

**COFFEE  
DAY**

# ANNUAL REPORT

2021



# Handpicked Heritage

Heritage is everything,  
and we go the extra mile  
to keep ours alive.



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## **CORPORATE INFORMATION**

### **Board of Directors**

Mrs. MALAVIKA SIDDHARTHA HEGDE  
(Whole-time Director and Chief Executive Officer)

Shri. S. V. RANGANATH  
(Interim Chairman & Non-Executive, Independent Director)

Dr. ALBERT JOSEF HIERONIMUS  
(Non-Executive Independent Director till 30<sup>th</sup> June 2021)

Dr. C.H. VASUDHARADEVI  
(Non-Executive, Woman Independent Director)

Mr. K.R. MOHAN  
(Non-Executive Independent Director)

Mr. GIRI DEVANUR  
(Non-Executive Independent Director)

## **COMMITTEES AND COMPOSITION**

### **Audit Committee:**

1. Mr. K.R.Mohan                      Chairperson
2. Shri.S.V.Ranganath
3. Dr.Albert Hieronimus (member till 30<sup>th</sup> June 2021)
4. Mrs.Malavika Hegde

(Shri. S.V.Ranganath was the Chairperson to the Audit committee till 6<sup>th</sup> December 2020)

### **Nomination & Remuneration Committee**

1. Dr. Albert Hieronimus - (Chairperson till 30<sup>th</sup> June 2021)
2. Shri. S.V.Ranganath
3. Dr. C.H.Vasundhara Devi

(Shri. S.V. Ranganath was the Chairperson to the Nomination & Remuneration Committee till 6<sup>th</sup> December 2020)

### **Stakeholders Relationship Committee**

1. Mr. Albert Hieronimus - (Chairperson till 30<sup>th</sup> June 2021)
2. Mrs. Malavika Hegde
3. Shri. S.V.Ranganath

(Mrs. Malavika Hegde was the Chairperson to the Stakeholders Relationship Committee till 6<sup>th</sup> December 2020 )

### **Corporate Social Responsibility Committee**

1. Shri. S.V.Ranganath - (Chairperson)
2. Mrs. Malavika Hegde
3. Mr. K.R. Mohan

### **Chief Financial Officer**

Mr. R Ram Mohan

**Company Secretary and Compliance officer**  
Mr. Sadananda Poojary

**REGISTERED OFFICE OF THE COMPANY**

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

**Auditors of the Company**

**Statutory**  
M/s. 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



## BOARDS' REPORT

### Dear Members,

Your Directors have pleasure in presenting their 13<sup>th</sup> 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 31<sup>st</sup> March, 2021.

### Financial Highlights:

Particulars	Coffee Day Enterprises Limited	Coffee Day Enterprises Limited	Coffee Day Global Limited	Coffee Day Global Limited
	(Consolidated)	(Consolidated)	(Consolidated)	(Consolidated)
	FY 21	FY 20	FY 21	FY 20
Net Operational Revenue	853	2,522	401	1,509
Finance charges	261	519	128	212
Depreciation	400	430	333	336
Profit Before Tax	(798)	701	(450)	(458)
Income Tax	(167)	22	(155)	(150)
Total Compressive Income attributable to the Owners of the Company.	(615)	1,886	(306)	(318)

### Performance Overview

During the fiscal year ended 31<sup>st</sup> March 2021, consolidated gross revenue decline by 66.16% driven by impetus from Coffee & Multimodal Logistics mainly due to Covid and liquidity issues after the demise of our Chairman. Consolidated loss after tax attributable to owners is Rs 584/- Crores for the year 2021 compared to Profit of Rs 1,884/-Crores for the previous year. There was a one time profit during previous year on sale of Mindtree Ltd 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 2020-21.

**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 2020-21.

**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, 2021, 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 VIII.” 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.coffeeday.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.coffeeday.com/PDF/NOMINATION%20&%20REMUNERATION%20POLICY.pdf>

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

During the year under report, Dr. Albert Hieronimus, Independent Director whose 1st term of 5 years ended on 16.01.2020 and who was appointed as Additional Non-Executive Independent Director of the Company in Board Meeting held on 8th January 2020, Further, appointed as an Independent Director of the company for the next term of 5 years by the shareholders in their AGM held on 31<sup>st</sup> December 2020.

Mrs. C H Vasundhandara Devi (DIN: 07789047) who was appointed as Additional Director on 7th December 2020, further, appointed as Independent Woman Director of the company by the shareholders in their 12<sup>th</sup> AGM held on 31<sup>st</sup> December 2020.

Mr. Giri Devanur (DIN: 00125603) who was appointed as Additional Director on 7th December 2020, further, appointed as an Independent Director of the company by the shareholders in their 12<sup>th</sup> AGM held on 31<sup>st</sup> December 2020.

Mr. Mohan Raghavendra Kondi (DIN: 01718628) who was appointed as Additional Director on 7th December 2020, further, appointed as an Independent Director of the company by the shareholders in their 12<sup>th</sup> AGM held on 31<sup>st</sup> December 2020.

Mrs. Malavika Hegde, Non-Executive Director of the Company was appointed as a Whole-time Director and the Chief Executive Officer of the company by the Shareholders in their 12<sup>th</sup> AGM held on 31<sup>st</sup> December 2020.

Post the financial year end 31<sup>st</sup> March 2021, Dr. Albert Hieronimus, Independent Director of the Company resigned from his post due to personal reasons on 30<sup>th</sup> June 2021.

None of the Directors of the Company as on 31<sup>st</sup> March 2021, are eligible to retire by rotation.

**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.

During the year 2020-21, The Investigators submitted their investigation report on 24<sup>th</sup> 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.

On compliance of all the required provisions of SEBI Regulations Trading of Securities on Stock Exchanges has been resumed from 26<sup>th</sup> April 2021.

The Management of the Company is putting its best efforts to get back the company on track.

The day to day operations of the Company are being managed by the promoters' family and professional team with the day to day help of the Board members to ensure 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 2021.

**Director's Responsibility Statement:**

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

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- The Directors had prepared the annual accounts on a going concern basis; and
- 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, 2021.
- 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.