

ANNEXURE TO THE DIRECTORS REPORT

Additional information as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988:

A. Conservation of Energy

a. Energy Conservation measures taken:

The Company has installed the following energy saving devices:

- CFL Lamps
- Power Capacitors
- Steam Condensate Recovery
- Street Lighting Timer
- Water Level Controller

b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

Energy saving devices are being installed to reduce consumption of electrical energy.

c. Impact of measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production of goods.

d. Total energy consumption & energy consumption per unit of production in prescribed Form 'A'

		Year ended 31st March, 2012	Year ended 31st March, 2011
A.	Power & fuel consumption in respect of		
1.	Electricity		
	a. Purchased :		
	Units (Kwh)	18,45,136	17,43,419
	Total (₹)	87,68,314	82,24,818
	Rate per unit (₹)	4.75	4.71
	b. Own Generation :		
	Through Diesel Generator		
	Units (Kwh)	1,92,445	1,45,360
	Units per Litre of Diesel Oil	2.11	2.22
	Cost per Unit (₹)	17.22	15.69
2.	Furnace Oil/LSHS/LDO/HSD		
	Qty (Lts)	Nil	Nil
	Total Amount (₹)	Nil	Nil
	Average (₹/ltr)	Nil	Nil
3.	Wood/Coal		
	Qty (Kgs.)	5,87,035	5,64,700
	Total Amount (₹)	23,30,529	19,59,509
	Average (₹/Kgs.)	3.97	3.47

B.		Consumption per unit of production Cocoa & Chocolate products (tonnes)		
		i. Electricity (KWH/Tonnes)		
		- Cocoa	558	513 units/MT
		- Chocolate	478	516 units/MT
		ii. Furnace Oil/LSHS/LDOHSD (KL/Tonne)		
		- Cocoa	Nil	Nil
		- Chocolate	Nil	Nil
		iii. Wood/coal (KG/MT)		
		- Cocoa	447	333 Kgs/MT
		- Chocolate	60	60 Kgs/MT

B Technology Absorption

e. Efforts made in technology absorption in Form `B`

Research & Development

1. Specific areas in which R & D was carried out by the Company:

Research and Development work has been continued to develop tailor-made recipes. Improved the packing mode of consumer products with better appeal and product protection. Improvements in Cocoa process carried out to improve product safety and quality. Cocoa plant is being certified for HACCP (Food Safety Systems) and successfully undergone through surveillance audits.

2. Benefits derived as a result of the above R & D:

The Company could sustain the stiff competition and is able to retain the esteemed customers within its fold and also increase its capacity.

3. Future Plans & Actions

Further new Chocolate products will be introduced later this year. To achieve this the Company is making special efforts to development management skills, raising performance, Leadership capabilities sharpening the customers at all levels within the company.

4. Expenditure on R & D:

	₹
a. Capital	-
b. Recurring	-
c. Total as % turnover	-

5. Technology Absorption, Adoption and Innovation :-

C. Foreign Exchange Earnings & Outgo:

f. Activities relating to exports, initiatives taken to increase the exports, development of new export markets for products and services and export plans:

The Company has exported its Cocoa and Chocolate Products to Nepal and Europe.

g. Total foreign exchange used and earned (CIF Value):

	₹/lacs
i) Foreign Exchange earnings	90.02
ii) Foreign Exchange Outgo (including raw materials, components and spare parts of capital goods and other expenditures in foreign currency including dividends)	645.67

Place : Hyderabad

Date : 20.08.2012

For and on behalf of the Board
Sd-
P.Anantha Pai
Director

Sd-
G.S.Ram
Whole Time Director

COMPLIANCE REPORT ON CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT.

1. Company's Philosophy on Corporate Governance

The Company has adopted adequate control systems and adherence to Corporate Governance to enable its Board of Directors to effectively discharge its responsibilities in the best interest of its stakeholders, customers, employees and the society.

The Company's philosophy on Corporate Governance ensures the fullest commitment of the Management and envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its activities and operations.

2. Board of Directors

(a) Composition of the Board

The Company's Board presently consists of seven Directors, out of which five are Non-Executive Directors and two are Executive Directors of the Company.

(b) Attendance of each Director at Board Meetings and the last Annual General Meeting (AGM)

Nine .9. Board Meetings were held during the financial year ended 2012:

S.No.	Name of the Director	Category of Directorship	No. of Board Meetings held in the year during the tenure of the Director	No. of Board Meetings attended	Attendance at the last AGM
1.	P.Prakash Pai	Independent Non-executive Director	9	9	Yes
2.	P.Anantha Pai	Independent Non-executive Director	9	9	Yes
3.	G.S.Ram	Independent Executive Director	9	9	Yes
4.	G.V.P.Raju	Independent Non-executive Director	9	9	Yes
5.	Dilip Mangesh Kalelkar	Independent Executive Director	9	5	Yes
6.	P.Ashwini Pai	Independent Non-Executive Director	7	5	Yes
7.	P.Abhijeet Pai	Independent Non-executive Director	9	5	Yes

Date of last Annual General Meeting (AGM) – 30.09.2011.

(c) Pecuniary relationship or transactions of the non-executive Directors vis-à-vis the Company.

The Company's non-executive Directors do not have any pecuniary relationship or transactions with the Company.

(d) Number of other Boards/Board Committees each Director (being a Director of the Company as at the end of the financial year) is a Director/Chairman of :

S.No.	Name of the Director	No. of other Companies in which Director	No. of Committees (other than those constituted by the Company in which Member/Chairman)
1.	P.Prakash Pai	7	Nil
2.	P.Anantha Pai	7	Nil
3.	P.Ashwini Pai	2	Nil
4.	P.Abhijeet Pai	8	Nil
5.	G.V.P.Raju	Nil	Nil
6.	G.S.Ram	Nil	Nil
7.	Dilip Mangesh Kalelkar	Nil	Nil

(e) Number of Board Meetings held during the financial year and the dates of the Board Meetings

Nine(9) Board Meetings were held during the financial year 2012. The time gap between any two Board Meetings did not exceed by more than four months.

The dates on which the said Board Meetings were held are as follows:

1st Board Meeting	-	13.05.2011
2nd Board Meeting	-	14.07.2011
3rd Board Meeting	-	11.08.2011
4th Board Meeting	-	13.09.2011
5th Board Meeting	-	12.11.2011
6th Board Meeting	-	01.02.2012
7th Board Meeting	-	03.02.2012
8th Board Meeting	-	14.02.2012
9th Board Meeting	-	31.03.2012

3. Audit Committee

(a) Brief description of terms of reference

- 1) It shall have authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if any.
- 2) To seek information from any employee and obtain outside legal or professional advice.
- 3) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 4) Reviewing with the management the annual financial statements before submission to the Board, internal and external auditors and the adequacy of the internal control systems.
- 5) Reviewing the Company's financial and risk management policies and compliance with internal control systems.

(b) Composition, Names of Members and Chairperson

A qualified and an independent Audit Committee consisting of three members, all being independent Directors, was constituted on April 25th, 2001 and further reconstituted again on 30.01.2009. The Committee was reconstituted with the following members:

The Committee consists of:

1. Shri.P.Prakash Pai, Director
2. Shri. P.Anantha Pai , Director
3. Shri. G S Ram, Whole Time Director
4. Shri G V P Raju, Director

(c) Meetings during the year

Three meetings of the Audit Committee were held.

4. Remuneration Committee

The Board of Directors re-constituted Remuneration Committee on 30.01.2009 with the objective to evaluate compensation and other benefits for Executive Directors and the Manager subject to the approval of the Board of Directors and Members.

The Committee consists of:

1. Shri.P.Prakash Pai- Chairman
2. Shri. P.Anantha Pai -Member
3. Shri G V P Raju – Member
4. Shri. G S Ram- Member

5. Remuneration of Directors

(a) Remuneration to Non-Executive Directors

Presently, the non-executive Directors do not receive any remuneration from the Company and are paid sitting fees for attending the meetings of the Board and Committees thereof.

(b) Remuneration to Executive Director

There is no change in the remuneration paid to the Whole Time Directors – Shri G S Ram and Shri Dilip Mangesh Kalelkar.

6. Shareholders/Investors Grievances Committee

The Board of Directors designated an “Investor Grievance Committee” on 30-07-2001 which was reconstituted on 30.01.2009 as a measure of good corporate governance and to strengthen the investor relations. The following are the members of the Committee:

1. Shri.P.Prakash Pai, Director
2. Shri. P.Anantha Pai , Director
3. Shri. G S Ram, Whole Time Director
4. Shri G V P Raju – Director

(a) Name of the Non-executive Director heading the Committee

The Committee functions under the Chairmanship of Shri. P.Prakash Pai, an Independent and Non – Executive Director.

(b) Name and designation of Compliance Officer

G S Ram, Whole Time Director, has been appointed as the Compliance Officer of the Company.

(c) Status of Investor Complaints received during the financial year 2012:

Nature of Complaint	Received	Cleared
Non-receipt of Share Certificates sent for transfer	02	02
Non-receipt of Dividend warrant	01	01
Any other complaints	Nil	Nil
Total	03	03

Note: The Company has attended to the shareholders'/investors' grievances/correspondence generally within a period of 7 days except in cases where constraints by disputes or legal impediments.

(d) Number of pending share transfers

There were no share transfers pending as at the end of the financial year.

7. General Body Meetings

- (a) Details of the location and time of the last three Annual General Meetings (AGMs) of the Company.

The details in respect of the last three Annual General Meetings of the Company are as follows:

Date of the Meeting (Relating to Calendar Year)	AGM held relating to accounting year ended	Venue of the Meeting	Time of Meeting
30th September, 2011	31-03-2011	Lions Bhavan, Near Paradise Circle, Secunderabad.	10.00 a.m
30th September, 2010	31-03-2010	Lions Bhavan, Near Paradise Circle, Secunderabad.	10.00 a.m
30th September, 2009	31-03-2009	Lions Bhavan, Near Paradise Circle, Secunderabad.	10.00 a.m

- (b) Information on Directors seeking appointment/re-appointment as required under Clause 49VI(A) of the Listing Agreement with Stock Exchanges.

This information is provided in the Notes appended to the Explanatory Statement under the heading "Additional information on Directors recommended for appointment/seeking re-election at the ensuing Annual General Meeting."

- (c) Whether special resolutions were put through Postal Ballot last year, details of voting pattern, person who conducted the Postal Ballot exercise, proposed to be conducted through Postal Ballot and procedure for Postal Ballot.

Not applicable. None of the resolutions had been proposed to be passed through Postal Ballot.