam a most favoured nation status with reduced or nil duty structures in addition to having savings on logistics.

The huge potential in domestic market for soluble coffee made the Company concentrate even on domestic sales both under private label segment and through its established brands. The soluble coffee consumption in India is expected to witness a growth of 3.9% over the next 5 years.

The major threat being faced by the Instant Coffee Industry is the increase in all the input costs and creation of huge additional capacities in several countries which is resulting in unhealthy competition and stress on prices. Your Company is making efforts to mitigate these threats by increased volumes of high quality products.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

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

### **INDUSTRIAL RELATIONS AND HUMAN RESOURCES MANAGEMENT**

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

Your Company is continuously striving to create appropriate environment, opportunities and systems to facilitate identification, development, and utilization of their full potential and inculcating a sense of belongingness.

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

### **CERTIFICATIONS**

Your Company had upgraded its FSSC 22000:2005 certification to BRC Version 6.

Further more, your Company is certified by Fairtrade Labelling Organizations (FLO Certified) to produce Fair Trade coffees, by Ecocert to produce Organic certified coffees, and by Rainforest Alliance to produce Rainforest certified coffees. Consequently, your Company has the ability to produce dual and triple certified coffees.

Your Company is also Halal Certified as well as Kosher Certified.



**CAUTIONARY STATEMENT**

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



**Annexure II**

**Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under the Disclosure of Particulars in the Board of Directors' Report Rules, 1988**

**A. Conservation of Energy:**

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

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

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

- b) Additional investments and proposals, if any, being implemented for reduction - The Company is making additional investments mainly to recycle solid waste generated to reduce consumption of fuel for the boiler. Substantial amounts have been invested in upgrading the ETP to ensure that the effluent water meets surface water parameters.

- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. - The Company has been continuously saving considerable fuel cost for its boiler by using rice husk and recycled solid waste as fuel

- d) Total energy consumption and as Per the list of Industries energy Consumption per unit of under Rule 2 of the Companies (Disclosure of production Particulars in the Report of the Board of Directors) Rules, 1988. - Not applicable.



**B) Technology Absorption**

The best technology available in the world for the manufacture of quality concentrates is being employed by your Company. Efforts made in technology absorption as per Form B are detailed below:

**Form B**

**I. Research & Development**

- 1) Specific areas in which R&D was carried out by the Company : Nil
- 2) Benefits derived as a result of the above R&D : NA
- 3) Future plan of action : NA
- 4) Expenditure on R&D
  - a) Capital : Nil
  - b) Recurring Total : Nil
  - c) Total : Nil
  - d) Total R&D expenditure as a percentage of total turnover : NA

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

**II. Technology Absorption**

- 1. Efforts, in brief, made towards technology absorption - The technology imported in the past has been fully absorbed and adopted.
- 2. Benefits derived as a result of the above efforts e.g., product improvement, cost reduction, product development, import substitution etc. - Except the occasional visits of foreign collaborators, the plant operations are being carried out independently by the technical personnel of the Company.
- 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
  - a) Technology imported State of art Aroma Recovery System
  - b) Year of Import 2012
  - c) Has technology been fully absorbed Yes
  - d) If not fully absorbed, where this has not taken place, reasons therefore and future plans of action NA

**C) Foreign Exchange Earnings and Outgo**

Activities relating to exports - Being a 100% EOU, the main product of your Company, instant coffee in various private label brands and in bulk is sold in the international markets.

Initiatives taken to increase exports - The Company continuously strives to export its entire production. The enhanced capacity at Vietnam Plant will commence this year for which the Company is already committed to sell the enhanced production by getting orders from new clients as well as the existing clients.



## CCL PRODUCTS (INDIA) LIMITED

Development of **new export markets** for products and services and export plans - The Company's instant coffee brands introduced earlier became familiar in some countries and the same effort will be made in future to introduce some brands keeping in view the traditions of the respective countries.

### Export plans

It is an ongoing process for the Company to explore new markets to export instant coffee produced.

### Total foreign exchange

₹ in Crores

Used

**310.49**

Earned

**528.85**

On behalf of the Board

Sd/-

**Challa Rajendra Prasad**  
Chairman & Managing Director

Place : Hyderabad  
Date : 3<sup>rd</sup> July, 2013



Annexure-III

**Particulars of Employees under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee Rules), 1975 and forming part of the Directors' Report**

| Name, Qualification & Age                            | Designation/ Nature of Duties | Date of Commencement of Employment | Experience | Remuneration in ₹ | Previous Employment Details            |
|--|-------------------------------|------------------------------------|------------|-------------------|--|
| Mr.Challa Rajendra Prasad<br>B.E.(Mech.)<br>61 Years | Chairman & Managing Director  | 01-04-1994                         | 37 Years   | 3,70,37,037       | Asian Coffee Ltd.<br>Managing Director |
| Mr.Challa Srishant<br>B.A., B.L (Hons.)<br>30 Years  | Executive Director            | 18-07-2005                         | 9 Years    | 2,22,22,222       | --                                     |

- 1 All appointments are on a contractual basis.
- 2 Mr. Challa Rajendra Prasad and Mr.Challa Srishant are related to each other.

On behalf of the Board

Place : Hyderabad  
Date : 3<sup>rd</sup> July, 2013

Sd/-  
**Challa Rajendra Prasad**  
Chairman & Managing Director

**REPORT ON CORPORATE GOVERNANCE****Company's philosophy on Code of Governance:**

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

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

A report on Corporate Governance as required by the Listing Agreement is as under:

**BOARD OF DIRECTORS****SIZE OF THE BOARD**

The composition of Board is in consonance with the requirements of Clause 49 of the Listing Agreement. As on 31<sup>st</sup> March, 2013, CCL's Board consisted of 8 Members. The Company has two Executive Directors, one of whom is the Chairman and Managing Director, and the other in the capacity of Executive Director, who are the promoter Directors.

**COMPOSITION AND CATEGORY OF DIRECTORS**

| Name of Director      | Category                           | Designation                  | No.of shares held in the Company (%) |
|-----------------------|------------------------------------|------------------------------|--------------------------------------|
| Mr. Zafar Saifullah   | Independent Non-Executive Director | Director                     | Nil                                  |
| Mr. I. J. Rao         | Independent Non-Executive Director | Director                     | 500 (0.004)                          |
| Mr.Vipin K. Singal    | Independent Non-Executive Director | Director                     | 500 (0.004)                          |
| Mr. Jonathan T. Feuer | Non-Executive Director             | Director                     | Nil                                  |
| Mr. K. Chandrahas     | Independent Non-Executive Director | Director                     | Nil                                  |
| Mr. J. Rambabu        | Independent Non-Executive Director | Director                     | Nil                                  |
| Mr. C.Rajendra Prasad | Promoter & Executive Director      | Chairman & Managing Director | 7,01,005 (5.27)                      |
| Mr. C.Srishant        | Promoter & Executive Director      | Executive Director           | 7,87,990 (5.92)                      |



## CCL PRODUCTS (INDIA) LIMITED

**Details of attendance of Directors at the AGM, Board Meetings with particulars of their Directorship and Chairmanship /Membership of Board /Committees in other Companies are as under:**

| Name                   | Attendance at AGM held on 29 <sup>th</sup> September, 2012 | Attendance in Board meetings |         | Other           |                       |
|------------------------|--|------------------------------|---------|-----------------|-----------------------|
|                        |  | Held                         | Present | Direct- orships | Committee memberships |
| Mr. Zafar Saifullah    | Absent   | 4                            | 3       | 1               | 3                     |
| Mr. I. J. Rao          | Present  | 4                            | 3       | 1               | 3                     |
| Mr. Vipin K. Singal    | Present  | 4                            | 4       | --              | 3                     |
| Mr. Jonathan T. Feuer  | Absent   | 4                            | --      | --              | --                    |
| Mr. K. Chandrahas      | Present  | 4                            | 3       | --              | 3                     |
| Mr. J. Rambabu*        | Present  | 4                            | 3       | 1               | 3                     |
| Mr. C. Rajendra Prasad | Present  | 4                            | 4       | --              | --                    |
| Mr. C. Srishant        | Present  | 4                            | 4       | --              | --                    |

\*Mr. J. Rambabu was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> May, 2012

The Directorships held by Directors in other Companies, as mentioned above do not include Directorships in Foreign Companies, Companies Registered under Section 25 of the Companies Act, 1956 and Private Limited Companies.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are directors.

### **DATES OF BOARD MEETINGS:**

The Board met 4 times in the financial year 2012-13 on the following dates, with a gap not exceeding 4 months between any two meetings:

|                            |                               |                               |                                |
|----------------------------|-------------------------------|-------------------------------|--------------------------------|
| 14 <sup>th</sup> May, 2012 | 11 <sup>th</sup> August, 2012 | 1 <sup>st</sup> October, 2012 | 5 <sup>th</sup> February, 2013 |
|----------------------------|-------------------------------|-------------------------------|--------------------------------|

### **Committees of the Board:**

Currently, there are three Board Committees – The Audit Committee, The Remuneration Committee and The Investor's Grievance Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the Chairman of the respective Committees.

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





**Audit Committee:**

The Company has a Qualified and Independent Audit Committee comprising of 5 Non-executive Independent Directors, constituted in accordance with the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges and Section 292A of the Companies Act, 1956. The Committee is empowered with the powers as prescribed under the said Clause 49 and Section 292A. The Committee also acts in terms of reference and directions if any given by the Board from time to time.

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

| Name of the Director | Category | No. of meetings held during the year | No. of meetings attended |
|----------------------|----------|--------------------------------------|--------------------------|
| Mr. K. Chandrahas*   | Chairman | 4                                    | 3                        |
| Mr. Zafar Saifullah  | Member   | 4                                    | 3                        |
| Mr. I. J. Rao**      | Member   | 4                                    | 3                        |
| Mr. Vipin K. Singal  | Member   | 4                                    | 4                        |
| Mr. J. Rambabu       | Member   | 4                                    | 3                        |

\* The Board re-constituted the Audit Committee, appointing Mr. K. Chandrahas as Chairman on 24<sup>th</sup> May, 2013, where the audited results for the year ended 31<sup>st</sup> March, 2013 were considered.

\*\*Mr. I. J. Rao Chaired the Audit Committee meeting held on 11<sup>th</sup> August, 2012, where the audited results for the year ended 31<sup>st</sup> March, 2012 were considered.

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

Mr. K.V.L.N.Sarma, Chief Financial Officer of the Company and representatives from M/s.Ramesh & Co, Internal Auditors and M/s. M. Anandam & Co., Statutory Auditors are invitees to the meetings of the Audit Committee. The Company Secretary of the Company acts as the Secretary of the said Committee.

**Meetings of Audit Committee:**

The Audit Committee met 4 times during the previous year, with a gap not exceeding four months between any two meetings. Each meeting consisted of 2 independent members as its quorum. The said committee met at the following dates:

|                            |                               |                               |                                |
|----------------------------|-------------------------------|-------------------------------|--------------------------------|
| 14 <sup>th</sup> May, 2012 | 11 <sup>th</sup> August, 2012 | 1 <sup>st</sup> October, 2012 | 5 <sup>th</sup> February, 2013 |
|----------------------------|-------------------------------|-------------------------------|--------------------------------|

**Remuneration Committee**

The remuneration committee has been formed in compliance of Clause 49 of the Listing Agreement comprising of the following Directors:



## CCL PRODUCTS (INDIA) LIMITED

| Name of the Director | Category |
|----------------------|----------|
| Mr. I. J. Rao        | Chairman |
| Mr. Zafar Saifullah  | Member   |
| Mr. Vipin K. Singal  | Member   |
| Mr. K. Chandrahas    | Member   |
| Mr. J. Rambabu       | Member   |

The main object of this Committee is to recommend the remuneration package of both the executive and the non-executive directors on the Board. The Committee reviews the remuneration package payable to executive director(s) and recommends to the Board the same and acts in terms of reference of the Board from time to time.

Following are the details of sitting fees and commission paid to non-executive directors during the year 2012-13

| Name of the Director | Sitting Fees Paid ( ₹ ) | Commission For the year 2012-13 in ₹ |
|----------------------|-------------------------|--------------------------------------|
| Mr. I. J. Rao        | 55,000                  | 2,00,000                             |
| Mr. Vipin K Singal   | 90,000                  | 2,00,000                             |
| Mr. Jonathan T Feuer | -                       | 2,00,000                             |
| Mr. Zafar Saifullah  | 55,000                  | 2,00,000                             |
| Mr. K. Chandrahas    | 55,000                  | 2,00,000                             |
| Mr. J. Rambabu       | 81,000                  | 2,00,000                             |

### Investor's Grievance Committee

The Investor's Grievance Committee met four times during the previous year, each meeting consisted of 2 independent members as its quorum. The said committee met on the following dates:

|                            |                               |                               |                                |
|----------------------------|-------------------------------|-------------------------------|--------------------------------|
| 14 <sup>th</sup> May, 2012 | 11 <sup>th</sup> August, 2012 | 1 <sup>st</sup> October, 2012 | 5 <sup>th</sup> February, 2013 |
|----------------------------|-------------------------------|-------------------------------|--------------------------------|

The composition of the Investors' Grievance Committee and the attendance of each Member of the said Committee are as under:



## CCL PRODUCTS (INDIA) LIMITED

| Name of the Director | Category | No. of meetings held during the year | No. of meetings attended |
|----------------------|----------|--------------------------------------|--------------------------|
| Mr. I.J. Rao         | Chairman | 4                                    | 3                        |
| Mr. Zafar Saifullah  | Member   | 4                                    | 3                        |
| Mr. Vipin K Singal   | Member   | 4                                    | 4                        |
| Mr. K. Chandrahas    | Member   | 4                                    | 3                        |
| Mr. J. Rambabu       | Member   | 4                                    | 3                        |

The Committee reviews the security transfers/transmissions, process of dematerialization and the investors' grievances and the systems dealing with these issues.

In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Board has authorised the Company Secretary, who is also the Compliance Officer, to approve share transfers / transmissions and comply with other formalities in relation thereto.

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

There were no complaints pending for redressal during the year under review. There were no pending transfers as on 31<sup>st</sup> March, 2013.

### General Body Meetings:

Last 3 Annual General Meetings (AGMs) were held at **Registered Office at Duggirala, Guntur District, Andhra Pradesh** as detailed below:

| Financial Year Ended         | Date       | Day       | Time       | Special Resolutions passed at the AGMs by the Shareholders  |
|------------------------------|------------|-----------|------------|---|
| 31 <sup>st</sup> March, 2012 | 29-09-2012 | Saturday  | 11.00 A.M. | Payment of commission of 1% of the net profits of the Company to the Non-Executive Directors of the Company |
| 31 <sup>st</sup> March, 2011 | 10-08-2011 | Wednesday | 03.00 P.M. | Increase the Remuneration of Mr. Challa Rajendra Prasad and Mr. Challa Srishant                             |
| 31 <sup>st</sup> March, 2010 | 10-11-2010 | Wednesday | 09.00 A.M. | Re-appointment of Executive Director of the Company   |

All Special resolutions moved at the last three AGMs were passed by show of hand by the shareholders unanimously. No Postal Ballot was conducted since the date of last Annual General Meeting.



**Disclosures:**

During the year, there were no materially significant related party transactions conflicting with the interests of the Company.

There were no non-compliances during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by any Stock Exchange, SEBI or any Statutory Authority.

The Company has posted the Code of Conduct for Directors and Senior Management on its website.

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement as entered with the Stock Exchanges.

**Means of communication:**

The Quarterly results of the Company are published in the newspapers within 48hrs from the conclusion of the Board meeting.

Financial results and other information are displayed in the Investor Relations section on the Company's Website: [www.cclproducts.com](http://www.cclproducts.com)

No presentations were made to the Institutional Investors or to Analysts.

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

**General Shareholder Information**

The 52<sup>nd</sup> Annual General Meeting of the Company will be held on Saturday 3<sup>rd</sup> August, 2013 at 11.00 A.M., at the Registered Office of the Company situated at Duggirala, Guntur Dist, Andhra Pradesh.

|   |                                  |   |   |
|---|----------------------------------|---|---|
| F | Financial Calendar               | : | 1 <sup>st</sup> of April, 2013 to 31 <sup>st</sup> of March, 2014.  |
| F | Results for the quarter ending   |   |   |
|   | 30 <sup>th</sup> June, 2013      |   | First/Second week of August, 2013   |
|   | 30 <sup>th</sup> September, 2013 |   | First/Second week of October, 2013  |
|   | 31 <sup>st</sup> December, 2013  |   | First/Second week of February, 2014   |
|   | 31 <sup>st</sup> March, 2014     |   | Second/Third week of May, 2014  |
| F | Date of Book closure             | : | From Tuesday 16 <sup>th</sup> July, 2013 to Thursday, 18 <sup>th</sup> July, 2013 (both days inclusive)           |
| F | Dividend Payment Date            | : | With in fifteen working days from the Date of AGM subject to the approval of shareholders on the same at the AGM. |
| F | Listing on Stock Exchanges       | : | 1) Bombay Stock Exchange Ltd,<br>Phiroze Jeejeebhoy Towers, Dalal Street,<br>MUMBAI -400001                       |



## CCL PRODUCTS (INDIA) LIMITED

2) National Stock Exchange of India Ltd.  
 'EXCHANGE PLAZA' 5<sup>th</sup> Floor, Plot No.C/1,  
 G-Block, Bandra-Kurla Complex, Bandra(E),  
 MUMBAI-400051

### ◆ Stock Code

| Name of the Stock Exchange            | Stock Code   |
|---------------------------------------|--------------|
| Bombay Stock Exchange Limited         | 519600       |
| National Stock Exchange of India Ltd. | CCL          |
| ISIN no. for both NSDL and CDSL       | INE421D01014 |

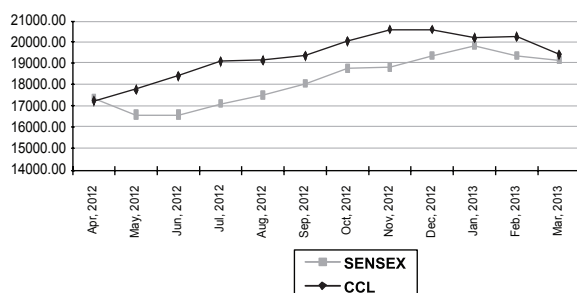
The Listing fees for the year 2013-2014 has been paid to both the above Stock Exchanges.

### Market Price Data

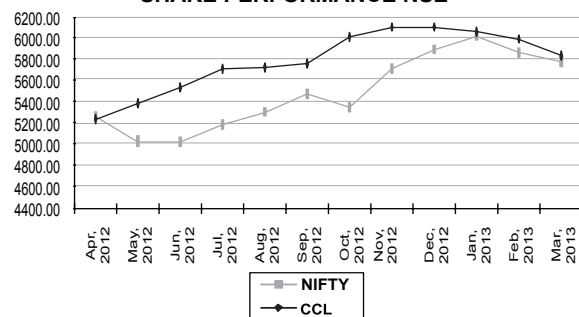
High, low during each month and trading volumes of the Company's Equity Shares during the last financial year 2012-13 at The Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) are as under:

| DATE           | BSE    |        |            | NSE    |        |            |
|----------------|--------|--------|------------|--------|--------|------------|
|                | High   | Low    | Qty Traded | High   | Low    | Qty Traded |
| April 2012     | 191.50 | 135.00 | 173370     | 186.90 | 135.00 | 661196     |
| May 2012       | 204.00 | 173.25 | 90852      | 206.35 | 176.00 | 346981     |
| June 2012      | 247.00 | 195.00 | 104303     | 247.70 | 192.35 | 379631     |
| July 2012      | 276.95 | 233.25 | 86738      | 276.90 | 233.05 | 546528     |
| August 2012    | 275.00 | 240.00 | 61342      | 275.90 | 240.00 | 278829     |
| September 2012 | 288.50 | 248.00 | 49511      | 289.90 | 248.30 | 177943     |
| October 2012   | 318.00 | 287.00 | 122120     | 348.00 | 280.15 | 322155     |
| November 2012  | 371.00 | 290.00 | 275691     | 375.00 | 287.85 | 848405     |
| December 2012  | 348.00 | 311.35 | 49781      | 346.85 | 316.15 | 209324     |
| January 2013   | 344.40 | 275.10 | 64498      | 344.80 | 301.05 | 239766     |
| February 2013  | 349.00 | 276.00 | 59534      | 337.50 | 276.20 | 270898     |
| March 2013     | 320.00 | 222.10 | 95301      | 291.90 | 252.15 | 150475     |

SHARE PERFORMANCE BSE



SHARE PERFORMANCE NSE





## CCL PRODUCTS (INDIA) LIMITED

### Distribution Schedule:

#### Distribution Schedule as on 31-03-2013

| S.No. | Range           | No. of Shares   | % to total Capital | No. of Share Holders | % to total Holders |
|-------|-----------------|-----------------|--------------------|----------------------|--------------------|
| 1     | Upto 500        | 578257          | 4.35               | 5848                 | 88.46              |
| 2     | 501 to 1000     | 271321          | 2.04               | 330                  | 5.00               |
| 3     | 1001 to 2000    | 241620          | 1.82               | 160                  | 2.42               |
| 4     | 2001 to 3000    | 181484          | 1.36               | 71                   | 1.07               |
| 5     | 3001 to 4000    | 132374          | 0.99               | 37                   | 0.56               |
| 6     | 4001 to 5000    | 153312          | 1.15               | 32                   | 0.48               |
| 7     | 5001 to 10000   | 373495          | 2.81               | 53                   | 0.80               |
| 8     | 10001 and above | 11370929        | 85.48              | 80                   | 1.21               |
|       | <b>TOTAL</b>    | <b>13302792</b> | <b>100</b>         | <b>6611</b>          | <b>100</b>         |

- ◆ Dematerialization of shares and liquidity : The shares of the Company are under compulsory demat trading.
- The Company has made necessary arrangements with NSDL and CDSL for demat facility. As on 31<sup>st</sup> March, 2013, 87.13 % of the Company's Shares are dematerialised.
- ◆ Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity : Nil
- ◆ Plant Location : Duggirala, Guntur Dist, Andhra Pradesh - 522 330, India.  
Ph: +91 8644 277294 / 277296  
Fax: +91 8644 277295
- ◆ Address for Correspondence & Any query on Annual Report : The Company Secretary  
CCL Products (India) Ltd  
7-1-24/2/D, Greendale,  
Ameerpet, Hyderabad - 500 016, A.P., India  
Ph: +91 40 23732455 Fax: +91 40 23732499  
E.mail : info@cclproducts.com  
www.cclproducts.com
- ◆ Registrar and Transfer Agents : Venture Capital and Corporate Investments Pvt Ltd  
12-10-167, Bharat Nagar,  
Hyderabad - 500 018, A.P., India  
E.mail : info@vccipl.com



## CCL PRODUCTS (INDIA) LIMITED

---

- Contact Person : Mr. E. S. K. Prasad, Chief Executive  
Ph: +91 40 23818475 / 76  
Telefax: +91 40 23868024
- ◆ Share Transfer System : The Share transfers are effected within one month from the date of lodgement for transfer, transmission, sub-division consolidation, renewal etc. Such modified share certificates are delivered to the shareholders immediately.
- ◆ Transfer of unpaid/unclaimed dividend amounts to Investor Education and Protection Fund : Members are requested to claim any unclaimed dividends, for the year 2005 - 2006 as the same will be credited to Investor Education & Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.
- ◆ Compliance Certificate : Certificate from the Statutory Auditors of the Company M/s M Anandam & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the Directors' Report and forms part of this 52<sup>nd</sup> Annual Report.



## CCL PRODUCTS (INDIA) LIMITED

### Shareholding Pattern as on 31.03.2013

| Category Code | Category of Shareholders   | Number of Share holders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares |                              | Shares Pledged or otherwise encumbered |                          |
|---------------|--|-------------------------|------------------------|--|--|------------------------------|--|--------------------------|
|               |  |                         |                        |  | As a Percentage of (A+B)                                     | As a % Percentage of (A+B+C) | Number of shares                       | As a Percentage          |
| (I)           | (II)   | (III)                   | (IV)                   | (V)  | (VI)   | (VII)                        | (VIII)                                 | (IX)=<br>(VIII)/(IV)*100 |
| (A)           | Shareholding of Promoter and Promoter Group  |                         |                        |  |  |                              |  |                          |
| 1             | Indian   |                         |                        |  |  |                              |  |                          |
| (a)           | Individuals/ Hindu Undivided Family  | 4                       | 4688995                | 4688995                                      | 35.25  | 35.25                        |  | 0.00                     |
| (b)           | Central Government/ State Government(s)  |                         |                        |  | 0.00   | 0.00                         |  | 0.00                     |
| (c)           | Bodies Corporate   |                         |                        |  | 0.00   | 0.00                         |  | 0.00                     |
| (d)           | Financial Institutions/ Banks  |                         |                        |  | 0.00   | 0.00                         |  | 0.00                     |
|               | <b>Sub Total(A)(1)</b>   | <b>4</b>                | <b>4688995</b>         | <b>4688995</b>                               | <b>35.25</b>   | <b>35.25</b>                 | <b>0</b>                               | <b>0.00</b>              |
| 2             | Foreign  |                         |                        |  |  |                              |  |                          |
| a             | Individuals (Non-Residents Individuals/ Foreign Individuals)                             | 1                       | 600000                 | 600000                                       | 4.51   | 4.51                         |  | 0.00                     |
| b             | Bodies Corporate   |                         |                        |  | 0.00   | 0.00                         |  | 0.00                     |
| c             | Institutions   |                         |                        |  | 0.00   | 0.00                         |  | 0.00                     |
| d             | Qualified Foreign Investor   |                         |                        |  | 0.00   | 0.00                         |  | 0.00                     |
|               | Sub Total(A)(2)  | 1                       | 600000                 | 600000                                       | 4.51   | 4.51                         | 0                                      | 0.00                     |
|               | Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)                      | 5                       | 5288995                | 5288995                                      | 39.76  | 39.76                        | 0                                      | 0.00                     |
| (B)           | <b>Public shareholding</b>   |                         |                        |  |  |                              | <b>NA</b>                              | <b>NA</b>                |
| 1             | Institutions   |                         |                        |  |  |                              |  |                          |
| (a)           | Mutual Funds/ UTI  | 1                       | 1296885                | 1296885                                      | 9.75   | 9.75                         |  |                          |
| (b)           | Financial Institutions / Banks   | 2                       | 4019                   | 4019   | 0.03   | 0.03                         |  |                          |
| (c)           | Central Government/ State Government(s)  |                         |                        |  | 0.00   | 0.00                         |  |                          |
| (d)           | Venture Capital Funds  |                         |                        |  | 0.00   | 0.00                         |  |                          |
| (e)           | Insurance Companies  |                         |                        |  | 0.00   | 0.00                         |  |                          |
| (f)           | Foreign Institutional Investors  | 1                       | 585833                 | 585833                                       | 4.40   | 4.40                         |  |                          |
| (g)           | Foreign Venture Capital Investors  |                         |                        |  | 0.00   | 0.00                         |  |                          |
| (h)           | Qualified Foreign Investor   |                         |                        |  | 0.00   | 0.00                         |  |                          |
|               | <b>Sub-Total (B)(1)</b>  | <b>4</b>                | <b>1886737</b>         | <b>1886737</b>                               | <b>14.18</b>   | <b>14.18</b>                 |  |                          |
| B 2           | Non-institutions   |                         |                        |  |  |                              |  |                          |
| (a)           | Bodies Corporate   | 203                     | 835524                 | 825524                                       | 6.28   | 6.28                         |  |                          |
| (b)           | Individuals  |                         |                        |  | 0.00   | 0.00                         |  |                          |
| I             | i. Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh | 6166                    | 1671674                | 1497793                                      | 12.57  | 12.57                        |  |                          |
| II            | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.       | 34                      | 1318459                | 1307459                                      | 9.91   | 9.91                         |  |                          |
| (c)           | Qualified Foreign Investor   |                         |                        |  | 0.00   | 0.00                         |  |                          |
| (d)           | Any Other (specify)  |                         |                        |  | 0.00   | 0.00                         |  |                          |
| (d-i)         | Non-Resident Individuals   | 133                     | 1035439                | 690422                                       | 7.78   | 7.78                         |  |                          |
| (d-ii)        | Foreign Collaborators  | 7                       | 1183951                | 11822  | 8.90   | 8.90                         |  |                          |
| (d-iii)       | Clearing Members   | 59                      | 82013                  | 82013  | 0.62   | 0.62                         |  |                          |
|               | <b>Sub-Total (B)(2)</b>  | <b>6602</b>             | <b>6127060</b>         | <b>4415033</b>                               | <b>46.06</b>   | <b>45.72</b>                 |  |                          |
| (B)           | Total Public Shareholding<br>(B)=(B)(1)+(B)(2)<br>TOTAL (A)+(B)                          | 6606<br>6611            | 8013797<br>13302792    | 6301770<br>11590765                          | 60.24<br>100.00  | 60.24<br>100.00              |  |                          |
| (C)           | <b>Shares held by Custodians and against which Depository Receipts have been issued</b>  |                         |                        |  |  |                              |  |                          |
| 1             | Promoter and Promoter Group  |                         |                        |  |  | 0.00                         |  | 0.00                     |
| 2             | Public   |                         |                        |  |  | 0.00                         |  |                          |
|               | Sub-Total (C )   | 0                       | 0                      | 0  |  | 0                            | 0                                      |                          |
|               | <b>GRAND TOTAL (A)+(B)+(C)</b>   | <b>6611</b>             | <b>13302792</b>        | <b>11590765</b>                              |  | <b>100.00</b>                | <b>0</b>                               | <b>0.00</b>              |





## CCL PRODUCTS (INDIA) LIMITED

---

---

### DECLARATION BY CEO OF THE COMPANY ON CODE OF CONDUCT

I hereby declare that :

Code of Conduct prepared for the Board Members and Senior Management of the Company was approved by the Board of Directors and the same was adopted by the Company

Code of Conduct adopted by the Company was circulated to the members of the Board and Senior Management of the Company and also posted in the website of the Company.

All the members of the Board and Senior Management of the Company have complied with all the provisions of the Code of Conduct.

For CCL Products ( India) Ltd

Sd/-

**Challa Rajendra Prasad**  
Chairman & Managing Director.

Place: Hyderabad  
Date : 03<sup>rd</sup> July, 2013



## CCL PRODUCTS (INDIA) LIMITED

---

---

### AUDITORS' REPORT ON CORPORATE GOVERNANCE

To  
The Members,  
CCL Products (India) Limited

We have examined the compliance of conditions of Corporate Governance by CCL Products (India) Limited for the year ended 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of condition of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M.Anandam & Co.,**  
Chartered Accountants.  
(Firm Regn No: 000125S)

Sd/-  
**(M.V.Ranganath)**  
Partner  
M.No.028031

Place : Hyderabad  
Date : 3<sup>rd</sup> July, 2013



---

---

**INDEPENDENT AUDITORS' REPORT**

To  
The Members of  
CCL Products (India) Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of CCL Products (India) Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- | in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- | in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- | in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



**Report on Other Legal and Regulatory Requirements**

- | As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  
- | As required by section 227(3) of the Act, we report that:
  - | We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  
  - | 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;
  
  - | The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  
  - | In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  
  - | On the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31<sup>st</sup> March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **M.ANANDAM & CO.**,  
Chartered Accountants  
(Firm Regn No: 000125S)

Sd/-

**(M.V. Ranganath)**  
Partner  
M.No.028031

Place: Hyderabad  
Date : 24<sup>th</sup> May, 2013



**Annexure**

**Re: CCL Products (India) Limited  
Referred to in Paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date**

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such physical verification.
  - (c) As per information and explanation given by management during the year the company has not disposed of major part of fixed assets having effect on going concern.
- ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. (a) The company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
  - (b) The company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301, of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301, of the Companies Act, 1956, paragraphs (iii) (f) and (g) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control systems.
- v. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.



## CCL PRODUCTS (INDIA) LIMITED

- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Accounting records) Rules 2011 prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed cost record have been maintained.
- ix. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excised-duty, cess and other statutory dues applicable to it. No undisputed amount was outstanding as at 31<sup>st</sup> March, 2013 for a period more than six months from the date they become payable.
- (b) According to the information and explanations given to us and records of the company examined by us, the particulars are of sales tax, income tax, customs duty, excised duty, service tax and wealth tax, as on 31<sup>st</sup> March, 2013 which have not been deposited on account of dispute pending, are as under:

| Name of the Statute      | Nature of dues | Relevant Financial Year | Amount (₹ in lakhs) | Forum where dispute is pending                      |
|--------------------------|----------------|-------------------------|---------------------|---|
| Central Excise Act, 1944 | Customs Duty   | 1996-97                 | 31.76               | CESTAT, Bangalore                                   |
| Central Excise Act, 1944 | Service Duty   | 2007-08                 | 550.66              | CESTAT, Bangalore                                   |
| Income Tax Act, 1961     | Income Tax     | 2005-06                 | 794.98              | High Court of Andhra Pradesh                        |
| Income Tax Act, 1961     | Income Tax     | 2006-07                 | 367.13              | Income Tax Appeals, Tribunal, Hyderabad             |
| Income Tax Act, 1961     | Income Tax     | 2007-08                 | 748.87              | Commissioner of Income Tax (Appeals)-II, Hyderabad. |
| Income Tax Act, 1961     | Income Tax     | 2008-09                 | 39.56               | Commissioner of Income Tax (Appeals)-II, Hyderabad. |

- x. The company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. 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 institution, bank or debenture holders.
- xii. According to the information and explanations given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute as specified under paragraph (xiii) of the Order are not applicable to the company.



## CCL PRODUCTS (INDIA) LIMITED

---

---

- xiv. In our opinion and according to the information and explanations given to us the company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us the company has given corporate guarantee to its subsidiaries for loans taken from banks, the terms and conditions whereof are not prejudicial to the interest of the company.
- xvi. In our opinion and according to the information and explanations given to us the term loans have been applied for the purpose for which they were raised.
- xvii. According to the cash flow statement and other records examined by us and information and explanations given to us, on an overall basis, funds raised on short term basis have prima facie not been used during the year for long term investment.
- xviii. The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. As the company has not issued any debentures during the year, paragraph (xix) of the Order is not applicable.
- xx. The company has not raised any money through public issues during the year.
- xxi. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **M.ANANDAM & CO.,**  
Chartered Accountants  
(Firm Regn No: 000125S)

Sd/-  
**(M.V. Ranganath)**  
Partner  
M.No.028031

Place: Hyderabad  
Date : 24<sup>th</sup> May, 2013

**CCL PRODUCTS (INDIA) LIMITED****BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2013**

(₹ in Lakhs)

|                                    | Note | 2013             | 2012             |
|------------------------------------|------|------------------|------------------|
| <b>EQUITY AND LIABILITIES</b>      |      |                  |                  |
| <b>Shareholder's funds:</b>        |      |                  |                  |
| (a) Share Capital                  | 2.1  | 1,330.28         | 1,330.28         |
| (b) Reserves and Surplus           | 2.2  | 28,659.47        | 23,973.48        |
| <b>Non- current liabilities</b>    |      |                  |                  |
| (a) Long term borrowings           | 2.3  | 1,565.21         | 521.88           |
| (b) Deferred tax liabilities (Net) | 2.4  | 2,287.49         | 2,168.89         |
| <b>Current Liabilities</b>         |      |                  |                  |
| (a) Short-term borrowings          | 2.5  | 12,289.29        | 12,540.98        |
| (b) Trade payables                 | 2.6  | 2,508.59         | 1,748.29         |
| (c) Other current liabilities      | 2.7  | 2,062.39         | 2,435.82         |
| (d) Short-term provisions          | 2.8  | 789.39           | 796.01           |
| <b>TOTAL</b>                       |      | <b>51,492.11</b> | <b>45,515.63</b> |
| <b>ASSETS</b>                      |      |                  |                  |
| <b>Non-current assets</b>          |      |                  |                  |
| (a) Fixed assets                   |      |                  |                  |
| (i) Tangible assets                | 2.9  | 18,076.30        | 21,395.91        |
| (ii) Capital work-in-progress      |      | -                | 22.67            |
| (b) Non-current investments        | 2.10 | 8,004.07         | 3,755.40         |
| (c) Long term loans and advances   | 2.11 | 2,915.65         | 315.62           |
| <b>Current assets</b>              |      |                  |                  |
| (a) Inventories                    | 2.12 | 12,560.64        | 10,736.29        |
| (b) Trade receivables              | 2.13 | 7,175.84         | 6,622.19         |
| (c) Cash and Cash equivalents      | 2.14 | 240.00           | 435.73           |
| (d) Short-term loans and advances  | 2.15 | 2,492.22         | 2,186.24         |
| (e) Other current assets           | 2.16 | 27.39            | 45.58            |
| <b>TOTAL</b>                       |      | <b>51,492.11</b> | <b>45,515.63</b> |

Significant accounting policies and  
Notes on Financial Statements 1 & 2

As per our report of even date  
For **M.ANANDAM & CO.**,  
Chartered Accountants

**By order of the Board**

Sd/-  
**(M.V.Ranganath)**  
Partner  
M.No.028031

Sd/-  
**Challa Rajendra Prasad**  
Chairman & Managing Director

Place : Hyderabad  
Date : 24.05.2013

Sd/-  
**K.V.L.N. Sarma**  
Chief Financial Officer

Sd/-  
**Sridevi Dasari**  
Company Secretary

Sd/-  
**I.J. Rao**  
Director

Sd/-  
**Challa Srishant**  
Executive Director





## CCL PRODUCTS (INDIA) LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013

(₹ in Lakhs)

|                                   | Note | 2013             | 2012             |
|-----------------------------------|------|------------------|------------------|
| <b>Income</b>                     |      |                  |                  |
| Revenue from operations           | 2.17 | 58,482.52        | 48,973.12        |
| Other Income                      | 2.18 | 141.77           | 94.79            |
| <b>Total Revenue</b>              |      | <b>58,624.29</b> | <b>49,067.91</b> |
| <b>Expenses</b>                   |      |                  |                  |
| Cost of Materials Consumed        | 2.19 | 35,324.51        | 29,551.79        |
| Changes in inventories            | 2.20 | (38.27)          | 503.20           |
| Employee benefits expense         | 2.21 | 1,747.35         | 1,309.97         |
| Finance Cost                      | 2.22 | 1,196.21         | 1,155.69         |
| Depreciation                      | 2.9  | 1,587.55         | 1,585.15         |
| Other expenses                    | 2.23 | 10,723.31        | 9,527.87         |
| <b>Total Expenses</b>             |      | <b>50,540.66</b> | <b>43,633.67</b> |
| <b>Profit before tax</b>          |      | <b>8,083.63</b>  | <b>5,434.24</b>  |
| <b>Tax expense:</b>               |      |                  |                  |
| (1) Current tax                   |      | 2,506.00         | 1,600.00         |
| (2) Deferred tax                  |      | 118.60           | 180.95           |
| <b>Profit after tax</b>           |      | <b>5,459.03</b>  | <b>3,653.29</b>  |
| <b>Earnings per equity share:</b> |      |                  |                  |
| (1) Basic                         |      | 41.04            | 27.46            |
| (2) Diluted                       |      | 41.04            | 27.46            |

Significant accounting policies and  
Notes on Financial Statements 1 & 2

As per our report of even date  
For **M.ANANDAM & CO.**,  
Chartered Accountants

By order of the Board

Sd/-  
**(M.V.Ranganath)**  
Partner  
M.No : 028031

Sd/-  
**Challa Rajendra Prasad**  
Chairman & Managing Director

Place : Hyderabad  
Date : 24.05.2013

Sd/-  
**K.V.L.N. Sarma**  
Chief Financial Officer

Sd/-  
**Sridevi Dasari**  
Company Secretary

Sd/-  
**I.J. Rao**  
Director

Sd/-  
**Challa Srishant**  
Executive Director



CCL PRODUCTS (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013 (₹ in Lakhs)

| Particulars  | 2013              | 2012              |
|--|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>            |                   |                   |
| Net profit before tax and extraordinary items          | 8,083.63          | 5,434.24          |
| <b>Adjustments for :</b>                               |                   |                   |
| Depreciation   | 1,587.55          | 1,585.15          |
| Finance charges  | 1,196.21          | 1,155.69          |
| Profit on sale of assets                               | (0.46)            | 3.86              |
| Interest income  | (68.56)           | (39.10)           |
| Dividend on Investments                                | (11.06)           | (13.56)           |
| Other Income   | (61.69)           | (37.00)           |
| Operating profit before working capital changes        | 10,725.62         | 8,089.28          |
| <b>Adjustments for :</b>                               |                   |                   |
| Trade Receivables                                      | (553.65)          | (1,501.74)        |
| Inventories  | (1,824.35)        | (2,609.79)        |
| Loans and Advances                                     | (306.89)          | (734.46)          |
| Trade and Other payables                               | 887.84            | 435.10            |
| Cash generated from operations                         | 8,928.57          | 3,678.39          |
| Interest paid on working capital                       | (918.21)          | (812.12)          |
| Interest received on Deposits                          | 68.56             | 18.46             |
| Direct Taxes Paid                                      | (2,490.00)        | (1,352.00)        |
| <b>Net Cash from operating activities</b>              | <b>5,588.92</b>   | <b>1,532.73</b>   |
| <b>Cash flows from Investing Activities</b>            |                   |                   |
| Purchase of Fixed Assets (Include CWIP)                | (848.09)          | (214.33)          |
| Sale of Assets   | (0.31)            | 6.65              |
| Investment in Subsidiary                               | (4,248.67)        | -                 |
| Dividend Received                                      | 11.06             | 13.56             |
| Other Income Received                                  | 61.69             | 25.98             |
| <b>Net Cash flow from Investing Activities</b>         | <b>(5,024.32)</b> | <b>(168.14)</b>   |
| <b>Cash flows from Financing Activities</b>            |                   |                   |
| Proceeds from Long term borrowings                     | 2,350.12          | -                 |
| Repayment of Long term borrowings                      | (1,807.71)        | (2,403.32)        |
| Reduction from Short-term borrowings                   | (251.69)          | 1,698.58          |
| Interest paid on term loans                            | (278.00)          | (368.23)          |
| Dividend paid  | (665.14)          | (266.06)          |
| Corporate Dividend tax                                 | (107.90)          | (43.16)           |
| <b>Net Cash Flow from Financing Activities</b>         | <b>(760.32)</b>   | <b>(1,382.19)</b> |
| <b>Net Increase in cash and cash equivalents</b>       | <b>(195.73)</b>   | <b>(17.60)</b>    |
| Cash and Cash equivalents at the beginning of the year | 435.73            | 453.33            |
| Cash and Cash equivalents at the ending of the year    | 240.00            | 435.73            |

As per our report of even date  
For **M.ANANDAM & CO.**,  
Chartered Accountants

Sd/-  
**(M.V.Ranganath)**  
Partner  
M.No.: 028031

Place : Hyderabad  
Date : 24.05.2013

Sd/-  
**K.V.L.N. Sarma**  
Chief Financial Officer

Sd/-  
**Sridevi Dasari**  
Company Secretary

Sd/-  
**I.J. Rao**  
Director

By order of the Board  
Sd/-  
**Challa Rajendra Prasad**  
Chairman & Managing Director

Sd/-  
**Challa Srishant**  
Executive Director



## 1 Significant Accounting Policies

### 1.1 Basis for preparation of financial statements

The financial statements are prepared under the historical cost convention in accordance with accounting principles generally accepted in India. The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards, notified u/s 211(3C) of the Companies Act, 1956, and the relevant provisions of the Companies Act 1956.

### 1.2 Fixed Assets

#### Tangible Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes freight, duties and taxes applicable and other expenses related to acquisition and installation.

### 1.3 Depreciation

Depreciation is charged in the accounts as under:

- On Fixed Assets on Straight Line Method, applying the rates in Schedule XIV to the Companies Act, 1956.
- For Assets acquired or disposed off during the year, on prorata basis with reference to the month of acquisition or disposal.

### 1.4 Impairment Losses

Impairment losses are provided to the extent the carrying amount exceeds their recoverable amounts, recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of an asset at arm's length transaction between knowledgeable and willing parties less cost of disposal.

### 1.5 Borrowing Costs

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for this intended use. All other borrowing costs are charged to revenue.

### 1.6 Investments

Investments of long term nature are stated at cost, less adjustment for any diminution, other than temporary, in the value thereof, Current Investments are stated at a lower of cost and fair market value.



### **1.7 Inventories**

Raw materials, stores, spares, and packing material are valued at Weighted average cost. Finished goods and Work-in-Progress are valued at cost or net realizable value whichever is lower.

### **1.8 Revenue Recognition**

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of the products are transferred to the customer.

Revenue from product sales is stated inclusive of excise duty applicable trade discounts and allowances. Revenue from services is recognized as per the terms of the contract with the customers when the services are performed.

### **1.9 Translation of Foreign Currency items**

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Gain/Loss arising out of fluctuations in exchange rates are accounted for realization.

Current Assets and Current Liabilities are translated at the exchange rate prevailing on the Balance Sheet date and the resultant gain/loss is recognized in the financial statements.

To account for profit/loss arising on cancellation or renewal of forward exchange contracts as income/expense for the period.

To account for profit/loss arising on settlement or cancellation of currency option as income/expense for the period.

To recognize the net mark to market loss in the Profit and Loss Account on the outstanding portfolio of options as at the Balance Sheet date, and to ignore the net gain, if any.

### **1.10 Employee Benefits**

The Company accounts for Gratuity liability of its employees on the basis of actuarial valuation carried out by an independent actuary. Defined benefit plans for Gratuity is maintained by the company with the Life Insurance Corporation of India.

Long term compensated absences are provided for, based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Company accounts for Leave Encashment liability of its employees on the basis of actuarial valuation carried out by an independent actuary.

### **1.11 Taxes on Income**

Deferred tax liabilities and deferred tax assets are recognized for the tax effect on the difference between taxable income and accounting income which are not permanent in nature subject to the consideration of prudence in the case of deferred tax assets.



## CCL PRODUCTS (INDIA) LIMITED

### 2 Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2013

#### 2.1 Share Capital

(₹ in Lakhs)

|   | 2013          |                 | 2012          |                 |
|---|---------------|-----------------|---------------|-----------------|
| <b>Authorized Share Capital</b><br>2,00,00,000 Equity Shares of ₹ 10 each   |               | 2,000.00        |               | 2,000.00        |
| <b>Issued Subscribed and Paid up Share Capital</b><br>1,33,02,792 Equity Shares of ₹ 10 each, fully paid up<br>(Previous year :1,33,02,792 Equity Shares of ₹ 10 each, fully paid up) |               | 1,330.28        |               | 1,330.28        |
|   |               | <b>1,330.28</b> |               | <b>1,330.28</b> |
| Details of shareholders holding more than 5% shares :   | No. of shares | % Holding       | No. of shares | % Holding       |
| 1. Challa Rajendra Prasad   | 701,005       | 5.27%           | 701,005       | 5.27%           |
| 2. Challa Shantha Prasad  | 1,800,000     | 13.53%          | 1,800,000     | 13.53%          |
| 3. Challa Srishant  | 787,990       | 5.92%           | 787,990       | 5.92%           |
| 4. Challa Soumya  | 1,400,000     | 10.52%          | 1,400,000     | 10.52%          |
| 5. Ian Breminer   | -             | -               | 856,059       | 6.44%           |
| 6. Reliance Capital Trustee Co. Ltd.  | 1,296,885     | 9.75%           | 1,296,885     | 9.75%           |

#### Reconciliation of Number of Shares

|                                     | 2013               | 2012               |
|-------------------------------------|--------------------|--------------------|
| Number of shares as at 01.04.2012   | 1,33,02,792        | 1,33,02,792        |
| Add : Shares issued during the year | -                  | -                  |
| Number of shares as at 31.03.2013   | <b>1,33,02,792</b> | <b>1,33,02,792</b> |

#### Rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

#### 2.2 Reserves and Surplus

|  | 2013             | 2012             |
|--|------------------|------------------|
| <b>General Reserve</b>                 |                  |                  |
| Opening Balance                        | 21,150.98        | 20,150.98        |
| Add: Transferred from Surplus          | 3,000.00         | 1,000.00         |
|  | <b>24,150.98</b> | <b>21,150.98</b> |
| <b>Surplus</b>                         |                  |                  |
| Opening Balance                        | 2,822.50         | 942.25           |
| Add: Net profit after tax for the year | 5,459.03         | 3,653.29         |
|  | <b>8,281.53</b>  | <b>4,595.54</b>  |
| <b>Less: Appropriations</b>            |                  |                  |
| Proposed Dividend                      | 665.14           | 665.14           |
| Dividend Tax                           | 107.90           | 107.90           |
| Amount transferred to General Reserve  | 3,000.00         | 1,000.00         |
|  | <b>3,773.04</b>  | <b>1,773.04</b>  |
| <b>Closing Balance</b>                 | <b>4,508.49</b>  | <b>2,822.50</b>  |
|  | <b>28,659.47</b> | <b>23,973.48</b> |



## CCL PRODUCTS (INDIA) LIMITED

### 2.3 Long-term Borrowings (₹ in Lakhs)

|                              | 2013            | 2012          |
|------------------------------|-----------------|---------------|
| Term Loans from Banks        | 1,550.12        | 500.00        |
| Deferred payment liabilities | 15.09           | 21.88         |
|                              | <b>1,565.21</b> | <b>521.88</b> |

#### a) Details of security:

The Term Loans are secured by Paripassu Charge on all the Fixed Assets of the Company by way of deposit of title deeds in respect of Factory and Land admeasuring Acr.19.3475 Cents situated at Duggirala Mandal, Guntur District. The said facility is further secured by way of second charge on the current assets of the company both present and future. The Term Loans availed by the company are also secured by the personal guarantee of Mr.C.Rajendra Prasad (CMD).

The Company availed a Buyer's Credit Limit of Rs.5.00 Crores from Yes Bank Limited for Capital Purchase which is secured by exclusive charge on the purchased asset along with personal guarantee of Mr.C.Rajendra Prasad (CMD)

#### b) Details of Term Loan Borrowings (₹ in Lakhs)

| Institution                 | Rate of Interest | Maturity Profile |               | Total           |
|-----------------------------|------------------|------------------|---------------|-----------------|
|                             |                  | 2014-15          | 2015-16       |                 |
| Kotak Mahindra Bank Limited | 12.00%           | 800.00           | 400.00        | 1,200.00        |
| Yes Bank Limited            | Libor+130 bps    | -                | 350.12        | 350.12          |
| <b>Total</b>                |                  | <b>800.00</b>    | <b>750.12</b> | <b>1,550.12</b> |

c) Deferred payment liabilities represent sales tax deferment. This loan is interest free and ₹ 6.79 lakhs repayable in the year 2013-14, ₹ 15.09 lakhs repayable in the year 2014-15 respectively.

### 2.4 Deferred tax liability

|                        | 2013            | 2012            |
|------------------------|-----------------|-----------------|
| Opening Balance        | 2,168.89        | 1,987.95        |
| Add : Depreciation     | 118.60          | 180.94          |
| <b>Closing Balance</b> | <b>2,287.49</b> | <b>2,168.89</b> |

### 2.5 Short-term Borrowings

|                                | 2013             | 2012             |
|--------------------------------|------------------|------------------|
| <b>Secured Loans From Bank</b> |                  |                  |
| Packing credit/ Buyers' credit | 12,272.21        | 12,447.62        |
| Cash Credit                    | 17.08            | 93.36            |
|                                | <b>12,289.29</b> | <b>12,540.98</b> |

#### Details of security:

Working Capital Facilities by State Bank of India, State Bank of Hyderabad, ICICI Bank Limited and Kotak Mahindra Bank Ltd under consortium are secured by way of first paripassu charge on Hypothecation of stocks of raw materials, semi finished, finished goods consumables, stores, book debts and such movable assets present and future and second charge on all fixed assets of the company.



## CCL PRODUCTS (INDIA) LIMITED

### 2.6 Trade payables

(₹ in Lakhs)

|                                    | 2013            | 2012            |
|------------------------------------|-----------------|-----------------|
| Due to Micro and Small Enterprises | -               | -               |
| For Raw material                   | 1,764.72        | 1,048.30        |
| For Packing material               | 246.41          | 231.10          |
| For Stores and Consumables         | 100.14          | 81.67           |
| For Capital goods                  | 119.05          | 63.14           |
| For Services                       | 278.27          | 324.08          |
|                                    | <b>2,508.59</b> | <b>1,748.29</b> |

Amount due beyond a period of 30 days to Micro and Small Enterprises - Nil

### 2.7 Other current liabilities

|  | 2013            | 2012            |
|--|-----------------|-----------------|
| Current maturities of long-term debt       | 1,300.00        | 1,800.92        |
| Salaries and employee benefits             | 606.54          | 383.07          |
| Withholding and other taxes payable #      | 22.17           | 28.70           |
| Interest accrued and due on borrowings     | 25.86           | 20.42           |
| Interest accrued but not due on borrowings | 3.37            | 1.66            |
| Other payables                             | 56.18           | 63.72           |
| Unclaimed dividends ##                     | 21.07           | 20.17           |
| Advance received from customers            | 27.20           | 117.16          |
|  | <b>2,062.39</b> | <b>2,435.82</b> |

# Withholding and other taxes payable include Sales Tax deferment amounting to ₹ 6.79 Lakh (Previous Year ₹ 11.71 lakh) {refer note 2.3 ( c ) }

## These Figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund

### 2.8 Short-term provisions

|   | 2013          | 2012          |
|---|---------------|---------------|
| <b>For Employee Benefits</b>                  |               |               |
| Leave Encashment                              | 7.23          | 5.60          |
| <b>Others</b>                                 |               |               |
| Proposed Dividend                             | 665.14        | 665.14        |
| Corporate Dividend tax                        | 107.90        | 107.90        |
| Provision for Income tax (net of advance tax) | 9.12          | 17.37         |
|   | <b>789.39</b> | <b>796.01</b> |

(₹ in Lakhs)

**2.9 FIXED ASSETS - TANGIBLE ASSETS**

| Name of the Asset              | Gross Block         |               |                          | Depreciation        |                     |                 | Net Block                 |                     |                     |
|--------------------------------|---------------------|---------------|--------------------------|---------------------|---------------------|-----------------|---------------------------|---------------------|---------------------|
|                                | As on<br>01-04-2012 | Additions     | Deletions/<br>Adjustment | As on<br>31-03-2013 | As on<br>01-04-2012 | Depreciation    | Deletions/<br>Adjustments | As on<br>31-03-2013 | As on<br>31-03-2012 |
| Land                           | 119.00              | -             | -                        | 119.00              | -                   | -               | -                         | 119.00              | 119.00              |
| Buildings                      | 3,460.99            | 57.06         | -                        | 3,518.05            | 851.16              | 100.11          | -                         | 2,566.78            | 2,609.83            |
| Plant & Equipment              | 26,996.71           | 615.39        | 2,940.88                 | 24,671.22           | 8,541.55            | 1,449.00        | 362.32                    | 15,042.99           | 18,455.16           |
| Lab Equipment                  | 74.28               | -             | -                        | 74.28               | 64.66               | 1.65            | -                         | 7.97                | 9.62                |
| Material Handling<br>Equipment | 58.22               | -             | -                        | 58.22               | 36.72               | 5.08            | -                         | 16.42               | 21.50               |
| Fire Fighting Equipment        | 12.66               | -             | -                        | 12.66               | 8.46                | 1.31            | -                         | 2.89                | 4.20                |
| Vehicles                       | 181.66              | 170.17        | 12.77                    | 339.06              | 107.30              | 20.19           | 11.18                     | 222.75              | 74.36               |
| Office Equipment               | 170.31              | 5.47          | -                        | 175.78              | 91.37               | 7.64            | -                         | 76.77               | 78.94               |
| Furniture & Fixtures           | 66.23               | -             | -                        | 66.23               | 42.93               | 2.57            | -                         | 20.73               | 23.30               |
| <b>Total</b>                   | <b>31,140.06</b>    | <b>848.09</b> | <b>2,953.65</b>          | <b>29,034.50</b>    | <b>9,744.15</b>     | <b>1,587.55</b> | <b>373.50</b>             | <b>18,076.30</b>    | <b>21,395.91</b>    |
| Previous Year                  | 31,012.64           | 191.66        | 64.24                    | 31,140.06           | 8,212.73            | 1,585.15        | 53.73                     | 21,395.91           | 22,799.91           |





## CCL PRODUCTS (INDIA) LIMITED

(₹ in Lakhs)

### 2.10 Non-current investments

|   | 2013            | 2012            |
|---|-----------------|-----------------|
| <b>Quoted Trade Investments:</b>  |                 |                 |
| Andhra Bank Shares<br>(5,300 Equity Shares Face value of ₹ 10/- each)<br>(5,300 Equity Shares Market value of ₹ 93.85/- each)<br>(Previous Year : 5,300 Equity Shares Market value<br>of ₹ 118.43/- each) | 1.78            | 1.78            |
| <b>Unquoted Non Trade Investments:</b>  |                 |                 |
| Coffee Futures Exchange India Ltd<br>(Equity Subscription for Membership as Ordinary member -<br>1 share of ₹ 10,000)   | 0.10            | 0.10            |
| Associated Coffee Merchants (Intl) Ltd<br>(1,87,400 Preference Shares Face value of GBP 1/-each)  | 147.91          | 147.91          |
| <b>Subsidiary (Wholly owned)</b><br>Jayanti Pte Ltd<br>(2,11,72,992 Equity Shares Face Value of S\$ 1/- each)<br>(Previous Year : 1,09,75,950 Equity Shares<br>Face Value of S\$ 1/- each)                | 7,854.28        | 3,605.61        |
|   | <b>8,004.07</b> | <b>3,755.40</b> |

### 2.11 Long-term loans and advances

|   | 2013            | 2012          |
|---|-----------------|---------------|
| <b>(Unsecured, considered good)</b>     |                 |               |
| Advances for Capital goods/services     | 162.52          | 171.53        |
| Electricity and Other Security Deposits | 145.70          | 117.59        |
| Rental Deposits                         | 26.50           | 26.50         |
| Ngon Coffee Company #                   | 2,580.93        | -             |
|   | <b>2,915.65</b> | <b>315.62</b> |

# Share Capital will be issued against Plant & Machinery transferred by the Company to Ngon Coffee Company, Vietnam (Wholly owned Subsidiary)



## CCL PRODUCTS (INDIA) LIMITED

### 2.12 Inventories

(₹ in Lakhs)

|                                  | 2013             | 2012             |
|----------------------------------|------------------|------------------|
| (As certified by the management) |                  |                  |
| Raw materials                    | 8,197.26         | 6,435.75         |
| Raw materials in Transit         | 1,828.52         | 1,680.85         |
| Work-in-progress                 | 114.87           | 220.96           |
| Finished goods                   | 1,337.36         | 1,193.00         |
| Stores, spares and consumables   | 430.67           | 645.05           |
| Packing material                 | 651.96           | 560.68           |
|                                  | <b>12,560.64</b> | <b>10,736.29</b> |

### 2.13 Trade receivables

|   | 2013            | 2012            |
|---|-----------------|-----------------|
| (Unsecured, considered good)                  |                 |                 |
| Outstanding for a period exceeding six months | 97.65           | 1.55            |
| Others  | 7,078.19        | 6,620.64        |
|   | <b>7,175.84</b> | <b>6,622.19</b> |

### 2.14 Cash and Bank Balances

|   | 2013          | 2012          |
|---|---------------|---------------|
| <b>a) Cash and Cash equivalents</b>   |               |               |
| i) Cash on hand   | 3.03          | 2.51          |
| ii) Balances with banks   |               |               |
| - Current Accounts  | 56.81         | 86.74         |
| - In Margin Money deposit account with original maturity less than 3 Months | -             | 243.00        |
|   | 59.84         | 332.25        |
| <b>b) Other Bank Balances</b>   |               |               |
| i) Unclaimed Dividend Account   | 21.07         | 20.17         |
| ii) Margin Money deposits (against Bank Guarantee)                          | 159.09        | 83.31         |
|   | 180.16        | 103.48        |
|   | <b>240.00</b> | <b>435.73</b> |



## CCL PRODUCTS (INDIA) LIMITED

### 2.15 Short-term loans and advances

(₹ in Lakhs)

|  | 2013            | 2012            |
|--|-----------------|-----------------|
| (Unsecured, considered good)           |                 |                 |
| Prepaid Expenses                       | 49.08           | 39.20           |
| Deposits with Statutory Authorities    | 2,072.67        | 652.67          |
| Advance Tax (Net of Provision for tax) | 78.35           | 95.72           |
| Input tax and other taxes receivables  | 114.46          | 173.53          |
| Loans to Employees                     | 19.83           | 9.06            |
| Tender and other deposits              | 30.49           | 21.82           |
| Other advances                         | 54.63           | 229.74          |
| Subsidiary - Jayanti Pte Ltd           | 72.71           | 964.50          |
|  | <b>2,492.22</b> | <b>2,186.24</b> |

### 2.16 Other current assets

|  | 2013         | 2012         |
|--|--------------|--------------|
| Interest accrued but not due on deposits | 27.39        | 45.58        |
|  | <b>27.39</b> | <b>45.58</b> |

### 2.17 Revenue from Operations

| Particulars                          | 2013             | 2012             |
|--------------------------------------|------------------|------------------|
| Revenue from :                       |                  |                  |
| Sale of Products                     | 57,212.45        | 49,208.67        |
| Sale of Trade Licences               | 1,664.08         | -                |
| Incentives                           | 66.23            | 37.37            |
| Revenue from operations (Gross)      | 58,942.76        | 49,246.04        |
| Less: Excise Duty                    | 460.24           | 272.92           |
| <b>Revenue from operations (Net)</b> | <b>58,482.52</b> | <b>48,973.12</b> |

### 2.18 Other income

|   | 2013          | 2012         |
|---|---------------|--------------|
| Interest on Deposits                      | 68.56         | 39.10        |
| Dividend Income on long-term investments  | 11.06         | 13.56        |
| Profit on sale/(Transfer) of assets (Net) | 0.46          | 3.86         |
| Interest on Loan to Subsidiary            | 61.69         | 37.00        |
| Miscellaneous Income                      | -             | 1.27         |
|   | <b>141.77</b> | <b>94.79</b> |



## CCL PRODUCTS (INDIA) LIMITED

### 2.19 Raw material consumed

(₹ in Lakhs)

|                     | 2013             | 2012             |
|---------------------|------------------|------------------|
| Purchases           | 37,086.02        | 31,656.98        |
| Add: Opening Stock  | 6,435.75         | 4,330.56         |
|                     | 43,521.77        | 35,987.54        |
| Less: Closing Stock | 8,197.26         | 6,435.75         |
|                     | <b>35,324.51</b> | <b>29,551.79</b> |

### 2.20 Changes in inventories

|                  | 2013           | 2012          |
|------------------|----------------|---------------|
| Work-in-progress |                |               |
| Opening          | 220.96         | 116.48        |
| Closing          | 114.87         | 220.96        |
|                  | 106.09         | (104.48)      |
| Finished goods   |                |               |
| Opening          | 1,193.00       | 1,800.68      |
| Closing          | 1,337.36       | 1,193.00      |
|                  | (144.36)       | 607.68        |
|                  | <b>(38.27)</b> | <b>503.20</b> |

### 2.21 Employee benefits expense

|   | 2013            | 2012            |
|---|-----------------|-----------------|
| Salaries, Wages and Bonus                 | 908.24          | 730.33          |
| Directors' Remuneration                   | 592.59          | 370.37          |
| Contribution to provident and other funds | 129.30          | 107.33          |
| Staff welfare                             | 117.22          | 101.94          |
|   | <b>1,747.35</b> | <b>1,309.97</b> |

### 2.22 Finance Cost

|                       | 2013            | 2012            |
|-----------------------|-----------------|-----------------|
| Interest Expense      | 865.38          | 818.85          |
| Other Finance Charges | 330.83          | 336.84          |
|                       | <b>1,196.21</b> | <b>1,155.69</b> |



## CCL PRODUCTS (INDIA) LIMITED

### 2.23 Other expenses

(₹ in Lakhs)

|  | 2013             | 2012            |
|--|------------------|-----------------|
| Packing material consumed                              | 3,279.00         | 3,122.05        |
| Stores and Consumable consumed                         | 281.07           | 192.93          |
| Power and fuel   | 3,714.87         | 2,517.80        |
| Repairs and Maintenance to Machinery                   | 1,203.32         | 590.66          |
| Repairs and Maintenance to Other assets                | 26.39            | 19.41           |
| Transportation, Ocean Freight, Clearing and Forwarding | 950.60           | 903.60          |
| Insurance  | 47.98            | 54.67           |
| Rent   | 34.25            | 35.05           |
| Rates and Taxes  | 50.46            | 20.65           |
| Directors' Sitting Fee                                 | 3.36             | 1.00            |
| Non-whole time Directors' Commission                   | 12.00            | 5.00            |
| Selling Expenses                                       | 77.72            | 154.73          |
| Commission on Sales                                    | 149.44           | 190.69          |
| Traveling and Conveyance                               | 53.39            | 46.40           |
| Communication Expenses                                 | 25.49            | 26.17           |
| Printing and Stationery                                | 8.98             | 7.24            |
| Office Maintenance                                     | 102.31           | 88.55           |
| Donations  | 16.39            | 18.51           |
| Professional Fees & Expenses                           | 37.41            | 49.39           |
| Subscription and Membership fee                        | 4.65             | 4.49            |
| Auditor's Remuneration                                 | 20.99            | 10.97           |
| Foreign Exchange Loss (Net)                            | 620.54           | 1,289.98        |
| Advances written-off                                   | -                | 175.00          |
| Miscellaneous expenses                                 | 2.70             | 2.93            |
|  | <b>10,723.31</b> | <b>9,527.87</b> |

### 2.24 Contingent Liabilities and Commitments

|  | 2013      | 2012      |
|--|-----------|-----------|
| <b>(I) Contingent Liabilities</b>  |           |           |
| (A) Claims against the company/ disputed liabilities not acknowledged as debts :               |           |           |
| - Income Tax   | 1,950.54  | 2,942.11  |
| - Excise & Customs   | 31.76     | 31.76     |
| - Service Tax  | 550.66    | 550.66    |
| (B) Guarantees   |           |           |
| - Bank Guarantees (includes Corporate Guarantees)  | 16,369.02 | 15,144.78 |
| <b>(II) Commitments</b>  |           |           |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | -         | 404.91    |



**2.25 Employee Benefits-Disclosures as per AS-15**

(₹ in Lakhs)

a) Gratuity

**Principal actuarial assumptions:**

|   | <b>2013</b> | <b>2012</b> |
|---|-------------|-------------|
| 1. Discount Rate  | 8.00%       | 8.00%       |
| 2. Salary Escalation  | 4.00%       | 4.00%       |
| <b>Reconciliation of Opening and Closing Balances of the present value of the obligations :</b> |             |             |
| Present value of obligation as at beginning of year   | 76.26       | 65.55       |
| Interest Cost   | 6.10        | 4.33        |
| Current Service Cost  | 5.10        | 4.14        |
| Benefits paid   | (1.71)      | (2.49)      |
| Actuarial Gain/Loss on obligations  | 9.29        | 4.73        |
| Present value of obligation as at end of year   | 95.04       | 76.26       |
| <b>Reconciliation of Opening and Closing Balances of the fair value of plan assets :</b>        |             |             |
| Fair value of plan assets at beginning of year  | 93.93       | 77.30       |
| Actual return on plan assets  | 8.66        | 7.21        |
| Contributions   | 15.95       | 11.92       |
| Benefits paid   | (1.71)      | (2.50)      |
| Fair value of plan assets at the end of year  | 116.83      | 93.93       |
| <b>Amounts recognized in the balance sheet</b>  |             |             |
| Present value of obligations as at the end of year  | 95.04       | 76.26       |
| Fair value of plan assets as at the end of the year   | 116.83      | 93.93       |
| Funded status   | 21.79       | 17.67       |
| Net Asset/Liability recognized in balance sheet   | (21.79)     | (17.67)     |
| <b>Amounts recognized in the Profit and loss :</b>  |             |             |
| Current Service Cost  | 5.10        | 4.14        |
| Interest Cost   | 6.10        | 4.33        |
| Expected return on plan assets  | (8.66)      | (7.21)      |
| Net Actuarial (gain)/Loss recognized in the year  | 9.29        | 4.73        |
| Expenses recognized in statement of Profit & Loss   | 11.83       | 5.99        |



## CCL PRODUCTS (INDIA) LIMITED

### b) Leave encashment

(₹ in Lakhs)

#### Principal actuarial assumptions:

|                      | 2013  | 2012  |
|----------------------|-------|-------|
| 1. Discount Rate     | 8.00% | 8.00% |
| 2. Salary Escalation | 4.00% | 4.00% |

#### Reconciliation of Opening and Closing Balances of the present value of the obligations :

|   |        |        |
|---|--------|--------|
| Present value of obligation as at beginning of year | 5.61   | 4.23   |
| Interest Cost                                       | 0.45   | 0.34   |
| Current Service Cost                                | 0.49   | 0.41   |
| Benefits Paid                                       | -      | -      |
| Actuarial Gain/Loss on obligations                  | (0.69) | (0.63) |
| Present value of obligation as at end of year       | 7.24   | 5.61   |

#### Amounts recognized in the balance sheet

|   |        |        |
|---|--------|--------|
| Present value of obligations as at the end of year  | 7.24   | 5.61   |
| Fair value of plan assets as at the end of the year | -      | -      |
| Funded status                                       | -      | -      |
| Net Asset/Liability recognized in balance sheet     | (7.24) | (5.61) |

#### Amounts recognized in the Profit and loss :

|   |        |        |
|---|--------|--------|
| Current Service Cost                              | 0.49   | 0.41   |
| Interest Cost                                     | 0.45   | 0.34   |
| Expected return on plan assets                    | -      | -      |
| Net Actuarial (gain)/Loss recognized in the year  | (0.69) | (0.63) |
| Expenses recognized in statement of Profit & Loss | 1.63   | 1.38   |

#### 2.26 Value of Imports on CIF basis:

|                            | 2013      | 2012      |
|----------------------------|-----------|-----------|
| Raw material               | 30,071.84 | 22,114.93 |
| Components and Spare parts | 329.47    | 457.86    |
| Capital goods              | 556.93    | 91.58     |



## CCL PRODUCTS (INDIA) LIMITED

### 2.27 Cost of Raw Material Consumed and Packing Material, Stores & Spares Consumed

(₹ in Lakhs)

|  | 2013             |                        | 2012             |                        |
|--|------------------|------------------------|------------------|------------------------|
|  | Value            | % of Total Consumption | Value            | % of Total Consumption |
| <b>Raw Material</b>                          |                  |                        |                  |                        |
| Imported                                     | 25,965.29        | 73.51                  | 20,432.59        | 69.14                  |
| Indigenous                                   | 9,359.22         | 26.49                  | 9,119.20         | 30.86                  |
| <b>Total</b>                                 | <b>35,324.51</b> | <b>100.00</b>          | <b>29,551.79</b> | <b>100.00</b>          |
| <b>Packing Material, Stores &amp; Spares</b> |                  |                        |                  |                        |
| Imported                                     | 329.47           | 6.92                   | 457.86           | 11.72                  |
| Indigenous                                   | 4,433.93         | 93.08                  | 3,447.78         | 88.28                  |
| <b>Total</b>                                 | <b>4,763.40</b>  | <b>100.00</b>          | <b>3,905.64</b>  | <b>100.00</b>          |

### 2.28 Auditor's Remuneration

|                        | 2013         | 2012         |
|------------------------|--------------|--------------|
| Statutory Audit        | 9.00         | 7.50         |
| Tax Audit              | 2.00         | 1.50         |
| Tax Matters            | 7.00         | -            |
| Certification Fee      | 2.70         | 1.80         |
| Out-of Pocket Expenses | 0.29         | 0.17         |
| <b>Total</b>           | <b>20.99</b> | <b>10.97</b> |

### 2.29 Basic and Diluted Earnings per share :

|  | 2013     | 2012     |
|--|----------|----------|
| Earnings per share has been computed as under:       |          |          |
| a) Net Profit after Tax attributable to shareholders | 5,459.03 | 3,653.29 |
| b) Weighted Average Number of Equity Shares          | 41.04    | 27.46    |
| c) Basic and Diluted Earnings per share (a)/(b)      | 41.04    | 27.46    |
| d) Face Value per equity share                       | 10.00    | 10.00    |

### 2.30 Expenditure in foreign currency :

|                   | 2013 | 2012  |
|-------------------|------|-------|
| Travel Expenses   | 5.81 | 4.15  |
| Interest          | 5.07 | 33.97 |
| Professional Fees | 2.47 | 5.35  |
| Other expenses    | 4.13 | 19.41 |





## CCL PRODUCTS (INDIA) LIMITED

### 2.31 Earnings in foreign currency :

(₹ in Lakhs)

|                      | 2013      | 2012      |
|----------------------|-----------|-----------|
| FOB value of Exports | 52,874.40 | 46,185.55 |
| Dividend             | 10.76     | 13.27     |

### 2.32 Remittance in foreign currency on account of Dividend

The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. The exact amount of dividend remitted in Foreign Currency cannot be ascertained. The total amount remittable in this respect is given herein below :

|   | 2013                        | 2012                        |
|---|-----------------------------|-----------------------------|
| a) Number of Non-Resident Shareholders              | 21                          | 17                          |
| b) Number of Equity Shares held by them             | 1,464,049                   | 2,722,994                   |
| c) i) Amount of Dividend Paid (Gross) (Rs.in Lakhs) | 73.20                       | 54.46                       |
| ii) Tax Deducted at Source                          | -                           | -                           |
| iii) Year to which Dividend relates                 | 2011-12<br>(Final Dividend) | 2010-11<br>(Final Dividend) |

### 2.33 Segment Reporting

Based on the guiding principles given in Accounting Standard on `Segment Reporting (AS-17) issued by the Institute of Chartered Accountants of India the Company's primary business segment is Instant Coffee.

#### Segment accounting policies

In addition to the significant accounting policies applicable to the business segment as set out in Note 1 of the notes to the Financial Statements the accounting policies in relation to segment accounting are as under:

#### a) Segment assets and liabilities

All segment assets and liabilities are directly attributable to the segment.

Segment assets include all operating assets used by the segment and consist principally of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment assets and liabilities do not include investments, inter corporate deposits, reserves and surplus, borrowings provision for contingencies and income tax (both current and deferred).

#### b) Segment revenue and expenses:

Segment revenue and expenses are directly attributable to the segment. Segment revenue and expenses do not include interest income on inter-corporate deposits, profit on sale of investments, interest expense, provision for contingencies and income tax.



## CCL PRODUCTS (INDIA) LIMITED

Financial information about the primary business segment is presented in the table given below:

(₹ in Lakhs)

|  | 2013             | 2012             |
|--|------------------|------------------|
| <b>a) Revenue</b>  |                  |                  |
| External Sales   | 58,482.52        | 48,973.12        |
| <b>Total Revenue</b>   | <b>58,482.52</b> | <b>48,973.12</b> |
| <b>b) Result</b>   |                  |                  |
| Segment result / operating profit  | 9,279.84         | 6,589.93         |
| Interest expense   | 1,196.21         | 1,155.69         |
| Provision for taxes  | 2,624.60         | 1,780.95         |
| <b>Net Profit</b>  | <b>5,459.03</b>  | <b>3,653.29</b>  |
| <b>c) Other Information</b>  |                  |                  |
| Segment assets   | 43,488.04        | 41,760.23        |
| Investments and inter corporate deposits including interest accrued thereon                          | 8,004.07         | 3,755.40         |
| <b>Total Assets</b>  | <b>51,492.11</b> | <b>45,515.63</b> |
| Segment liabilities  | 4,520.67         | 4,141.86         |
| Share capital and reserves   | 29,989.75        | 25,303.76        |
| Long-term & Short-term borrowings  | 13,861.73        | 13,068.46        |
| Interest accrued on borrowings   | 29.23            | 22.08            |
| Unclaimed dividends  | 21.07            | 20.17            |
| Provision for taxation, Dividend and Dividend Tax  | 782.16           | 790.41           |
| Provision for deferred Tax   | 2,287.49         | 2,168.89         |
| <b>Total liabilities</b>   | <b>51,492.11</b> | <b>45,515.63</b> |
| Capital expenditure including capital work in progress   | 848.09           | 191.66           |
| Depreciation (including impairment loss on fixed assets and deficit on fixed assets sold / scrapped) | 1,587.55         | 1,585.15         |



## CCL PRODUCTS (INDIA) LIMITED

### 2.34 Related Party disclosures

As per AS-18, the disclosures of transactions with the related parties are given below:

(i) Details of the related party transactions

|  | 2013     | 2012     |
|--|----------|----------|
| <b>a) Key managerial personnel and their relatives</b> |          |          |
| Remuneration & Commission                              | 592.59   | 370.37   |
| Rent   | 32.98    | 34.58    |
| <b>b) Subsidiaries</b>                                 |          |          |
| Jayanti Pte. Ltd., Singapore                           |          |          |
| Interest Income  | 61.69    | 37.00    |
| Loans & Advances                                       | 72.71    | 964.50   |
| Equity Investment                                      | 4,248.67 | -        |
| Grandsaugreen SA, Switzerland                          |          |          |
| Sale of Instant Coffee                                 | 5,318.96 | 7,574.89 |
| Ngon Coffee Company, Vietnam                           |          |          |
| Sale of Fixed Assets                                   | 2,580.93 | -        |

(ii) Names of related parties and description of their relationship:

1. Key Management Personnel
  - Mr.Challa Rajendra Prasad, Chairman & Managing Director
  - Mr.Challa Srishant, Executive Director
  
2. Relatives of Key Management Personnel
  - Mrs.Challa Shantha Prasad  
(Spouse of Mr.Challa Rajendra Prasad, C.M.D.)
  - Ms.Challa Soumya  
(Daughter of Mr.Challa Rajendra Prasad, C.M.D.)
  
3. Subsidiary Companies
  - M/s. Jayanti Pte Ltd., Singapore  
(Subsidiary of CCL Products (India) Limited – India)
  - M/s. Grandsaugreen SA, Switzerland  
(Subsidiary of Jayanti Pte. Ltd., Singapore)
  - M/s. Ngon Coffee Company Ltd., Vietnam  
(Subsidiary of Jayanti Pte. Ltd., Singapore)

**2.35** Previous Year's figures are regrouped/rearranged/recasted wherever considered necessary to conform the current year figures

As per our report of even date  
For **M.ANANDAM & CO.**,  
Chartered Accountants

**By order of the Board**

Sd/-  
**(M.V. Ranganath)**  
Partner  
M.No.028031

Sd/-  
**Challa Rajendra Prasad**  
Chairman & Managing Director

Place : Hyderabad  
Date : 24.05.2013

Sd/-  
**K.V.L.N. Sarma**  
Chief Financial Officer

Sd/-  
**Sridevi Dasari**  
Company Secretary

Sd/-  
**I.J. Rao**  
Director

Sd/-  
**Challa Srishant**  
Executive Director



## CCL PRODUCTS (INDIA) LIMITED

### INTEREST IN SUBSIDIARY COMPANY STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956.

| Sl No | Particulars   | Jayanti Pte Ltd                              | Grandsaugreen SA                          | Ngon Coffee Company Limited                    |
|-------|---|--|---|--|
| 1     | The Financial Year of the Subsidiary Company ended on   | : 31 <sup>st</sup> March,2013                | 31 <sup>st</sup> March,2013               | 31 <sup>st</sup> March,2013                    |
| 2     | Year from which it became Subsidiary Company  | : 2009-10                                    | 2009-10                                   | 2010-11  |
| 3     | a) Number of shares held by CCL Products (India) Ltd along with its nominees in the Subsidiary at the end of the financial year of the Subsidiary Companies   | : 21172992<br>Equity Shares of<br>S\$ 1 each | 4100000<br>Equity Shares of<br>CHF 1 each | 175681626328<br>Equity Shares of<br>VND 1 each |
|       | b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Companies   | : 100.00%                                    | 100.00%                                   | 100.00%  |
| 4     | Net aggregate amount of Profit/(Loss) of the Subsidiary for the financial year ended 31 <sup>st</sup> March,2013 so far as they concern to members of CCL Products (India) Ltd.   |  |   |  |
|       | a) Dealt with in the account of CCL Products (India) Limited (₹.in Lakhs)   | : Nil  | Nil                                       | Nil  |
|       | b) Not Dealt with in the accounts of CCL Products (India) Limited (₹ in Lakhs)  | : 20.45                                      | (153.89)                                  | (222.98)                                       |
| 5     | Net aggregate amount of Profit/(Loss) for Previous financial years of the Subsidiary since they became subsidiaries so far as they concern members of CCL Products (India) Limited.   |  |   |  |
|       | a) Dealt with in the account of CCL Products (India) Limited (₹ in Lakhs)   | : NA   | NA  | NA   |
|       | b) Not Dealt with in the accounts of CCL Products (India) Limited (₹ in Lakhs)  | : 24.21                                      | (153.20)                                  | -  |
| 6     | Change in the interest of CCL Products (India) Limited in the Subsidiary between the end of the financial year of the subsidiary and that of CCL Products (India) Limited.  | : Nil  | Nil                                       | Nil  |
| 7     | Material changes between the end of the financial year of the subsidiary and end of the financial year of CCL Products (India) Limited in respect of the Subsidiary fixed assets, investments lending and borrowing for the purpose other than meeting their current liabilities. | : NA   | NA  | NA   |
| 8     | Remarks   | : Nil  | Nil                                       | Nil  |

**By order of the Board**

Sd/-  
**Challa Rajendra Prasad**  
Chairman & Managing Director

|  |  |  |                                     |  |
|--|--|--|-------------------------------------|--|
| Place : Hyderabad<br>Date : 24.05.2013 | Sd/-<br><b>K.V.L.N. Sarma</b><br>Chief Financial Officer | Sd/-<br><b>Sridevi Dasari</b><br>Company Secretary | Sd/-<br><b>I.J. Rao</b><br>Director | Sd/-<br><b>Challa Srishant</b><br>Executive Director |
|--|--|--|-------------------------------------|--|



---

---

**INDEPENDENT AUDITOR'S REPORT**

To  
The Board of Directors  
CCL Products (India) Limited

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of CCL Products (India) Limited and its subsidiaries Jayanti Pte Ltd, Singapore, Grandsaugreen SA, Les Verrieres, and Ngon Coffee Company Limited, Vietnam (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31<sup>st</sup> March 2013 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view in a 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 the management as well as the 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.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a. In the case of Consolidated Balance sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2013; and
- b. In the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended as on that date and



## CCL PRODUCTS (INDIA) LIMITED

---

---

- c. In the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on the date.

### Other Matters

We did not audit the financial statements of the subsidiaries, Jayanti Pte Ltd, Singapore, Grandsaugreen SA, Les Verrieres and Ngon Coffee company Limited, Vietnam whose financial statements reflect the total assets of ₹ 30185.32 Lakhs as at 31<sup>st</sup> March 2013 and total revenues of ₹ 12017.75 Lakhs for the year ended 31<sup>st</sup> March, 2013. The financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

For **M.Anandam & Co.,**  
Chartered Accountants  
(Firm Regn No: 000125S)

Sd/-  
**M.V.Ranganath**  
Partner  
M.No. 028031

Place : Hyderabad  
Date : 24<sup>th</sup> May, 2013



**CCL PRODUCTS (INDIA) LIMITED**

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013** (₹ in Lakhs)

|                                      | Note | 2013             | 2012             |
|--------------------------------------|------|------------------|------------------|
| <b><u>EQUITY AND LIABILITIES</u></b> |      |                  |                  |
| <b>Shareholder's funds</b>           |      |                  |                  |
| (a) Share Capital                    | 2.1  | 1,330.28         | 1,330.28         |
| (b) Reserves and Surplus             | 2.2  | 26,507.90        | 22,643.86        |
| <b>Non- current liabilities</b>      |      |                  |                  |
| (a) Long term borrowings             | 2.3  | 12,477.66        | 10,620.61        |
| (b) Deferred tax liabilities (Net)   | 2.4  | 2,287.49         | 2,168.89         |
| <b>Current Liabilities</b>           |      |                  |                  |
| (a) Short-term borrowings            | 2.5  | 13,319.03        | 14,366.40        |
| (b) Trade payables                   | 2.6  | 2,821.55         | 2,427.28         |
| (c) Other current liabilities        | 2.7  | 7,115.44         | 2,724.43         |
| (d) Short-term provisions            | 2.8  | 793.11           | 796.01           |
| <b>TOTAL</b>                         |      | <b>66,652.46</b> | <b>57,077.76</b> |
| <b><u>ASSETS</u></b>                 |      |                  |                  |
| <b>Non-current assets</b>            |      |                  |                  |
| (a) Fixed assets                     |      |                  |                  |
| (i) Tangible assets                  | 2.9  | 33,440.39        | 25,741.99        |
| (ii) Capital work-in-progress        |      | -                | 9,365.50         |
| (b) Non-current investments          | 2.10 | 149.79           | 149.79           |
| (c) Long term loans and advances     | 2.11 | 3,108.29         | 341.10           |
| <b>Current assets</b>                |      |                  |                  |
| (a) Inventories                      | 2.12 | 15,550.54        | 11,715.26        |
| (b) Trade receivables                | 2.13 | 8,716.67         | 7,041.53         |
| (c) Cash and Cash equivalents        | 2.14 | 934.95           | 564.27           |
| (d) Short-term loans and advances    | 2.15 | 4,724.44         | 2,112.74         |
| (e) Other current assets             | 2.16 | 27.39            | 45.58            |
| <b>TOTAL</b>                         |      | <b>66,652.46</b> | <b>57,077.76</b> |

Significant accounting policies and  
Notes on Financial Statements 1 & 2

As per our report of even date  
For **M.ANANDAM & CO.**,  
Chartered Accountants

Sd/-  
**(M.V.Ranganath)**  
Partner  
M.No. 028031

Sd/-  
**K.V.L.N. Sarma**  
Chief Financial Officer

Sd/-  
**Sridevi Dasari**  
Company Secretary

Sd/-  
**I.J. Rao**  
Director

**By order of the Board**  
Sd/-  
**Challa Rajendra Prasad**  
Chairman & Managing Director

Sd/-  
**Challa Srishant**  
Executive Director

Place : Hyderabad  
Date : 24.05.2013



## CCL PRODUCTS (INDIA) LIMITED

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013

(₹ in Lakhs)

|  | Note | 2013             | 2012             |
|--|------|------------------|------------------|
| <b>INCOME</b>  |      |                  |                  |
| Revenue from operations  | 2.17 | 65,073.45        | 50,222.51        |
| Other Income   | 2.18 | 187.94           | 200.67           |
| <b>Total Revenue</b>   |      | <b>65,261.39</b> | <b>50,423.18</b> |
| <b>Expenses</b>  |      |                  |                  |
| Cost of Materials Consumed   | 2.19 | 39,668.47        | 29,942.76        |
| Changes in inventories   | 2.20 | (1,215.14)       | 376.76           |
| Employee benefits expense  | 2.21 | 2,122.45         | 1,465.24         |
| Finance Costs  | 2.22 | 2,307.44         | 1,484.65         |
| Depreciation   | 2.9  | 2,863.75         | 2,009.53         |
| Other expenses   | 2.23 | 12,129.80        | 9,726.53         |
| <b>Total Expenses</b>  |      | <b>57,876.77</b> | <b>45,005.47</b> |
| <b>Profit before tax</b>   |      | <b>7,384.62</b>  | <b>5,417.71</b>  |
| <b>Tax expense:</b>  |      |                  |                  |
| (1) Current tax  |      | 2,523.42         | 1,612.31         |
| (2) Deferred tax   |      | 118.60           | 180.95           |
| <b>Profit after tax</b>  |      | <b>4,742.60</b>  | <b>3,624.45</b>  |
| <b>Earnings per equity share:</b>  |      |                  |                  |
| (1) Basic  |      | 35.65            | 27.25            |
| (2) Diluted  |      | 35.65            | 27.25            |
| Significant accounting policies and<br>Notes on Financial Statements 1 & 2 |      |                  |                  |

As per our report of even date  
For **M.ANANDAM & CO.**,  
Chartered Accountants

Sd/-  
**(M.V.Ranganath)**  
Partner  
M.No. 028031

Sd/-  
**K.V.L.N. Sarma**  
Chief Financial Officer

Sd/-  
**Sridevi Dasari**  
Company Secretary

Sd/-  
**I.J. Rao**  
Director

By order of the Board  
Sd/-  
**Challa Rajendra Prasad**  
Chairman & Managing Director

Sd/-  
**Challa Srishant**  
Executive Director

Place : Hyderabad  
Date : 24.05.2013





**CCL PRODUCTS (INDIA) LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

(₹ in Lakhs)

|  | 2013                     | 2012                     |
|--|--------------------------|--------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES :</b>           |                          |                          |
| Net profit before tax and extraordinary items          | 7,384.62                 | 5,417.71                 |
| Adjustments for :                                      |                          |                          |
| Depreciation   | 2,863.75                 | 2,009.53                 |
| Finance charges  | 2,307.44                 | 1,484.65                 |
| Profit on sale of assets                               | (0.46)                   | (3.86)                   |
| Foreign Exchange Translation                           | 83.08                    | 571.01                   |
| Interest on Deposits                                   | (163.72)                 | (39.10)                  |
| Dividend on Investments                                | (11.06)                  | (13.56)                  |
| Other Income   | (12.70)                  | (144.15)                 |
| Operating profit before working capital changes        | <u>12,450.95</u>         | <u>9,282.23</u>          |
| Adjustments for :                                      |                          |                          |
| Trade Receivables                                      | (1,675.14)               | (2,032.01)               |
| Inventories  | (3,835.28)               | (2,776.54)               |
| Loans and Advances                                     | (2,779.77)               | (1,220.90)               |
| Trade and Other payables                               | 2,178.75                 | 30.97                    |
| Cash generated from operations                         | <u>6,339.51</u>          | <u>3,283.75</u>          |
| Interest paid on working capital                       | (1,261.13)               | (821.29)                 |
| Interest received on Deposits                          | 163.72                   | 18.46                    |
| Direct Taxes Paid                                      | (2,490.00)               | (1,352.00)               |
| Net Cash from operating activities                     | <u><u>2,752.10</u></u>   | <u><u>1,128.92</u></u>   |
| <b>Cash flows from Investing Activities</b>            |                          |                          |
| Purchase of Fixed Assets (Include CWIP)                | (3,776.49)               | (5,599.08)               |
| Sale of Assets   | (0.31)                   | 6.65                     |
| Dividend Received                                      | 11.06                    | 13.56                    |
| Other Income Received                                  | 12.70                    | 133.13                   |
| Net Cash flow from Investing Activities                | <u><u>(3,753.04)</u></u> | <u><u>(5,445.74)</u></u> |
| <b>Cash flows from Financing Activities</b>            |                          |                          |
| Proceeds from Long term borrowings                     | 7,697.96                 | 2,713.60                 |
| Repayment of Long term borrowings                      | (3,459.61)               | (2,896.01)               |
| Increase/ (Decrease) in Short-term borrowings          | (1,047.37)               | 1,961.61                 |
| Interest paid on term loans                            | (1,046.31)               | (688.02)                 |
| Dividend paid  | (665.14)                 | (266.06)                 |
| Corporate Dividend tax                                 | (107.90)                 | (43.16)                  |
| Net Cash Flow from Financing Activities                | <u><u>1,371.63</u></u>   | <u><u>781.96</u></u>     |
| Net Increase in cash and cash equivalents              | 370.68                   | (3,534.86)               |
| Cash and Cash equivalents at the beginning of the year | 564.27                   | 4,099.13                 |
| Cash and Cash equivalents at the ending of the year    | 934.95                   | 564.27                   |

As per our report of even date  
For **M.ANANDAM & CO.,**  
Chartered Accountants

Sd/-  
**(M.V.Ranganath)**  
Partner  
M.No. 028031  
Place : Hyderabad  
Date : 24.05.2013

Sd/-  
**K.V.L.N. Sarma**  
Chief Financial Officer

Sd/-  
**Sridevi Dasari**  
Company Secretary

Sd/-  
**I.J. Rao**  
Director

Sd/-  
**Challa Rajendra Prasad**  
Chairman & Managing Director

Sd/-  
**Challa Srishant**  
Executive Director



## 1) Notes on Consolidated Financial Statements

### I. Principles of Consolidation

1.1 The Consolidated Financial statements comprises the financial statements of CCL Products (India) Limited (The company) and its Subsidiaries (collectively known as the 'Group'). The consolidated financial statements have been prepared on the following basis in line with Accounting Standard-21, Consolidated Financial Statements issued by ICAI.

- a) The financial statements of the Company and its subsidiary companies are combined on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and transactions and unrealized profit/losses resulting from the same.
- b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- c) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to the shareholders of the Company.
- d) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

1.2 In case of foreign subsidiaries, being non-integral foreign operations, the exchange adjustments have been carried out on following basis, as per Accounting Standard 11– Accounting for effects of changes in Foreign Exchange Rates.

- a) the summarized revenue and expense transaction at the year end reflected in profit and loss account of the foreign subsidiaries which are stated in the currency of their domicile are translated into Indian Rupees at average exchange rate prevailing during the year.
- b) All monetary and non –monetary items reflected in the balance sheet of the foreign subsidiaries are translated into Indian Rupees at the year end closing exchange rate.
- c) The resultant exchange gain/loss are disclosed as Foreign Exchange Translation Reserve in Reserves & Surplus.



d) Enterprises included in Consolidation :

| Name of the Company   | Share holding/<br>Controlling interest | Place of<br>Incorporation |
|---|--|---------------------------|
| M/s. Jayanti Pte Ltd ("Jayanti")                            | 100.00%                                | Singapore                 |
| M/s. Grandsaugreen SA (Subsidiary of Jayanti)               | 100.00%                                | Switzerland               |
| M/s. Ngon Coffee Company Limited<br>(Subsidiary of Jayanti) | 100.00%                                | Vietnam                   |

II. Significant Accounting Policies

These are set out under "Significant Accounting policies" as given in the Company's separate financial statements.

2) Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2013

2.1 Share Capital

(₹ in Lakhs)

|  | 2013            | 2012            |
|--|-----------------|-----------------|
| <b>Authorized Share Capital</b><br>20,000,000 Equity Shares of ₹ 10 each   | 2,000.00        | 2,000.00        |
| <b>Issued Subscribed and Paid up Share Capital</b><br>13,302,792 Equity Shares of ₹ 10 each, fully paid up<br>(Previous year :13,302,792 Equity Shares of<br>₹ 10 each, fully paid up) | 1,330.28        | 1,330.28        |
|  | <b>1,330.28</b> | <b>1,330.28</b> |

Reconciliation of Number of Shares :

|                                     | 2013              | 2012              |
|-------------------------------------|-------------------|-------------------|
| Number of shares as at 01.04.2012   | 13,302,792        | 13,302,792        |
| Add : Shares issued during the year | -                 | -                 |
| Number of shares as at 31.03.2013   | <b>13,302,792</b> | <b>13,302,792</b> |

2.2 Reserves and Surplus

|  | 2013             | 2012             |
|--|------------------|------------------|
| <b>General Reserve</b>                 |                  |                  |
| Opening Balance                        | 21,150.98        | 20,150.98        |
| Add: Transferred from Surplus          | 3,000.00         | 1,000.00         |
|  | <b>24,150.98</b> | <b>21,150.98</b> |
| <b>Surplus</b>                         |                  |                  |
| Opening Balance                        | 2,699.49         | 848.08           |
| Add: Net profit after tax for the year | 4,742.60         | 3,624.45         |
|  | <b>7,442.09</b>  | <b>4,472.53</b>  |
| <b>Less: Appropriations</b>            |                  |                  |
| Proposed Dividend                      | 665.14           | 665.14           |
| Dividend Tax                           | 107.90           | 107.90           |
| Amount transferred to General Reserve  | 3,000.00         | 1,000.00         |
|  | 3,773.04         | 1,773.04         |
| <b>Closing Balance</b>                 | <b>3,669.05</b>  | <b>2,699.49</b>  |



## CCL PRODUCTS (INDIA) LIMITED

(₹ in Lakhs)

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Capital Reserve</b>                      | <b>(5.95)</b>     | <b>(5.95)</b>     |
| <b>Foreign Currency Translation Reserve</b> |                   |                   |
| Opening Balance                             | (1,200.66)        | (607.55)          |
| Additions during the year                   | (105.52)          | (593.11)          |
| <b>Closing Balance</b>                      | <b>(1,306.18)</b> | <b>(1,200.66)</b> |
|   | <b>26,507.90</b>  | <b>22,643.86</b>  |

### 2.3 Long-term Borrowings

|                              | 2013             | 2012             |
|------------------------------|------------------|------------------|
| Term Loans from Banks        | 12,462.57        | 10,598.73        |
| Deferred payment liabilities | 15.09            | 21.88            |
|                              | <b>12,477.66</b> | <b>10,620.61</b> |

#### a) Details of security:

- 1) The Term Loans are secured by Paripassu Charge on all the Fixed Assets of the Company by way of deposit of title deeds in respect of Factory and Land admeasuring Acr.19.3475 Cents situated at Duggirala Mandal, Guntur District. The said facility is further secured by way of second charge on the current assets of the company both present and future. The Term Loans availed by the company are also secured by the personal guarantee of Mr.C.Rajendra Prasad (CMD).
- 2) The Term Loans of Grandsaugreen SA, Switzerland are secured by Corporate Guarantee of CCL Products (India) Limited
- 3) The Term Loans of Ngon Coffee Company, Vietnam are secured by all existing and future acquired movable assets including current assets.

#### b) Details of Term Loan Borrowings

| Institution                                   | Maturity Profile |                 |                 |                 | Total            |
|---|------------------|-----------------|-----------------|-----------------|------------------|
|   | 2014-15          | 2015-16         | 2016-17         | 2017-18         |                  |
| <u>CCL Products (India) Limited - India :</u> |                  |                 |                 |                 |                  |
| Kotak Mahindra Bank Limited                   | 800.00           | 400.00          | -               | -               | 1,200.00         |
| Yes Bank limited                              | -                | 350.12          | -               | -               | 350.12           |
| <u>Grandsaugreen SA - Switzerland :</u>       |                  |                 |                 |                 |                  |
| ICICI Bank Limited                            | 484.16           | -               | -               | -               | 484.16           |
| <u>Ngon Coffee Company - Vietnam</u>          |                  |                 |                 |                 |                  |
| Export-Import Bank of India (Exim)            | 1,604.35         | 1,604.35        | 1,604.35        | 802.18          | 5,615.23         |
| International Finance Corporation (IFC)       | 1,188.41         | 1,188.41        | 1,218.12        | 1,218.12        | 4,813.06         |
| <b>Total</b>                                  | <b>4,076.92</b>  | <b>3,542.88</b> | <b>2,822.47</b> | <b>2,020.30</b> | <b>12,462.57</b> |



## CCL PRODUCTS (INDIA) LIMITED

### 2.4 Deferred tax liability (₹.in Lakhs)

|                        | 2013            | 2012            |
|------------------------|-----------------|-----------------|
| Opening Balance        | 2,168.89        | 1,987.95        |
| Add : Depreciation     | 118.60          | 180.94          |
| <b>Closing Balance</b> | <b>2,287.49</b> | <b>2,168.89</b> |

### 2.5 Short-term Borrowings

|                                | 2013             | 2012             |
|--------------------------------|------------------|------------------|
| <b>Secured Loans From Bank</b> |                  |                  |
| Packing credit/ Buyers' credit | 12,272.21        | 12,447.62        |
| Cash Credit                    | 1,046.82         | 1,918.78         |
|                                | <b>13,319.03</b> | <b>14,366.40</b> |

#### Details of security:

Working Capital Facilities are secured by way of first paripassu charge on Hypothecation of stocks of raw materials, semi finished, finished goods consumables, stores, book debts and such movable assets present and future and second charge on all fixed assets of the company.

### 2.6 Trade payables

|   | 2013            | 2012            |
|---|-----------------|-----------------|
| <b>Due to Micro and Small Enterprises</b> | -               | -               |
| For Raw material                          | 2,077.68        | 1,727.29        |
| For Packing material                      | 246.41          | 231.10          |
| For Stores and Consumables                | 100.14          | 81.67           |
| For Capital goods                         | 119.05          | 63.14           |
| For Services                              | 278.27          | 324.08          |
|   | <b>2,821.55</b> | <b>2,427.28</b> |

### 2.7 Other current liabilities

|  | 2013            | 2012            |
|--|-----------------|-----------------|
| Current maturities of long-term debt       | 4,407.45        | 1,800.92        |
| Salaries and employee benefits             | 618.58          | 383.07          |
| Withholding and other taxes payable        | 22.23           | 28.70           |
| Interest accrued and due on borrowings     | 25.86           | 20.42           |
| Interest accrued but not due on borrowings | 3.37            | 1.66            |
| Other payables                             | 1,989.68        | 352.33          |
| Unclaimed dividends #                      | 21.07           | 20.17           |
| Advance received from customers            | 27.20           | 117.16          |
|  | <b>7,115.44</b> | <b>2,724.43</b> |

# These Figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund

### 2.8 Short-term provisions

|   | 2013          | 2012          |
|---|---------------|---------------|
| <b>For Employee Benefits</b>                  |               |               |
| Provision for Leave Encashment                | 7.23          | 5.60          |
| <b>Others</b>                                 |               |               |
| Proposed Dividend                             | 665.14        | 665.14        |
| Provision for Dividend tax                    | 107.90        | 107.90        |
| Provision for Income tax (net of advance tax) | 12.84         | 17.37         |
|   | <b>793.11</b> | <b>796.01</b> |

**2.9 FIXED ASSETS - TANGIBLE ASSETS** (₹ in Lakhs)

| Name of the Asset              | Gross Block         |                  |                           | Depreciation        |                     |                             | Net Block           |                     |
|--------------------------------|---------------------|------------------|---------------------------|---------------------|---------------------|-----------------------------|---------------------|---------------------|
|                                | As on<br>01-04-2012 | Additions        | Deletions/<br>Adjustments | As on<br>31-03-2013 | As on<br>01-04-2012 | Depreciation<br>Adjustments | As on<br>31-03-2013 | As on<br>31-03-2012 |
| Land                           | 707.04              | -                | -                         | 707.04              | -                   | -                           | 707.04              | 707.04              |
| Buildings                      | 5,475.52            | 4,062.05         | (0.72)                    | 9,538.29            | 1,030.81            | 345.30                      | 8,162.33            | 4,444.71            |
| Plant & Equipment              | 29,526.38           | 8,869.65         | 2,940.88                  | 35,455.15           | 9,192.86            | 2,464.37                    | 24,160.24           | 20,333.52           |
| Lab Equipment                  | 74.28               | -                | -                         | 74.28               | 64.66               | 1.65                        | 7.97                | 9.62                |
| Material Handling<br>Equipment | 58.22               | -                | -                         | 58.22               | 36.72               | 5.08                        | 16.42               | 21.50               |
| Fire Fighting Equipment        | 12.66               | -                | -                         | 12.66               | 8.46                | 1.31                        | 2.89                | 4.20                |
| Vehicles                       | 205.81              | 185.14           | 12.77                     | 378.18              | 111.57              | 26.68                       | 251.11              | 94.24               |
| Office Equipment               | 171.72              | 25.15            | -                         | 196.87              | 91.65               | 10.21                       | 95.02               | 80.07               |
| Furniture & Fixtures           | 101.06              | -                | 0.72                      | 100.34              | 53.97               | 9.15                        | 37.37               | 47.09               |
| <b>Total</b>                   | <b>36,332.69</b>    | <b>13,141.99</b> | <b>2,953.65</b>           | <b>46,521.03</b>    | <b>10,590.70</b>    | <b>2,863.75</b>             | <b>33,440.39</b>    | <b>25,741.99</b>    |
| Previous Year                  | 35,968.31           | 431.40           | 67.02                     | 36,332.69           | 8,634.90            | 2,009.53                    | 25,741.99           | 27,333.41           |



## CCL PRODUCTS (INDIA) LIMITED

(₹ in Lakhs)

### 2.10 Non-current investments

|   | 2013          | 2012          |
|---|---------------|---------------|
| <b>Quoted Trade Investments:</b>  |               |               |
| Andhra Bank Shares<br>(5,300 Equity Shares Face value of ₹ 10/- each)<br>(5,300 Equity Shares Market value of ₹ 93.85/- each)<br>(Previous Year : 5,300 Equity Shares Market value<br>of ₹ 118.43/- each) | 1.78          | 1.78          |
| <b>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          |
| Associated Coffee Merchants (Intl) Ltd<br>(1,87,400 Preference Shares Face value of GBP 1/-each)  | 147.91        | 147.91        |
|   | <b>149.79</b> | <b>149.79</b> |

### 2.11 Long-term loans and advances

|   | 2013            | 2012          |
|---|-----------------|---------------|
| (Unsecured, considered good)            |                 |               |
| Advances for Capital goods              | 347.88          | 189.84        |
| Electricity and Other Security Deposits | 152.98          | 124.76        |
| Rental Deposits                         | 26.50           | 26.50         |
| Ngon Coffee Company                     | 2,580.93        | -             |
|   | <b>3,108.29</b> | <b>341.10</b> |

### 2.12 Inventories

|                                  | 2013             | 2012             |
|----------------------------------|------------------|------------------|
| (As certified by the management) |                  |                  |
| Raw materials                    | 9,396.56         | 6,855.11         |
| Raw materials in Transit         | 1,828.52         | 1,680.85         |
| Work-in-progress                 | 312.12           | 220.96           |
| Finished goods                   | 2,836.28         | 1,752.61         |
| Stores, spares and consumables   | 489.43           | 645.05           |
| Packing material                 | 687.63           | 560.68           |
|                                  | <b>15,550.54</b> | <b>11,715.26</b> |



## CCL PRODUCTS (INDIA) LIMITED

### 2.13 Trade receivables

(₹ in Lakhs)

|   | 2013            | 2012            |
|---|-----------------|-----------------|
| (Unsecured, considered good)                  |                 |                 |
| Outstanding for a period exceeding six months | 97.65           | 1.55            |
| Others  | 8,619.02        | 7,039.98        |
|   | <b>8,716.67</b> | <b>7,041.53</b> |

### 2.14 Cash and Bank Balances

|   | 2013          | 2012          |
|---|---------------|---------------|
| <b>a) Cash and Cash equivalents</b>   |               |               |
| i) Cash on hand   | 6.85          | 3.48          |
| ii) Balances with banks   |               |               |
| - Current Accounts  | 747.94        | 214.31        |
| - In Margin Money deposit account with original maturity less than 3 Months | -             | 243.00        |
|   | 754.79        | 460.79        |
| <b>b) Other Bank Balances</b>   |               |               |
| i) Unclaimed Dividend Account   | 21.07         | 20.17         |
| ii) Margin Money deposits (against Bank Guarantee)                          | 159.09        | 83.31         |
|   | 180.16        | 103.48        |
|   | <b>934.95</b> | <b>564.27</b> |

### 2.15 Short-term loans and advances

|  | 2013            | 2012            |
|--|-----------------|-----------------|
| (Unsecured, considered good)           |                 |                 |
| Prepaid Expenses                       | 49.08           | 39.20           |
| Deposits with Statutory Authorities    | 2,072.67        | 652.67          |
| Advance Tax (Net of Provision for tax) | 78.35           | 95.72           |
| Input tax and other taxes receivables  | 114.46          | 173.53          |
| Loans to Employees                     | 19.83           | 9.06            |
| Tender and other deposits              | 30.49           | 21.82           |
| Other advances                         | 2,359.56        | 1,120.74        |
|  | <b>4,724.44</b> | <b>2,112.74</b> |





## CCL PRODUCTS (INDIA) LIMITED

### 2.16 Other current assets (₹ in Lakhs)

|  | 2013  | 2012  |
|--|-------|-------|
| Interest accrued but not due on deposits | 27.39 | 45.58 |
|  | 27.39 | 45.58 |

### 2.17 Revenue from Operations

|  | 2013             | 2012             |
|--|------------------|------------------|
| <b>Revenue from:</b>                   |                  |                  |
| Sale of Products                       | 63,803.38        | 50,458.06        |
| Sale of Trade Licences                 | 1,664.08         | -                |
| Incentives                             | 66.23            | 37.37            |
| <b>Revenue from operations (Gross)</b> | <b>65,533.69</b> | <b>50,495.43</b> |
| Less: Excise Duty                      | 460.24           | 272.92           |
| <b>Revenue from operations (Net)</b>   | <b>65,073.45</b> | <b>50,222.51</b> |

### 2.18 Other income

|   | 2013          | 2012          |
|---|---------------|---------------|
| Interest on Deposits                      | 163.72        | 39.10         |
| Dividend Income on long-term investments  | 11.06         | 13.56         |
| Profit on sale/(Transfer) of assets (Net) | 0.46          | 3.86          |
| Miscellaneous Income                      | 12.70         | 144.15        |
|   | <b>187.94</b> | <b>200.67</b> |

### 2.19 Raw material consumed

|                     | 2013             | 2012             |
|---------------------|------------------|------------------|
| Purchases           | 42,629.28        | 31,628.59        |
| Add: Opening Stock  | 6,435.75         | 4,749.92         |
|                     | 49,065.03        | 36,378.51        |
| Less: Closing Stock | 9,396.56         | 6,435.75         |
|                     | <b>39,668.47</b> | <b>29,942.76</b> |



## CCL PRODUCTS (INDIA) LIMITED

### 2.20 Changes in inventories

(₹ in Lakhs)

|                  | 2013              | 2012          |
|------------------|-------------------|---------------|
| Work-in-progress |                   |               |
| Opening          | 220.96            | 116.48        |
| Closing          | 312.12            | 220.96        |
|                  | (91.16)           | (104.48)      |
| Finished goods   |                   |               |
| Opening          | 1,712.30          | 2,193.54      |
| Closing          | 2,836.28          | 1,712.30      |
|                  | (1,123.98)        | 481.24        |
|                  | <b>(1,215.14)</b> | <b>376.76</b> |

### 2.21 Employee benefits expense

|   | 2013            | 2012            |
|---|-----------------|-----------------|
| Salaries, Wages and Bonus                 | 1,238.95        | 885.60          |
| Directors' Remuneration                   | 601.44          | 370.37          |
| Contribution to provident and other funds | 129.30          | 107.33          |
| Staff welfare                             | 152.76          | 101.94          |
|   | <b>2,122.45</b> | <b>1,465.24</b> |

### 2.22 Finance Cost

|                       | 2013            | 2012            |
|-----------------------|-----------------|-----------------|
| Interest Expense      | 1,964.52        | 1,138.64        |
| Other Finance Charges | 342.92          | 346.01          |
|                       | <b>2,307.44</b> | <b>1,484.65</b> |

### 2.23 Other expenses

|  | 2013     | 2012     |
|--|----------|----------|
| Packing material consumed                              | 3,384.79 | 3,122.05 |
| Stores and Consumable consumed                         | 315.91   | 192.93   |
| Power and fuel   | 4,095.38 | 2,529.37 |
| Repairs and Maintenance to Machinery                   | 1,273.93 | 590.66   |
| Repairs and Maintenance to Other assets                | 53.04    | 22.82    |
| Transportation, Ocean Freight, Clearing and Forwarding | 950.60   | 903.60   |
| Insurance  | 51.57    | 54.67    |
| Rent   | 47.64    | 35.05    |
| Rates and Taxes  | 369.59   | 20.65    |
| Directors' Sitting Fee                                 | 3.36     | 1.00     |
| Non-whole time Directors' Commission                   | 12.00    | 5.00     |



## CCL PRODUCTS (INDIA) LIMITED

(₹ in Lakhs)

|                                 |                  |                 |
|---------------------------------|------------------|-----------------|
| Selling Expenses                | 287.55           | 154.73          |
| Commission on Sales             | 149.44           | 319.18          |
| Traveling and Conveyance        | 111.21           | 53.91           |
| Communication Expenses          | 25.49            | 26.17           |
| Printing and Stationery         | 8.98             | 7.24            |
| Office Maintenance              | 204.14           | 127.16          |
| Donations                       | 16.39            | 18.51           |
| Professional Fees & Expenses    | 37.41            | 49.39           |
| Subscription and Membership fee | 4.65             | 4.49            |
| Auditor's Remuneration          | 25.44            | 12.18           |
| Foreign Exchange Loss (Net)     | 686.63           | 1,297.84        |
| Advances written-off            | -                | 175.00          |
| Miscellaneous expenses          | 14.66            | 2.93            |
|                                 | <b>12,129.80</b> | <b>9,726.53</b> |

### 2.24 Contingent Liabilities and Commitments

|  | 2013      | 2012      |
|--|-----------|-----------|
| <b>(I) Contingent Liabilities</b>  |           |           |
| (A) Claims against the company/ disputed liabilities not acknowledged as debts :               |           |           |
| - Income Tax   | 1,950.54  | 2,942.11  |
| - Excise & Customs   | 31.76     | 31.76     |
| - Service Tax  | 550.66    | 550.66    |
| (B) Guarantees   |           |           |
| - Bank Guarantees (includes Corporate Guarantees)  | 16,369.02 | 15,144.78 |
| <b>(II) Commitments</b>  |           |           |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | -         | 404.91    |

### 2.25 Basic and Diluted Earnings per share :

|  | 2013     | 2012     |
|--|----------|----------|
| Earnings per share has been computed as under:       |          |          |
| a) Net Profit after Tax attributable to shareholders | 4,742.60 | 3,624.45 |
| b) Weighted Average Number of Equity Shares          | 133.03   | 133.03   |
| c) Basic and Diluted Earnings per share (a)/(b)      | 35.65    | 27.25    |
| d) Face Value per equity share                       | 10.00    | 10.00    |



**2.26 Segment Reporting**

Based on the guiding principles given in Accounting Standard on `Segment Reporting (AS-17) issued by the Institute of Chartered Accountants of India) the Company's primary business segment is Coffee.

Financial information about the primary business segment is presented in the table given below

(₹ in Lakhs)

|  | <b>2013</b>      | <b>2012</b>      |
|--|------------------|------------------|
| <b>a) Revenue</b>  |                  |                  |
| External Sales   | 65,073.45        | 50,222.51        |
| <b>Total Revenue</b>   | <b>65,073.45</b> | <b>50,222.51</b> |
| <b>b) Result</b>   |                  |                  |
| Segment result / operating profit  | 9,692.06         | 6,902.36         |
| Interest expense   | 2,307.44         | 1,484.65         |
| Provision for taxes  | 2,642.02         | 1,793.26         |
| <b>Net Profit</b>  | <b>4,742.60</b>  | <b>3,624.45</b>  |
| <b>c) Other Information</b>  |                  |                  |
| Segment assets   | 66,502.67        | 56,927.97        |
| Investments and inter corporate deposits including interest accrued thereon                          | 149.79           | 149.79           |
| <b>Total Assets</b>  | <b>66,652.46</b> | <b>57,077.76</b> |
| Segment liabilities  | 9,886.69         | 5,109.46         |
| Share capital and reserves   | 27,838.18        | 23,974.14        |
| Long-term & Short-term borrowings  | 25,803.92        | 24,992.61        |
| Interest accrued on borrowings   | 29.23            | 22.08            |
| Unclaimed dividends  | 21.07            | 20.17            |
| Provision for taxation, Dividend and Dividend Tax  | 785.88           | 790.41           |
| Provision for deferred Tax   | 2,287.49         | 2,168.89         |
| <b>Total liabilities</b>   | <b>66,652.46</b> | <b>57,077.76</b> |
| Capital expenditure including capital work in progress   | 3,776.49         | 5,599.08         |
| Depreciation (including impairment loss on fixed assets and deficit on fixed assets sold / scrapped) | 2,863.75         | 2,009.53         |



**2.27 Related Party disclosures**

As per AS-18, the disclosures of transactions with the related parties are given below:

(i) Details of the related party transactions: (₹ in Lakhs)

|  | 2013   | 2012   |
|--|--------|--------|
| Key managerial personnel and their relatives |        |        |
| Remuneration & Commission                    | 592.59 | 370.37 |
| Rent   | 32.98  | 34.58  |

(ii) Names of related parties and description of their relationship:

- 1 Key Management Personnel Mr.Challa Rajendra Prasad, Chairman & Managing Director  
Mr.Challa Srishant, Executive Director
- 2 Relative of Key Management Personnel Mrs.Challa Shantha Prasad  
(Spouse of Mr.Challa Rajendra Prasad C.M.D.)  
Ms.Challa Soumya  
(Daughter of Mr.Challa Rajendra Prasad C.M.D.)

**2.28** Previous Year's figures are regrouped/rearranged/recasted wherever considered necessary to conform the current year figures

As per our report of even date  
For **M.ANANDAM & CO.**,  
Chartered Accountants

Sd/-  
**(M.V. Ranganath)**  
Partner  
M.No.028031

Sd/-  
**K.V.L.N. Sarma**  
Chief Financial Officer

Sd/-  
**Sridevi Dasari**  
Company Secretary

Sd/-  
**I.J. Rao**  
Director

**By order of the Board**  
Sd/-  
**Challa Rajendra Prasad**  
Chairman & Managing Director

Sd/-  
**Challa Srishant**  
Executive Director

Place : Hyderabad  
Date : 24.05.2013



## CCL PRODUCTS (INDIA) LIMITED

### SUBSIDIARY COMPANY FINANCIAL HIGHLIGHTS – 2012-13

| Sl No | Particulars  | Jayanti Pte. Ltd. | Grandsaugreen SA | Ngon Coffee Company Ltd |
|-------|--|-------------------|------------------|-------------------------|
| 1     | Capital  | 16,279,131        | 4,100,000        | 176,680,633,286         |
| 2     | Reserves   | 89,724            | (1,502,906)      | (11,402,482,022)        |
| 3     | Total Assets   | 16,567,828        | 11,622,447       | 668,846,413,425         |
| 4     | Total Liabilities  | 16,567,828        | 11,622,447       | 668,846,413,425         |
| 5     | Turnover   | 170,849           | 11,054,712       | 222,997,122,947         |
| 6     | Profit/(Loss) before Taxation                            | 34,865            | (939,111)        | (11,402,482,022)        |
| 7     | Provision for Taxation                                   | 3,880             | 26,833           | -                       |
| 8     | Profit/(Loss) after Taxation                             | 38,745            | (965,944)        | (11,402,482,022)        |
| 9     | Dividend   | -                 | -                | -                       |
| 10    | Investment   | -                 | -                | -                       |
|       | Reporting Currency                                       | USD               | CHF              | VND                     |
|       | Exchange Rate used for Conversion :                      |                   |                  |                         |
|       | - Average Yearly Rates for Profit and Loss Account Items | 52.7729           | 57.3055          | 0.00250                 |
|       | - Year end rates for Balance Sheet Items                 | 54.3893           | 57.2080          | 0.00256                 |



**CCL PRODUCTS (INDIA) LIMITED**

**CCL PRODUCTS (INDIA) LIMITED**

Regd.Off: Duggirala Mandal, Guntur Dist.-522 330, Andhra Pradesh  
**PROXY FORM**

No. of shares held :  
Regd. Folio No. :  
(If held in physical form)

DP Id :  
Client Id :  
(If dematerialized)

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member / members of CCL PRODUCTS (INDIA) LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to vote for me/ us on my / our behalf at the 52<sup>nd</sup> Annual General Meeting of the Company to be held on Saturday, the 03<sup>rd</sup> of August, 2013 at 11.00 A.M. and any adjournment thereon.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.



Signature across the stamp

- Note:
1. The proxy form shall be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
  2. The proxy form duly completed and signed should be deposited at the Registered office of the company not less than 48 hours before the time fixed for the commencement of the meeting i.e., on or before 11.00 A.M of 1<sup>st</sup> August, 2013.



**CCL PRODUCTS (INDIA) LIMITED**

Regd.Off: Duggirala Mandal, Guntur Dist. – 522 330, Andhra Pradesh

**ATTENDANCE SLIP**

**Please present this slip at the entrance of the meeting venue.**

No. of shares held :  
Regd. Folio No. :  
(If held in physical form)

DP Id :  
Client Id :  
(If dematerialized)

I hereby record my presence at the 52<sup>nd</sup> Annual General Meeting of the Company to be held on Saturday, the 3<sup>rd</sup> of August, 2013 at 11.00 A.M. at the Registered office of the Company at Duggiral Mandal, Guntur Dist. – 522 330, Andhra Pradesh.

Name of the member :

Name of the proxy :

Signature of member / proxy attending the meeting :  
**(To be signed at the time of handing over the slip)**

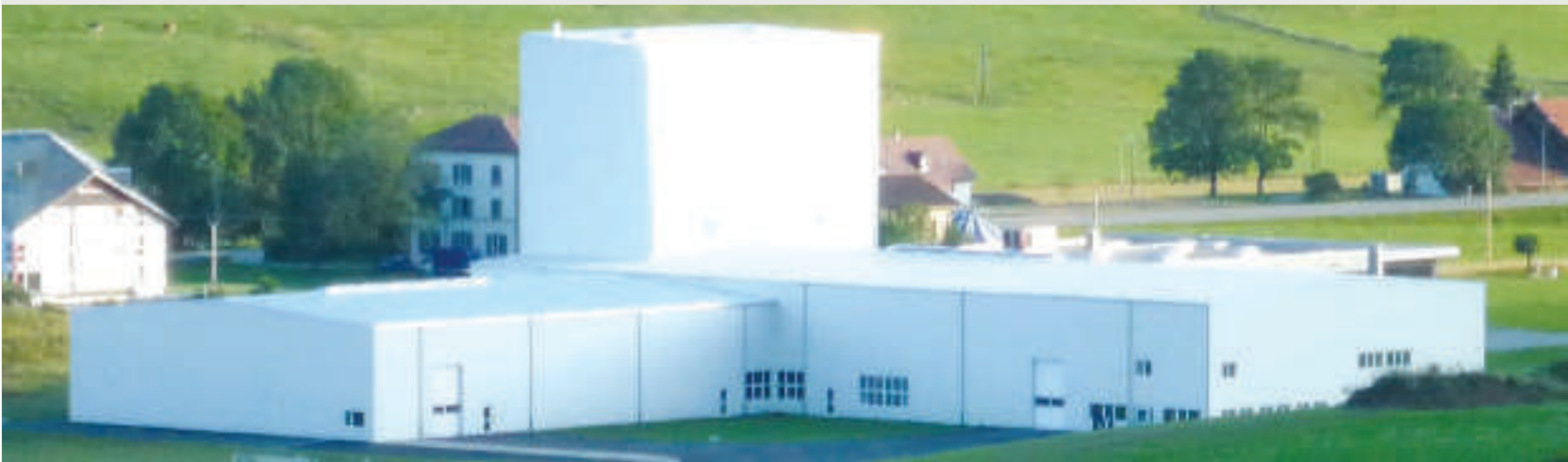




*Factory in India*



*Factory in Switzerland*



*Factory in Vietnam*



***CCL Group Headquarters :***

CCL Products (India) Ltd

7-1-24/2/D, "Greendale", Ameerpet, Hyderabad-500 016,

Tel: +91-40-23732455, Fax: +91-40-23732499

E-mail: [info@cclproducts.com](mailto:info@cclproducts.com), Website: [www.cclproducts.com](http://www.cclproducts.com)