

An illustration on the left side of the page shows two hands at the top holding a large quantity of coffee beans. Below them, a cup of coffee with a heart-shaped latte art is being held by two hands. The background of this illustration is a textured green. Overlaid on this green area is the text 'BREWING COFFEE BRIDGING CULTURES' in a stylized, yellow, serif font.

**COFFEE
Day®**

ANNUAL REPORT 2020

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CORPORATE INFORMATION

Board of Directors

Late V G SIDDHARTHA

(Chairman and Managing Director up till 31st July 2019)

Mr. SANJAY OMPRAKASH NAYAR

(Non-Executive, Nominee Director)

(Resigned from the Board on 13 November 2019)

Mrs. MALAVIKA SIDDHARTHA HEGDE

(Non-Executive Director till 6th December 2020 and Proposed Whole-Time director and Chief Executive Officer by the Board)

SAKALESPUR VISWESWARAIYA RANGANATH

(Interim Chairman & Non-Executive, Independent Director)

Mr. ALBERT JOSEF HIERONIMUS

(Non-Executive Independent Director)

SULAKSHANA RAGHAVAN

(Non-Executive, Women Independent Director)

(Resigned from the Board on 01 August 2019)

COMMITTEES AND COMPOSITION

AUDIT COMMITTEE:

Following members were the members of Audit committee up till 31st July 2019

1. Mr.S.V.Ranganath (Chairperson)
2. Dr.Albert Hieronimus
3. Mr.V.G.Siddhartha

Post the demise of Mr. V. G.Siddhartha, Audit committee was reconstituted with the following members

1. Mr.S.V.Ranganath (Chairperson)
2. Dr.Albert Hieronimus
3. Mrs.Malavika Hegde

NOMINATION & REMUNERATION COMMITTEE

1. Mr.S.V.Ranganath (Chairperson)
2. Dr.Albert Hieronimus
3. Mrs.Malavika Hegde

STAKEHOLDERS RELATIONSHIP COMMITTEE

Following members were the members of Stakeholders Relationship Committee up till 31st July 2019

1. Mrs.Malavika Hegde (Chairperson)
2. Mr.V.G.Siddhartha
3. Mr.S.V.Ranganath

Post the demise of Mr. V. G.Siddhartha, Stakeholders Relationship Committee was reconstituted with the following members

1. Mrs.Malavika Hegde (Chairperson)
2. Mr. S.V.Ranganath
3. Mr. Albert Hieronimus

Corporate Social Responsibility Committee

1. Mr. S.V.Ranganath (Chairperson)
2. Mrs.Malavika Hegde

RISK MANAGEMENT COMMITTEE

Following members were the members of Risk Management Committee up till 31st July 2019

1. Mr. V.G.Siddhartha (Chairperson)
2. Mrs. Malavika Hegde

Post the demise of Mr. V. G.Siddhartha, Risk Management Committee was reconstituted with the following members

1. Mrs. Malavika Hegde
2. Mr. S. V.Ranganath

Chief Financial Officer

R RAM MOHAN

Company Secretary and Compliance officer

SADANANDA POOJARY

The Company in their Board Meeting held on 07th December 2020 appointed three Additional Directors:

1. Mrs. C. H. Vasundhara Devi
2. Mr. Giri Devanur
3. Mr. Mohan Raghavendra Kondi

Registered Office of the Company

23/2, Coffee Day Square, Vittal Mallya
Road, Bengaluru-560001

Auditors of the Company

Statutory

Mrs. Venkatesh & Co, Chennai

Secretarial

HRB & Co., Bengaluru

Internal

ABS & Co., Bengaluru

Registrar and Share Transfer Agent

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

L. B. S. Marg, Bhandup (West)

Mumbai 400078

Tel: +91 22 6171 5400

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 12th Annual Report on business and operations along with the Audited financial statements and the Auditor's report of the Company for the financial year ended 31st March, 2020.

Financial Highlights:

Particulars	<i>Amount in Rs. Crores</i>			
	Coffee Day Enterprises Limited	Coffee Day Enterprises Limited	Coffee Day Global Limited	Coffee Day Global Limited
	(Consolidated)	(Consolidated)	(Consolidated)	(Consolidated)
	FY 20	FY 19	FY 20	FY 19
Net Operational Revenue	2522	3569	1509	1,795
Finance charges	519	353	212	81
Depreciation	430	269	336	189
Profit Before Tax	701	186	(458)	72
Income Tax	45	66	(150)	24
Profit attributable to the Owners	1883	127	(5)	41

PERFORMANCE OVERVIEW

During the fiscal year ended 31st March 2020, consolidated gross revenue decline by 28% driven by impetus from Coffee & Multimodal Logistics. The revenue in coffee business contributed a decline of 15% and Multimodal Logistics contributed a decline of 14%. Consolidated Profit after tax attributable to owners is Rs 1884/- Crores for the year 2019 compared to Profit of Rs 128/- Crores for the previous year. The increase of profit is mainly due to one time profit on sale of Mindtree shares. A detailed performance analysis is provided in the Management Discussion and Analysis segment which is annexed to this report.

STATE OF THE COMPANY'S AFFAIRS

The state of the Company affairs forms an integral part of Management Discussion & Analysis Report.

DIVIDEND

The Board of Directors of the Company has not recommended any dividend for the financial year 2019-20.

TRANSFER TO RESERVES:

In accordance to the provisions of Section 134(3)(j) of the Companies Act, 2013, (hereinafter “the Act”) the Company has not proposed any amount to transfer to the General reserves of the Company for the financial year 2019-20.

Deposits:

The Company has not accepted any Deposits under Section 73 and Chapter V of the Act and the rules made thereunder.

Particulars of Loans, Guarantees or Investments:

The details of the loans, guarantees and investments are provided in the notes to the audited financial statements annexed with the Annual report.

Subsidiaries, Joint Ventures and Associate Companies:

As on 31st March, 2020, the Company has 39 subsidiaries (including indirect subsidiaries), 1 Associate Companies and 5 Joint Ventures. The details of the Companies which are yet to commence operations and which have been liquidated or sold during the year are mentioned in “Form AOC-1”, which is attached as an “Annexure to the Consolidated Financial Statements.” A statement containing the salient features of the financial statements of Subsidiaries, Associate Companies or Joint Ventures are mentioned specifically in the same annexure as mentioned above. In accordance with Section 136(1) of the Act, the financial statements of the subsidiaries companies are available on the Company’s official website post approval of the members.

In line with Regulation 24 and Regulation 46(2)(h) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter “the Listing Regulations”) the Company has formulated a detailed policy for determining ‘material’ subsidiaries and the said policy is available at the Company’s official website and may be accessed at the link: <http://www.coffeeday.com/PDF/MATERIAL-SUBSIDIARIES.pdf>

Management Discussion & Analysis Report:

As stated in Regulation 34(2)(e) of the Listing Regulations, the Annual report shall contain a detailed report on Management Discussion & Analysis, which is hereto attached with the Annual report in “Annexure-I.”

Corporate Governance:

The report on Corporate Governance along with a Certificate from the Practicing Company Secretary regarding proper compliance of Corporate Governance pursuant to the requirements of Schedule V of the Listing Regulations forms an integral part of the Annual Report stated in “Annexure-II.”

Dividend Distribution Policy:

In accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, the Board of the Company has adopted Dividend Distribution policy in their meeting held on 18th May, 2017, which aims at marking the right balance between the quantum of dividend paid to its shareholders and the amount of profit retained for its commercial requirements. The said policy is hoisted in the website of the company.”

Board Diversity:

The Company recognizes and embraces the importance of diverse Board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, industry experience that will help us retain our competitive strength. The Company has evaluated the policy with a purpose to ensure adequate diversity in Board of Directors, which enables them to function efficiently and foster differentiated thought processes at the back of varied industrial and management expertise. The Board recognises the importance of a diverse composition and has therefore adopted a Board Diversity Policy. The policy is made available at the Company’s official website via link: <https://www.coffeday.com/PDF/BOARD%20DIVERSITY%20POLICY.pdf>

Board Evaluation and Policy on Directors’ Appointment and Remuneration:

In accordance with Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee has specified the criteria and manner for effective evaluation of performance of ‘Board’, its ‘Committees’ and ‘Individual Directors’ carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and reviewed its implementation and compliance.

The detailed policy in compliance with Section 178(3) of the Act read along with Regulation 19 of the Listing Regulations has been approved by the Board of Directors of the Company and is made accessible at the Company’s official website at the following link: <https://www.coffeday.com/PDF/NOMINATION%20&%20REMUNERATION%20POLICY.pdf>

Appointment/ Resignation/ Re-appointment of Board of Directors:

During the year under report, there has been a change in the Composition of Board, Late V.G.Siddhartha, our former Chairman was demised on 31st July 2020. Mrs. Sulakshana Raghavan, an Additional Non-Executive Independent Director appointed on the Board on 05th March 2019 resigned on 1st August 2019 and Mr. Sanjay Nayar, who was a nominee director of the company, resigned from his post on 13th November 2019.

Mr. Albert Hieronimus, Independent Director whose 1st term of 5 years ended on 16.01.2020 and appointed as an additional Independent director of the Company in board meeting held on 8th January 2020, in this connection the Board has proposed Mr. Albert Hieronimus re-appointment for a further term of 5 years on the board of the company subject to the approval of shareholders.

Mrs. C H Vasundhandara Devi (DIN: 07789047) was appointed as an Additional Director of the Company on 7th December 2020, In this connection the Board has proposed Mrs. C H Vasundhandara Devi’s appointment for a term of 5 years on the board of the company subject to the approval of shareholders.

Mr. Giri Devanur (DIN: 00125603) was appointed as an Additional Director of the Company on 7th December 2020, In this connection the Board has proposed Mr. Giri Devanur's appointment for a term of 5 years on the board of the company subject to the approval of shareholders.

Mr. Mohan Raghavendra Kondi (DIN: 01718628) was appointed as an Additional Director of the Company on 7th December 2020, In this connection the Board has proposed Mr. Mohan Raghavendra Kondi's appointment for a term of 5 years on the board of the company subject to the approval of shareholders

Mrs. Malavika Hegde shall retire by rotation at the ensuing Annual General meeting and is eligible for re-appointment.

Mrs. Malavika Hegde who is a Non-Executive Director of the Company is proposed to be appointed as whole time Director of the company in the Board meeting held on 7th December 2020 subject to the approval of shareholders.

Also, the Board proposed to designate Mrs. Malavika Hegde as a Chief Executive Officer of the Company in their meeting held on 7th December 2020.

SIGNIFICANT DEVELOPMENT DURING THE YEAR

Post the unfortunate demise of Chairman Shri V G Siddhartha, the Company appointed Mr. Ashok Kumar Malhotra Ex-DIG CBI assisted by M/s. Agastya Legal LLP, New Delhi consisting of Legal Professional's head by Senior Partner Dr. M. R. Venkatesh to scrutinize the books of accounts of the Company and its subsidiaries. The Investigators submitted their investigation report on 24th July 2020 to the Company. The Investigation Report reported that, Rs 3,535 Crores is due from Mysore Amalgamated Coffee Estates Limited (MACEL) to the seven subsidiaries of the company. The Company on the receipt of Investigation Report appointed Justice. K.L. Manjunath, retired Judge of Hon. High Court of Karnataka to suggest and oversee actions for recovery of the dues from MACEL and to help on any other associated matters.

The Management of seven subsidiaries have decided to take a decision on recoverability of Rs. 3,535 Crores which is due from MACEL to the subsidiaries of the Company after the receipt of report from Justice K.L.Manjunath.

The day to day operations of the Company are being managed by the promoters family and professional team which is ensuring protection of interest of all stakeholders viz, shareholders, lenders, vendors, employees etc. The debt levels have reduced significantly from the beginning of the financial year March 2020.

The Company has formed a New Executive Committee on August 08, 2019 to address the crucial items in the interest of the company and for its smooth operations.

Director's Responsibility Statement:

In Compliance with section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirms the following:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view

of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis; and

(e) The Company is responsible for establishing and maintain adequate and effective internal financial controls with regard to its business operations and in the preparation and presentation of the financial statements, in particular, the assertions on the internal financial controls in accordance with broader criteria established by the Company.

Towards the above objective, the directors have laid down the internal controls based on the internal controls framework established by the Company, which in all material respects were operating effectively as at March 31, 2020.

(f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate. The Company has substantially complied with material provisions of such acts and regulations as are relevant for its operations.

Declaration by Independent Directors:

All the Independent Directors have given their declarations stating that they meet the criteria of independence as laid down under Section 149(6) of the Act read with Regulation 16(1)(b) of the Listing Regulations. In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the Listing Regulations and are independent of the management.

Committees of the Board:

The Company has four main Committees of the Board i.e.:

- (a.) Audit Committee,
- (b.) Nomination and Remuneration Committee and,
- (c.) Stakeholder's Relationship Committee.
- (d.) Corporate Social Responsibility.

The detailed information on each of these committees including its composition, functioning and number of meetings are disclosed in the Corporate Governance report annexed with the Annual report of the Company.

Meetings of the Board:

During the financial year 2019-20, the meetings of the Board of Directors were held Eleven (11) times. Details of these meetings and other Committee/General meetings are given in the report on Corporate Governance Report attached with the Annual report.

Particulars of Contracts/arrangements with related parties:

Post the unfortunate demise of Chairman Shri V G Siddhartha, the Company appointed Mr. Ashok Kumar Malhotra Ex-DIG CBI assisted by M/s. Agastya Legal LLP, New Delhi consisting of Legal Professional's head by Senior Partner Dr. M. R. Venkatesh to scrutinize the books of