1. NOTES TO STANDALONE FINANCIAL STATEMENTS

DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

1.1 General Information

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

1.2 Basis of preparation and presentation of Financial Statements

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

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

Ind AS 116, Leases:

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

Amendment to Ind AS 12 'Income Taxes':

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

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

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

Amendment to Ind AS 19 'Employee Benefits':

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

1.3 Basis of Measurement

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

a. Derivative financial instruments are measured at fair value.

b. Certain financial assets are measured either at fair value or at amortized cost depending on the classification;

c. Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation, and

d. Long-term borrowings are measured at amortized cost using the effective interest rate method.

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

1.4 Use of estimates and judgment

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

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

a. Depreciation and amortization

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

b. Employee Benefits

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

c. Provision and contingencies

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

d. Fair valuation

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

1.5 Functional and presentation currency

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

1.6 Current and noncurrent classification

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

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

a. It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b. It is held primarily for the purpose of being traded;

c. It is expected to be realized within twelve months after the reporting date; or

d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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

a. It is expected to be settled in the Company's normal operating cycle;

b. It is held primarily for the purpose of being traded;

c. It is due to be settled within twelve months after the reporting date; or

d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

1.7 Foreign Currency Transaction

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

1.8 Property Plant & Equipment

Recognition and measurement

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

Directly attributable costs include:

a. Cost of Employee Benefits arising directly from Construction or acquisition of PPE.

b. Cost of Site Preparation.

c. Initial Delivery & Handling costs.

d. Professional Fees and

e. Costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to that location and condition (such as samples produced when testing equipment).

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

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

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

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

Depreciation

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

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

The estimated useful lives are as follows:

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

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

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

1.9 Intangible assets

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

Amortization

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

Type of Asset	Estimated useful life
Intangible Assets	
Computer Software	3

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

1.10 Financial Instruments

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

a. Financial assets

Initial recognition and measurement

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

Subsequent measurement

Debt instrument at FVTPL

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

Investment in Preference Shares and Unquoted trade Investments

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

Investment in equity instruments

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

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

Investments in subsidiaries

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

Derecognition

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

a. The rights to receive cash flows from the asset have expired, or

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

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

Impairment of trade receivables

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

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

b. Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and borrowings

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

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

Derivative financial instruments and hedging activities:

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

a. hedges of the fair value of recognised assets or liabilities (fair value hedge); or

b. hedges of a particular risk associated with a firm commitment or a highly probable forecasted transaction (cash flow hedge);

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

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

(a) Fair value hedge

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

(b) Cash flow hedge

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

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

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

Fair value measurement

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

1.11 Inventories

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

1.12 Impairment of non-financial assets

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

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

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

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

1.13 Cash & Cash Equivalents

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

1.14 Employee Benefits

a. Short term employee benefits

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

b. Defined Contribution Plan

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

c. Defined Benefit Plans

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

d. Termination benefits

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

e. Other long-term employee benefits

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

1.15 Provisions, contingent liabilities and contingent assets

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities

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

Contingent assets

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

1.16 Revenue Recognition

Sale of goods and trade license

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

Sale of goods:

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

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

Sale of trade licences:

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

Other Income

<u>Interest Income</u>

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

<u>Dividend</u>

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

1.17 Government Grants

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

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

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

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

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

1.18 Borrowing Costs

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

1.19 Tax Expenses

Tax expense consists of current and deferred tax.

Income Tax

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

Deferred Tax

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

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

Dividend distribution tax

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

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

1.20 Earnings Per Share

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

1.21 Trade receivables

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

1.22 Trade and other payables

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

1.23 Determination of fair values

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

(i) Property, plant and equipment

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

(ii) Intangible assets

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

(iii) Inventories

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

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

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

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

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

(v) Derivatives

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

(vi) Non-derivative financial liabilities

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

1.24 Recent Accounting Pronouncements.

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

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

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

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

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

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

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

i. Depreciation and amortisation

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

ii. Employee Benefits

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

iii. Inventories

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

iv. Trade Receivables

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

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

2.1: Property, plant and equipment

(₹ in Lakhs)

	Gross carrying value				Accumulated depreciation / impairment					Net carrying value	
	As at 1st April 2019	Additions	Disposals	As at 31st March 2020	As at 1st April 2019	For the year	Impairment for the year	Disposals	As at 31st March 2020	As at 31st March 2020	As at 31st March 2019
Land	2554.51	-	-	2554.51	-	-	-	-	-	2554.51	2554.51
Buildings	2745.17	6884.78	-	9629.95	301.30	301.86	-	-	603.16	9026.79	2443.87
Plant and equipment	19005.50	29836.98	-	48842.48	2687.25	2040.32	-	-	4727.57	44114.91	16318.26
Lab Equipment	9.39	287.75	-	297.14	0.90	12.15	-	-	13.06	284.09	8.49
Material Handling Equipmant	73.26	4.30	-	77.56	15.83	9.64	-	-	25.47	52.09	57.43
Fire fighting Equipmant	0.82	-	-	0.82	0.06	-	-	-	0.06	0.76	0.76
Vehicles	640.16	75.68	33.29	682.55	180.79	91.50	-	7.71	264.59	417.97	459.37
Computers	127.56	20.38	-	147.94	59.30	31.95	-	-	91.25	56.69	68.26
Office Equipment	178.63	118.37	-	297.00	72.00	51.63	-	-	123.63	173.37	106.63
Furniture & Fixtures	31.97	9.48	-	41.45	6.78	3.68	-	-	10.46	30.99	25.19
Total	**25366.98**	**37237.72**	**33.29**	**62571.42**	**3324.23**	**2542.74**	**-**	**7.71**	**5859.25**	**56712.17**	**22042.75**

	Gross carrying value				Accumulated depreciation / impairment					Net carrying value	
	As at 1st April 2018	Additions	Disposals	As at 31st March 2019	As at 1st April 2018	For the year	Impairment for the year	Disposals	As at 31st March 2019	As at 31st March 2019	As at 31st March 2018
Land	2522.71	31.80	-	2554.51	-	-	-	-	-	2554.51	2522.71
Buildings	2745.17	-	-	2745.17	200.86	100.44	-	-	301.30	2443.87	2544.31
Plant and equipment	17277.55	2196.76	468.81	19005.50	1775.28	970.60	-	58.64	2687.25	16318.26	15502.27
Lab Equipment	9.39	-	-	9.39	0.14	0.76	-	-	0.90	8.49	9.25
Material Handling Equipment	42.13	31.13	-	73.26	9.40	6.43	-	-	15.83	57.43	32.73
Fire fighting Equipmant	0.82	-	-	0.82	0.06	-	-	-	0.06	0.76	0.76
Vehicles	477.72	194.47	32.03	640.16	113.87	78.56	-	11.63	180.79	459.37	363.85
Computers	97.98	29.58	-	127.56	33.15	26.15	-	-	59.30	68.26	64.83
Office Equipment	133.55	47.01	1.93	178.63	40.45	33.24	-	1.69	72.00	106.63	93.10
Furniture & Fixtures	30.26	1.71	-	31.97	3.85	2.93	-	-	6.78	25.19	26.41
Total	**23337.28**	**2532.47**	**502.77**	**25366.98**	**2177.06**	**1219.13**	**-**	**71.96**	**3324.23**	**22042.75**	**21160.22**

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

2.2: Other Intangible assets

(₹ in Lakhs)

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

	Gross carrying value				Accumulated depreciation / impairment					Net carrying value	
	As at 1st April 2018	Additions	Disposals	As at 31st March 2019	As at 1st April 2018	For the year	Impairment for the year	Disposals	As at 31st March 2019	As at 31st March 2019	As at 31st March 2018
Computer Software	13.53	-	-	13.53	10.42	2.29	-	-	12.71	0.82	3.11
Total	**13.53**	**-**	**-**	**13.53**	**10.42**	**2.29**	**-**	**-**	**12.71**	**0.82**	**3.11**

2.3 Investments

(₹ in Lakhs)

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

2.4 Other Financial Assets

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

2.5 Other Non Current Assets and Current Assets

(₹ in Lakhs)

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

2.6 Inventories

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

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

2.7 Trade receivables

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

Trade Receivables hypothecated as security for availing working capital facilities

2.8 Cash and Cash Equivalents **(₹ in Lakhs)**

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

Cash and Cash Equivalents include the following for Cash flow purpose

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

2.9 Share Capital

(₹ in Lakhs)

	2020	2019
Authorized Share Capital		
150,000,000 Equity Shares of ₹ 2 each (Previous year :150,000,000 Equity Shares of ₹ 2 each)	3000.00	3000.00
Issued Subscribed and Paid up Share Capital		
133,027,920 Equity Shares of ₹ 2 each, fully paid up	2660.56	2660.56
(Previous year :133,027,920 Equity Shares of ₹ 2 each, fully paid up)	**2660.56**	**2660.56**

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

2.9.1 Reconciliation of Number of Shares :

	2020	2019
Number of Shares at the beginning of the year	133027920	133027920
Add : Shares issued during the year	-	-
Number of Shares at the end of the year	**133027920**	**133027920**

2.9.2 Rights attached to equity shares

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

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

2.10 Other Equity

(₹ in Lakhs)

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

2.11 Borrowings

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

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

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

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

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

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

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

(₹ in Lakhs)

2.12 Deffered Tax Liabilities

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

2.13 Other Non Current Liabilities & Current liabilities

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

2.14 Trade Payables

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

2.15 Other financial liabilities (₹ in Lakhs)

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

2.16 Provisions

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

2.17 Revenue from operations

	2020	2019
Revenue from :		
Sale of Products - Coffee	78870.62	75771.45
Trade Licences	3394.08	5141.84
Revenue from operations	**82264.70**	**80913.29**

2.18 Other income

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

2.19 Cost of materials consumed

	2020	2019
Raw Material		
Purchases	42677.88	46062.78
Add: Opening Stock	9236.78	9120.74
	51914.66	55183.52
Less: Closing Stock	10104.96	9236.78
	41809.70	**45946.74**

2.20 Changes in inventories

(₹ in Lakhs)

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

2.21 Employee benefits expense

	2020	2019
Salaries, Wages and Bonus	2571.01	2201.37
Directors' Remuneration	1582.00	1486.11
Contribution to provident and other funds	397.28	320.03
Staff welfare	455.16	130.02
	5005.45	**4137.55**

2.22 Finance costs

	2020	2019
Interest Expense	1491.24	579.92
Other borrowing costs	200.24	231.62
	1691.48	**811.54**

2.23 Other expenses

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

(₹ in Lakhs)

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

2.24 Auditors Remuneration

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

2.25 Earnings per Share

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

2.26 Related Parties

List of Subsidiaries:

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

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

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

The following is a summary of significant related party transactions: **(₹ in Lakhs)**

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

(₹ in Lakhs)

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

Transactions with Subsidiaries:

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

2.27 Earnings/expenditure in foreign currency:

Expenditure in Foreign currency:

(₹ in Lakhs)

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

Earnings in Foreign currency:

Particulars	**For the year ended 31st March 2020**	**For the year ended 31st March 2019**
FOB Value of Exports	72018.03	68973.60
Dividend	13128.75	2939.55
Total	**85146.78**	**71913.15**

2.28 Segment Reporting:

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

2.29 Employee benefits:

Gratuity benefits

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

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

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

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

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

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

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

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

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

Summary of Acturial Assumptions

The actuarial assumptions used in accounting for the Gratuity Plan are as follows:
The assumptions used to determine benefit obligations:

Particulars	**As of 31st March**	
	2020	**2019**
Discount rate	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%

Leave Encashment

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

Contribution to Provident Fund

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

Contribution to Superannuation schemes

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

2.30 Income Taxes:

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

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

(₹ in Lakhs)

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

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

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

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

b) **Reconciliation of Effective tax rate**

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

(₹ in Lakhs)

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

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

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

c) Deferred tax assets & Liabilities:

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

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

2.31 Financial Risk Management:

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

a. Credit Risk:

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

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

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

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

(₹ in Lakhs)

Particulars	**As of 31st March**	
Period (in days)	**2020**	**2019**
1 – 90	12502.27	12591.76
90 – 180	7155.31	2226.04
More than 180	1974.93	113.10
Total	**21632.51**	**14930.90**

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

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

Reconciliation of allowance for credit losses

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

Particulars	**For the Year Ended 31st March**	
	2020	**2019**
Balance at the beginning of the year	**40.13**	**21.95**
Impairment of Trade receivables	37.29	18.18
Balance at the end of the year	**77.43**	**40.13**

b. Liquidity Risks:

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

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

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

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31st March 2020:

(₹ in Lakhs)

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

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

c. Market Risks

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

Commodity Price Risk

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

Coffee Futures

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

Foreign currency risk

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

Interest rate risk

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

2.32 Capital Management

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

The company's Debt Equity ratio is as follows:

Particulars	2020	2019
Total Debt	55551.89	56377.13
Total Equity	79241.40	64904.47
Debt Equity Ratio	**0.70:1**	**0.87:1**

2.33 Contingent Liabilities and Commitments:

The following are the details of contingent liabilities and commitments: **(₹ in Lakhs)**

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

* Tax deposited under protest ₹ 2883.28 Lakhs

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

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

Place : Hyderabad
Date : 15th June, 2020

By order of the Board

Sd/-
Challa Rajendra Prasad
Executive Chairman
DIN : 00702292

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

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

Sd/-
K. Chandrahas
Director
DIN : 02994302

Sd/-
Challa Srishant
Managing Director
DIN : 00016035