



**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To  
The Board of Directors  
CCL Products (India) Limited  
Hyderabad

1. We have examined the attached Consolidated Balance Sheet of CCL Products (India) Limited and its subsidiary Associated Coffee Merchants (International) Limited, UK as at 31<sup>st</sup> March 2006, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the period ended on that date. These financial statements are responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Subsidiary, whose financial statements reflect total assets of Rs.4,347.27 lakhs as at 31<sup>st</sup> March, 2006 and total revenue of Rs. 26,270.27 lakhs for the year ended on that date. The financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS 21), Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of financial statements of the Company and its subsidiary included in the Consolidated Financial Statements.
5. On the basis of the information and explanation given to us and on consideration of the separate audit report on individual audited financial statements of CCL Products (India) Limited and its subsidiary Associated Coffee Merchants (International) Limited, UK, we are of the opinion that the said accounts, read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a. In case of Consolidated Balance sheet, of the Consolidated state of affairs of the Company and its subsidiary as at 31.03.2006;
  - b. In case of the Consolidated Profit and Loss account, of the consolidated results of operations of the Company and its subsidiary for the year ended on that date; and
  - c. In case of the Consolidated Cash Flow Statement, of the Consolidated cash flows.

For M.Anandam & Co.,  
Chartered Accountants

**(M.V.Ranganath)**  
Partner  
M.No.28031

Place: Secunderabad  
Date : 29.08.2006

**CCL PRODUCTS (INDIA) LIMITED****CONSOLIDATED BALANCE SHEET AS AT 31.03.2006**

Particulars	Schedule No.	As at 31-03-2006		As at 31-03-2005	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
1) SHARE HOLDERS' FUNDS					
a) Share Capital	1		133,027,920	133,027,920	
b) Reserves and surplus	2		958,716,010	669,307,269	
2) Minority Interest			31,026,334	32,996,419	
3) Loan Funds					
a) Secured Loans	3		1,216,946,688	607,005,161	
b) Unsecured Loans	4		51,871,051	7,909,951	
4) Deferred Tax Liability			49,489,581	40,767,325	
Total			<u>2,441,077,584</u>	<u>1,491,014,045</u>	
<b>APPLICATION OF FUNDS</b>					
1) Fixed Assets	5				
a) Gross Block		1,275,875,479		499,068,292	
b) Less: Depreciation		232,924,992		188,549,838	
c) Net Block		1,042,950,487		310,518,454	
d) Add: Capital Work in Progress		147,822,778		407,275,647	
			1,190,773,265	717,794,101	
2) Investments	6		304,636	312,286	
3) Current Assets, Loans & Advances	7				
a) Inventories		335,008,921		225,220,165	
b) Sundry Debtors		583,244,616		455,204,401	
c) Cash and Bank Balances		150,385,191		70,888,514	
d) Loans and Advances		356,426,474		152,342,801	
		1,425,065,202		903,655,881	
Less: Current Liabilities & Provisions	8	175,065,519		130,748,223	
Net Current Assets			<u>1,249,999,683</u>	<u>772,907,658</u>	
Total			<u>2,441,077,584</u>	<u>1,491,014,045</u>	
Notes on Accounts	14				

As per our attached report of even date

**For M. Anandam & CO.,**

Chartered Accountants

Sd/-

**M.V.Ranganath**

Partner

Place : Hyderabad

Date : 29.08.2006

Sd/-

**D S Rao**

Secretary

**By order of the Board**

Sd/-

**C.Rajendra Prasad**

Chairman &amp; Managing Director

Sd/-

**C Srishant**

Executive Director

Sd/-

**I.J. Rao**

Director

**CCL PRODUCTS (INDIA) LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006**

Particulars	Schedule No.	For the Year Ended March 31,2006 Rs.	For the Year Ended March 31,2005 Rs.
<b>1. INCOME</b>			
Sales Turnover (Gross)		<b>3,068,892,381</b>	2,499,283,409
Less : Excise Duty		<b>4,320,533</b>	4,390,150
Sales Turnover (Net)		<b>3,064,571,848</b>	2,494,893,259
Other Income	9	<b>9,007,643</b>	24,262,777
Increase / Decrease in stock	10	<b>(2,534,794)</b>	14,987,059
		<b>3,071,044,697</b>	2,534,143,096
<b>2. EXPENDITURE</b>			
Raw Material Consumed	11	<b>2,076,526,311</b>	1,700,766,731
Manufacturing,Administration & Selling Exp's	12	<b>519,461,730</b>	473,385,341
Bad Debts Written Off		<b>243,085</b>	-
<b>Profit before Interest and Depreciation</b>		<b>474,813,571</b>	359,991,024
Interest & Financial Charges	13	<b>39,306,188</b>	24,111,935
<b>Profit before Depreciation</b>		<b>435,507,383</b>	335,879,089
Depreciation		<b>44,375,153</b>	24,026,132
<b>Net Profit before Tax</b>		<b>391,132,230</b>	311,852,958
Prior Period expenses		<b>473,023</b>	-
<b>Net Profit before Tax</b>		<b>390,659,206</b>	311,852,958
Provision for Income Tax		<b>24,460,691</b>	3,400,354
Provision for Fringe Benefit Tax		<b>1,374,161</b>	-
Provision for Deferred Tax		<b>8,722,256</b>	-
<b>Net Profit after Tax before Minority Interest</b>		<b>356,102,098</b>	308,452,603
Transfer to Minority Interest		<b>59,892</b>	911,372
<b>Net Profit</b>		<b>356,042,206</b>	307,541,231
Balance Brought Forward		<b>48,371,942</b>	37,463,560
Available Balance		<b>404,414,148</b>	345,004,791
<b>Appropriations</b>			
<b>Dividends</b>			
- Preference Shares (Subsidiary)		<b>309,838</b>	468,552
- Interim Dividend		<b>26,605,584</b>	40,948,771
-Final Dividend		<b>26,605,584</b>	-
- Dividend Tax		<b>7,462,866</b>	5,215,526
Transfer to General Reserve		<b>250,000,000</b>	250,000,000
<b>Profit/(Loss) carried to the Balance Sheet</b>		<b>93,430,275</b>	48,371,942
Basic and Diluted Earnings Per Share (In Rupees)		<b>26.76</b>	23.12
Notes on Accounts	14		

As per our attached report of even date

**For M. Anandam & CO.,**  
Chartered Accountants  
Sd/-**M.V.Ranganath**  
PartnerPlace : Hyderabad  
Date : 29.08.2006Sd/-  
**D S Rao**  
Secretary**By order of the Board**Sd/-  
**C.Rajendra Prasad**  
Chairman & Managing DirectorSd/-  
**C Srishant**  
Executive DirectorSd/-  
**I.J. Rao**  
Director



## CCL PRODUCTS (INDIA) LIMITED

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	2005-2006 Rs.	2004-2005 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and extraordinary items	390,659,206	311,852,958
<b>Adjustments for :</b>		
Depreciation	44,375,153	24,026,132
Interest	39,306,188	24,111,935
Loss on Vehicles	-	866,058
Foreign Exchange	(10,258,441)	3,157,191
Bad Debts Written Off	243,085	-
Provisions Written back	(4,260,246)	(18,089,337)
Profit on sale of Investments	-	(2,726,294)
Profit on Sale of Vehicle	-	(183,028)
Interest income	(4,738,672)	(2,719,732)
Dividend on Investments	(7,950)	(200,138)
Other Income	(775)	(344,248)
Operating profit before working capital changes	455,317,548	339,751,496
<b>Adjustments for : Increase / (Decrease) in :</b>		
Trade Receivables	(127,797,130)	(62,795,396)
Inventories	(109,788,756)	(130,237,299)
Loans and Advances	(204,083,673)	(24,475,377)
Trade and Other payables	40,670,323	(733,471)
<b>Cash generated from operations</b>	<b>54,318,312</b>	<b>121,509,953</b>
Interest paid on working capital	(38,372,618)	(22,631,616)
<b>Net Cash from operating activities</b>	<b>15,945,694</b>	<b>98,878,337</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets (Include CWIP)	(517,354,318)	(451,104,881)
Sale of Fixed Assets	-	6,493,014
Sale/(Investments) in shares	-	1,227,239
Income on Investment in Shares	-	2,726,294
Interest received on Deposits	4,738,672	2,719,732
Dividend Received	7,950	200,138
Other Income Received	775	344,248
<b>Net Cash flow from Investing Activities</b>	<b>(512,606,921)</b>	<b>(437,394,216)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Unsecured Loans	43,961,100	1,326,758
Proceeds from borrowings on term loans	434,445,484	211,253,156
Repayment of borrowings on term loans	(17,646,515)	(18,087,654)
Bank Borrowings on working capital	193,142,558	139,390,970
Interest paid on term loans	(933,570)	(1,480,319)
Dividends paid	(67,864,193)	(26,605,584)
Corporate Dividend tax	(8,946,959)	(3,408,841)
Net Cash Flow from Financing Activities	576,157,904	302,388,486
Net Increase in cash and cash equivalents	79,496,677	(36,127,394)
Cash and Cash equivalents as at 31-03-2005	70,888,514	107,015,908
Cash and Cash equivalents as at 31-03-2006	150,385,191	70,888,514

As per our attached report of even date

**For M. Anandam & Co.,**  
Chartered Accountants

Sd/-

**M.V.Ranganath**  
Partner

Place : Hyderabad

Date : 29.08.2006

Sd/-

**D S Rao**  
Secretary

For and on behalf of the Board  
Sd/-

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

Sd/-

**C Srishant**  
Executive Director

Sd/-

**I.J. Rao**  
Director



## CCL PRODUCTS (INDIA) LIMITED

### CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS A/C AS AT 31ST MARCH, 2006

Particulars	As at 31-03-2006		As at 31-03-2005	
	Rs	Rs	Rs	Rs
<b>SCHEDULE 1 - SHARE CAPITAL</b>				
<b>Authorised Share Capital</b>				
20,000,000 Equity Shares of Rs.10 each		<b>200,000,000</b>		150,000,000
Issued Subscribed and Paid up Share Capital				
13,302,792 Equity Shares of Rs.10 each		<b>133,027,920</b>		133,027,920
<b>SCHEDULE - 2 - RESERVES AND SURPLUS</b>				
General Reserve		<b>851,500,000</b>		601,500,000
Profit & Loss account		<b>93,430,275</b>		48,371,942
Capital Reserve		<b>16,116,023</b>		21,800,063
Foreign Currency Translation Reserve		<b>(2,330,288)</b>		(2,364,736)
		<b>958,716,010</b>		669,307,269
<b>SCHEDULE 3 - SECURED LOANS</b>				
Term Loans				
Foreign Currency Loan		-	17,646,515	
Foreign Currency Loan	<b>227,098,640</b>		211,253,156	
Foreign Currency Loan	<b>178,600,000</b>		-	
Rupee Term Loan	<b>40,000,000</b>		-	
Rupee Term Loan	<b>200,000,000</b>		-	
Working Capital				
Packing Credit	<b>215,707,701</b>		141,109,069	
Cash Credit	<b>310,443,047</b>		196,510,018	
Export/Inland Bills Discounting	<b>45,097,300</b>		40,486,403	
		<b>1,216,946,688</b>		607,005,161
<b>SCHEDULE 4 - UNSECURED LOANS</b>				
Other than Banks				
- Sales Tax Deferment	<b>7,909,951</b>		7,909,951	
Loans from Director	<b>43,961,100</b>		-	
		<b>51,871,051</b>		7,909,951

**SCHEDULE 5 - FIXED ASSETS AS AT 31.03.2006**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 31-03-2005		ADDITIONS DELETIONS/ ADJUSTMENT 31-03-2006		AS AT 31-03-2005		FOR THE YEAR DISPOSAL 31-03-2006		AS AT 31-03-2005	
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
LAND	3,297,772	-	-	3,297,772	-	-	-	-	3,297,772	3,297,772
BUILDINGS	119,239,303	109,308,246	-	228,547,549	26,648,610	4,673,905	-	31,322,515	197,225,035	92,590,694
PLANT & MACHINERY	315,393,930	6,586,76,000	-	974,069,930	123,348,826	34,450,861	-	157,799,687	816,270,244	192,045,105
LAB EQUIPMENT	5,926,924	590,912	-	6,517,836	4,347,116	624,682	-	49,71,798	1,546,038	1,579,808
MATERIAL HANDLING	1,337,858	941,444	-	2,279,302	481,791	1,91,086	-	672,877	1,606,425	856,067
FIRE FIGHTING	209,534	112,593	-	322,127	209,534	3,881	-	213,415	108,712	-
VEHICLES	15,634,782	3,590,930	-	19,225,712	4,697,801	1,918,188	-	6,615,989	12,609,723	10,936,981
OFFICE EQUIPMENT	33,618,845	2,532,506	-	36,151,351	26,857,648	2,210,210	-	29,067,858	7,083,493	6,761,197
FURNITURE & FIXTURES	4,409,344	1,054,556	-	5,463,900	1,958,513	302,338	-	2,260,851	3,203,047	2,450,830
Total	499,068,292	776,807,187	-	1,275,875,479	1,88,549,838	44,375,154	-	232,924,992	1,042,950,487	310,518,454
Previous year	461,609,124	43,829,234	6,370,067	499,068,292	1,67,303,301	24,026,132	2,779,596	188,549,838	310,518,454	-
				188,549,838				CAPITAL WORK IN PROGRESS	147,822,778	407,275,647
									1,190,773,265	717,794,100



## CCL PRODUCTS (INDIA) LIMITED

### CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS A/C AS AT 31ST MARCH, 2006

Particulars	As at 31-03-2006		As at 31-03-2005	
	Rs	Rs	Rs	Rs
<b>SCHEDULE 6 - INVESTMENTS</b>				
Quoted Trade:				
Andhra Bank Shares (5300 Equity Shares Face value of Rs.10/- each)	177,936		177,936	
		177,936		177,936
Un quoted Non Trade Investments				
Coffee Futures Exchange India Ltd (Equity Subscription for Membership as ordinary member - 1 share of Rs.10,000)	10,000		10,000	
		10,000		10,000
Others	116,700		124,350	
		116,700		124,350
		<b>304,636</b>		<b>312,286</b>
<b>SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES</b>				
a) Inventories (As taken, valued and certified by the Management)				
Raw Materials	85,438,812		66,636,627	
Packing Materials	23,238,690		31,922,343	
Stores & Consumables	1,385,206		2,565,909	
Engineering Goods	32,264,977		14,086,362	
Work in process	849,912		935,228	
Finished Goods	191,831,324		109,073,696	
		335,008,921		225,220,165
b) Sundry Debtors (Unsecured, Considered Good)				
Over six months	4,237,514		6,207,536	
Others	579,007,102		448,996,865	
		583,244,616		455,204,401
c) Cash and Bank Balances				
Cash on Hand	683,126		423,540	
Balances with Scheduled Banks				
- On Current Accounts*	65,547,700		32,866,860	
- On Deposits Accounts	84,154,365		37,598,115	
(* Includes Rs.1,98,34,168 in EEFC Account)		150,385,191		70,888,515
d) Loans and Advances				
Advance Recoverable in Cash or in kind or for				
Value to be received	225,965,757		65,801,003	
Advances for raw materials	6,612,279		75,388	
Advances for Capital Goods & others	113,186,608		79,107,846	
Deposit with Govt.	5,964,224		3,452,037	
Other Deposits	4,697,606		3,906,527	
		356,426,474		152,342,801
		<b>1,425,065,202</b>		<b>903,655,882</b>



## CCL PRODUCTS (INDIA) LIMITED

### CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS A/C AS AT 31ST MARCH, 2006

Particulars	As at 31-03-2006		As at 31-03-2005	
	Rs	Rs	Rs	Rs
<b>SCHEDULE 8 - CURRENT LIABILITIES AND PROVISIONS</b>				
a) Current Liabilities				
Sundry Creditors for goods -				
Dues to other than SSI Undertakings	44,119,284		35,409,434	
Sundry creditors for capital goods	11,618,043		1,206,046	
Sundry creditors for expenses	61,715,743		43,105,521	
Advance from Customers	-		1,321,992	
Unclaimed dividends	140,579		140,579	
		<u>117,593,649</u>		81,183,572
b) Provisions				
Provision for Income Tax	25,760,691		3,400,354	
Provision for Fringe Benefit Tax	1,374,161		-	
Dividend	26,605,584		40,948,771	
Dividend Tax	3,731,433		5,215,526	
		<u>57,471,869</u>		49,564,651
		<u>175,065,519</u>		<u>130,748,223</u>
<b>SCHEDULE 9 - OTHER INCOME</b>				
Interest	4,738,672		2,719,732	
Dividend on Investments	7,950		200,138	
Other Income	775		344,248	
Profit on Investments - Shares	-		2,726,294	
Profit on Sale of Vehicle	-		183,028	
Provision of Indirect Taxes Written Back/Others	4,260,246		18,089,337	
		<u>9,007,643</u>		<u>24,262,777</u>
<b>SCHEDULE 10 - INCREASE/DECREASE IN STOCK OF WORK-IN-PROGRESS &amp; FINISHED GOODS:</b>				
Opening stock	108,958,716		95,021,865	
Less : Closing Stock	106,423,921		110,008,924	
		<u>(2,534,794)</u>		<u>14,987,059</u>
<b>SCHEDULE 11 - RAWMATERIAL CONSUMED</b>				
Opening Stock	66,636,627		45,524,055	
Add : Purchases	2,095,328,496		1,721,879,303	
Less : Closing Stock	85,438,812		66,636,627	
		<u>2,076,526,311</u>		<u>1,700,766,731</u>



## CCL PRODUCTS (INDIA) LIMITED

### CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS A/C AS AT 31ST MARCH, 2006

Particulars	As at 31-03-2006		As at 31-03-2005	
	Rs	Rs	Rs	Rs
<b>SCHEDULE 12 - MANUFACTURING, ADMINISTRATION &amp; SELLING EXPENSES:</b>				
Packing Materials Consumed		212,989,201		186,965,198
Stores and Consumables		1,223,050		1,819,721
Power and Fuel		42,751,799		38,723,955
Repairs and Maintenance				
- Plant & Machinery	678,005		650,543	
- Buildings	998,044		2,936,493	
- Others	<u>2,151,285</u>	<u>3,827,334</u>	<u>1,604,811</u>	5,191,847
Transportation, Clearing & Forwarding		53,691,956		50,559,193
Insurance		11,208,018		8,903,983
Rent, Rates and taxes,		10,411,726		10,417,148
Remuneration to Directors	50,696,960		42,712,265	
Salaries and Wages	52,275,134		47,943,576	
Contributions to Gratuity, PF and Superannuation Funds	<u>7,040,995</u>	<u>110,013,089</u>	<u>6,739,438</u>	97,395,279
Staff welfare expenses		6,229,818		4,075,769
Selling Expenses		29,564,978		31,445,912
Commission on Sales		5,516,161		6,189,321
Sales Tax		1,291,090		1,326,758
Travelling & Conveyance		4,655,712		4,158,414
Postage, Telephone, & Telegrams		3,596,732		4,432,391
Printing and Stationery		943,375		1,266,614
Office Maintenance		8,742,922		7,255,492
Donations		765,355		4,183,984
Professional fee & Expenses		1,197,094		994,684
Subscription and Membership fee		368,599		479,715
Miscellaneous expenses		3,104,370		1,515,957
Books and Periodicals		14,287		22,617
Audit Fee & Expenses		2,024,174		1,970,073
Directors' Commission		350,000		400,000
Loss on sale of Vehicles		-		866,058
Forward contracts		11,800,449		2,825,256
Exchange Translation		<u>(6,819,558)</u>		-
		<u>519,461,730</u>		<u>473,385,341</u>
<b>SCHEDULE 13 - INTEREST &amp; FINANCIAL CHARGES</b>				
Term Loans	933,570		1,480,319	
Working Capital	20,872,547		14,684,002	
Bank Charges	13,684,914		3,812,369	
Others	<u>3,815,157</u>		<u>4,135,244</u>	
		<u>39,306,188</u>		<u>24,111,935</u>



**SCHEDULE NO.14**

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**

**1 BASIS OF CONSOLIDATION**

**BASIS OF PREPARATION**

The consolidated financial statements comprise of the financial statements of CCL Products (India) Limited (the Holding Company), Associated Coffee Merchants (International) Limited - UK and its subsidiaries. These statements are prepared in accordance with Accounting Standard 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The financial statements of all the enterprises are prepared according to uniform accounting policies, in accordance with generally accepted accounting policies in India. The effect of inter - company - transactions are eliminated on consolidation.

Foreign subsidiary revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange gain/(loss) arising on conversion are recognised under foreign currency translation reserve (arising on Consolidation).

The excess of the Company's portion of equity of the subsidiary on the acquisition date over its cost of investment is treated as Capital Reserve.

Minority interest in the net assets of subsidiary consists of :

- a) the amount of equity attributable to minority at the date on which investment in the subsidiary is made; and
- b) the minority's share of movements in equity since the date, parent subsidiary relationship came into existence

Minority interest's share of net profit is identified and adjusted against the profit after tax of the group.

Depreciation on the fixed assets of subsidiary is provided as per the rates adopted by the subsidiary company.

**Enterprises included in Consolidation :**

Name of the company	Share holding/ Controlling interest	Place of incorporation
Subsidiary - Associated Coffee Merchants (International) Limited - UK.	74.90%	London - U.K.

**2 Significant Accounting Policies**

**a) FIXED ASSETS & DEPRECIATION**

Fixed Assets are stated at the original cost including other expenses related to acquisition and installation. These also take into account roll-over charges of forward contracts on Foreign currency Loans and also gains in respect of forward cover contracts entered into during the year/earlier years, covering the foreign currency loans and incurred for the acquisition of fixed assets, which are adjusted in the carrying amount of related fixed assets.

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.
- On Assets acquired or disposed of during the year, On prorata basis with reference to the month of acquisition or disposal.
- On Assets of the subsidiary company on straight line method except furniture & fixtures and vehicles which are depreciated on reducing balance method.



**b) 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 lower of cost and fair market value.

**c) INVENTORIES**

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

**d) LOANS, ADVANCES & DEBTORS**

Loans, advances, and debtors as stated in the Balance Sheet are, in the opinion of the Management, realizable in the ordinary course of business.

**e) REVENUE RECOGNITION**

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the products are transferred to the customer. Revenue from domestic sale is recognised on despatch of products from the factories of the Company. Revenue from export sales is recognised on shipment of products.

Revenue from product sales is stated inclusive of excise duty, sales tax and applicable trade discounts and allowances.

Revenue from services is recognised as per the terms of the contract with the customers when the services are performed.

**f) RETIREMENT BENEFITS**

Contributions to Gratuity Funds, being defined benefit schemes with the Life Insurance Corporation of India, are determined by periodical actuarial valuation and the adequacy of such annual contributions have been confirmed by the Life Insurance Corporation of India.

In case of subsidiary, the company operates a money purchase (defined) contribution pension scheme. Contribution payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

**g) TRANSLATION OF FOREIGN CURRENCY ITEMS**

Export sales in foreign currency are accounted at the exchange rate prevailing on the date of sale. Gain/Loss arising out of fluctuations in exchange rates are accounted for on 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.

(Rs.In lakhs)

**3 Remuneration to Auditors:**

	2005-2006	2004-2005
Audit fee	3.00	2.76
Tax Audit	0.50	0.55
Out-of Pocket Expenses	0.11	0.15
Certification fee	0.15	0.16



## CCL PRODUCTS (INDIA) LIMITED

### 4 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.

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

Rs. in lakhs

	Instant Coffee		Total Company	
	For the year ended March 31,2006			
<b>A REVENUE</b>				
1 External Sales		30,688.92		30,688.92
2 Other income	42.61	42.61		42.61
2b Interest income on term deposits			47.38	47.38
2c Dividend on Investments			0.08	0.08
3 Total Revenue		30,731.53		30,778.99
<b>B RESULT</b>				
1 Segment result / operating profit		4,252.20		4,299.66
2 Income (referred to A (2b) above)		-		-
3 Total operating profit		4,252.20		4,299.66
4 Interest expense		393.06		393.06
5 Provision for contingencies		-		-
6 Provision for taxes		345.57		345.57
7 Net Profit		3,513.57		3,561.03
<b>C OTHER INFORMATION</b>				
1 Segment assets		26,158.38		26,158.38
2 Investments and inter corporate deposits including interest accrued thereon		-		3.05
Total Assets		26,158.38		26,161.43
2 Segment liabilities		1,174.53		1,477.89
3 Share capital and reserves		-		10,917.44
4 Secured and unsecured loans		-		12,688.18
5 Unclaimed dividends, interest accrued on loans and unclaimed debentures		-		1.41
6 Provision for taxation		-		271.35
7 Provision for Deferred Tax		-		494.90
8 Minority Interest		-		310.26
9 Total liabilities		1,174.53		26,161.43
10 Capital expenditure including capital work in progress		9,246.30		9,246.30
11 Depreciation (including impairment loss on fixed assets and deficit on fixed assets sold / scrapped)		443.75		443.75
<b>Other Non cash adjustments :</b>				
11 Provision for Gratuity (net)	-			-
12 Provision for contingencies	-			-



## CCL PRODUCTS (INDIA) LIMITED

### **Segment accounting policies :**

In addition to the significant accounting policies applicable to the business segment as set out in Note 1– Schedule 14 of the Notes to the Accounts, the accounting policies in relation to segment accounting are as under:

### **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).

### **Segment revenue and expenses :**

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

**Reporting on related parties :** In accordance with the Accounting standard 18, Names of related Parties and description of relationship

				Rs.In Lakhs
Sl.	Nature of Transaction	Key Management Personnel / Relatives	Associates	Total
1	Remuneration & Commission	234.78	-	234.78
2	Rent	9.97	-	9.97
3	Purchase of Goods	-	5348.96	5348.96
	Sale of Goods	-	5219.78	5219.78
4	Associate Enterprises (Advance for Staff Quarters)	-	296.88	296.88

1	Key Management Personnel	Mr.C.Rajendra Prasad, Chairman & Managing Director
2	Relative of Key Management Personnel	Mrs.C.Shantha Prasad -(Spouse of Mr.C.Rajendra Prasad C.M.D.) and Mr.C.Srishant - (Son of Mr.C.Rajendra Prasad C.M.D.)
3	Associates	M/s.Complete Coffee Ltd. London (Subsidiary of Associated Coffee Merchants (International) Limited - ACMIL)
4	Associates	Mr.C.Rajendra Prasad, Chairman & Managing Director is one of the Partner in the firm.

As per our attached report of even date

**For M. Anandam & CO.,**  
Chartered Accountants

Sd/-

**M.V.Ranganath**  
Partner

Place : Hyderabad

Date : 29.08.2006

Sd/-

**D S Rao**  
Secretary

**By order of the Board**

Sd/-

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

Sd/-

**C Srishant**  
Executive Director

Sd/-

**I.J. Rao**  
Director