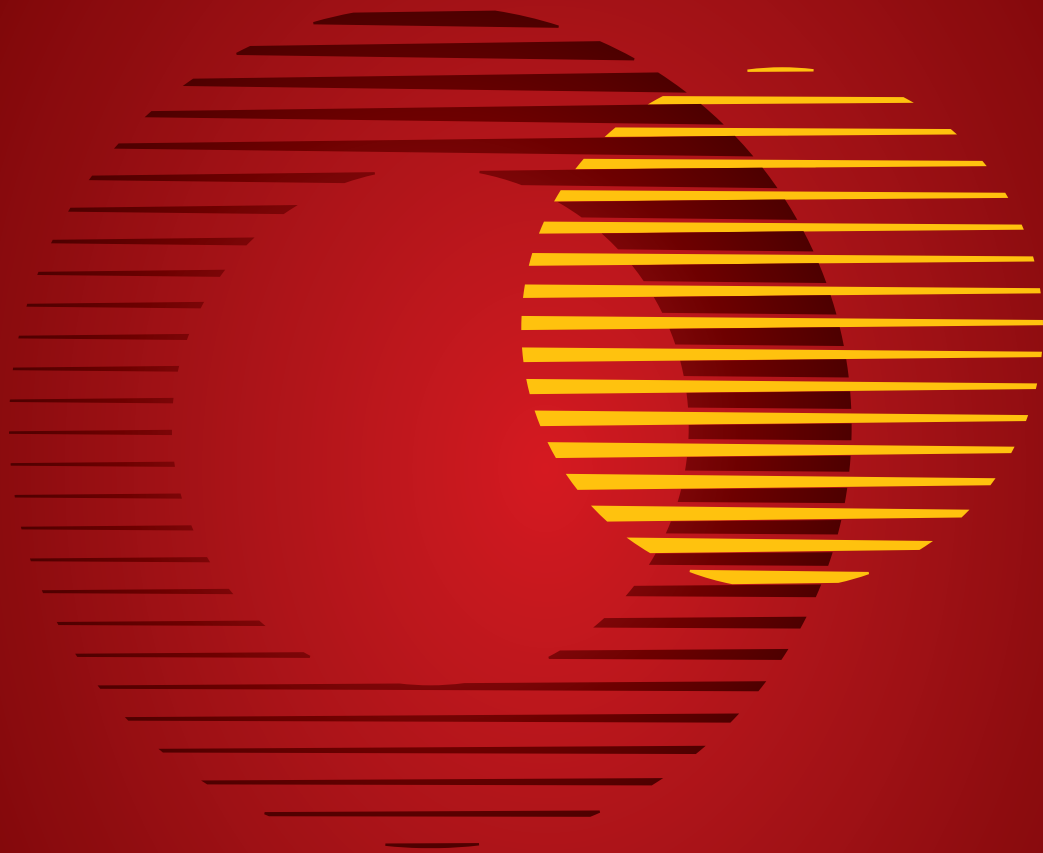


Jagatjit Industries Limited



Shaping our **Present**  
Envisioning our **Future**

ANNUAL REPORT 2018-19



## Inside Stories

### CORPORATE OVERVIEW **01-12**

- Shaping our Present. Envisioning our Future... **01**
- About Us... **02**
- Our Iconic Brands... **04**
- How Our Brands Changed in the Last Year... **05**
- Our Key Verticals... **06**
- Our Key Strategies in Play... **07**
- A Message from  
The Chief Restructuring Officer... **08**
- Our Leadership... **10**
- Our Performance Scorecard... **11**
- Corporate Information... **12**

### STATUTORY REPORTS **13-42**

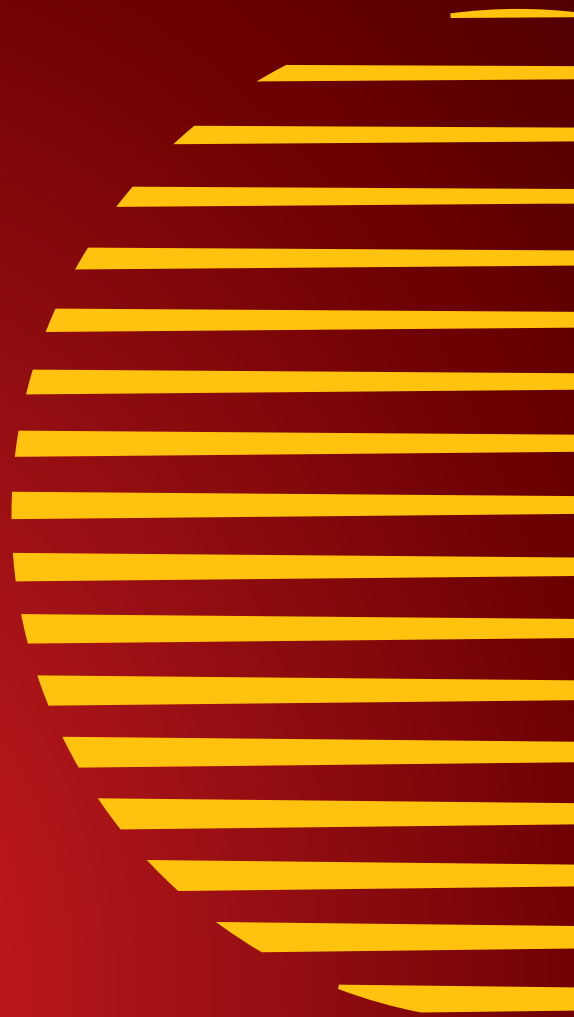
- Board's Report... **13**
- Management Discussion & Analysis... **39**

### FINANCIAL STATEMENTS **44-148**

- Financial Statements (Standalone)... **44**
- Financial Statements (Consolidated)... **96**

#### Forward-looking Statement

This report may contain some statements on the Company's business or financials which may be construed as forward-looking based on the management's plans and assumptions. The actual results may be materially different from these forward-looking statements although we believe we have been prudent in our assumptions.



## Shaping our Present. Envisioning our Future.

Having earned our reputation as one of India's well-known alcoholic beverage Company, we are following our stated purpose of building on our areas of competitive advantages to deliver scalable and sustainable growth.

With an attractive suite of iconic brands, rich experience and deep insights, wide franchise and customer base supported by well-established processes, we constantly leverage our rich legacy and remain laser-focussed to evolve our business to deliver more value to our customers, shareholders and other stakeholders.

As we shape our present, we are envisioning our future too. Being at the forefront of change and innovation, our focus continues to be on product development, packaging, and implementation of new technology. We undertook a restructuring exercise to become leaner and fitter. We reduced production costs and inventory levels, upgraded technology and transformed our business in order to optimise and increase our efficiencies and regain market share.

We are redefining ourselves as we strive towards world-class aged and matured alcoholic spirits, furthering India's position as a whisky hub.

**With an asset-light, low-working capital model, we are gradually scaling higher. At this juncture, our clear aim is to remain focussed on sustainability as a key philosophy, and create long-term value alongside. We are constantly unleashing new possibilities and growth opportunities to not only shape our present, but to envision and nurture a better future.**



# About Us



## We are...

A more than seven-decade old alcoholic beverage company incorporated in the year 1944 in the state of Punjab, with a primary focus on manufacturing, distributing and selling IMFL (Indian Made Foreign Liquor) and Country Liquor (CL).



### We manufacture...

An entire range of alcoholic beverages, i.e., Scotch, Whisky, Rum, Gin, Vodka, Brandy and Country Liquor. Ranked among the large IMFL producers in India, our brands are well trusted and respected.



### Our manufacturing units are...

Our manufacturing unit for IMFL, country liquor, malt extract and malted milk-food is located at Jagatjit Nagar, Hamira in District Kapurthala, Punjab. We also have a bottling unit at Alwar (Rajasthan). Our brands are also being manufactured through our Supply Partners / Franchisees at around 21 locations across India.



### We continue with our legacy...

Of our founding principles, ensuring quality and customer delight, which is kept intact in the DNA of our brands. We are expertly balancing the richness of our legacy, with the dynamism of this digital age.



### Our promise is to...

Provide superior brands to our customers at affordable prices.



### Our heritage gives us...

The unique distinction of being one of Asia's largest integrated distillery manufacturing potable alcohol, and the producers of malt spirit.



### We are driving change by...

Redefining our methodologies and rejuvenating our brands, keeping up with our belief in embracing modernisation to keep abreast of changing times and trends.



### Our portfolio consists of...

Whiskies (Scotch and Blended Indian Whiskies), Gin, Rum, Brandy and Vodka. We also produce malt spirit at our malt spirit plant, an important ingredient for making whisky blends.



### Our guiding philosophy...

Our philosophy - "A Heritage of Quality" - finds expression at all levels of its activities: quality in manufacturing, technology and in its relationships with its employees, dealers and customers.



## Our Manufacturing Capacities

**40**

Total Liquor Brands

**7.2**

Million Cases Per Annum

Indian Manufactured Foreign Liquor

**4.2**

Million Cases Per Annum

Country Liquor

**39,600**

MT Per Annum

Malted Milk Food

**13,800**

MT Per Annum

Malted Extract

**ISO**

22000 : 2018

Food Safety Standard Certified



# Our Iconic Brands

We have a rich and diverse portfolio of Whisky, Gin, Rum, Brandy, Vodka and Scotch. As part of a restructuring exercise, we are streamlining our portfolio and consolidating our presence and market share across India.

## WHISKY



Royal Pride  
Exquisite Whisky



AC Black Whisky



Aristocrat  
Premium Whisky



AC Neat  
Whisky



Aristocrat  
Old Reserve  
Whisky



AC Sek C  
Whisky



Aristocrat  
Whisky



Bonnie Special  
Whisky



Binnie's Fine  
Whisky

## RUM



Aristocrat  
Rum

## BRANDY



Aristocrat  
Brandy

## VODKA



Aristocrat  
Vodka



IICE  
Vodka

## GIN



Aristocrat Dry  
Gin

## SCOTCH



King Henry  
VIII

# How Our Brands Changed in the Last Year



Old Aristocrat  
Premium Whisky



New Aristocrat  
Premium Whisky



Old Royal Pride  
Whisky



New Royal Pride  
Whisky

# Our Key Verticals

## Indian Made Foreign Liquor



- Engaged in production of Whisky, Rum, Gin, Vodka and Brandy.
- Operations in most states of India with exports to Africa and Middle East for semi-deluxe and below categories.

## Country Liquor



- Engaged in manufacturing of high-quality country liquor in the State of Punjab.

## Food – Malted Milk Food and Malt Extract



- Engaged in production of high-quality food & distillery grade malt with best barley, for internal requirement and external sales.
- Long-term contract with GlaxoSmithKline Consumer Healthcare to manufacture intermediates for their products 'Boost', 'Horlicks' and 'Viva'.

## Real Estate



- Engaged in leasing of owned properties for rentals.
- Own a 2 Lac Sq. Ft. property in Gurugram spread across 4 acres and a 23,000 Sq. Ft. property at Ashoka Estate, Connaught Place, New Delhi.



# Our Key Strategies in Play

Amidst the journey of revamp, we are devising strategies that will provide the fundamental building blocks to deliver today, even as we visualise our future landscape. With more than seven decades of a strong legacy, we are undergoing significant changes internally to drive enduring and sustainable value for our stakeholders.



## Towards a Franchise based model

We have moved towards a franchise based model in most markets which enables us to scale up our production to meet the growing demand, without any proportional increase in costs. The released working capital will be channelised towards marketing and branding. Through this model, we aim to garner long-term partnerships with associates with efficiencies and expertise at the local customer level.



## Leveraging Technology

Technology is another area of focus. We are modernising our plants with the latest equipment and technology so as to unlock new potential in terms of efficiency, productivity and cost optimisation.



## Improving on Brand Offerings

For our products, we will continue with our guiding policy – Heritage of Quality and our promise to offer Superior Brands at Affordable Prices. We are also making our packaging future-ready, and tweaking our blends, so as to deliver complete satisfaction and delight to our existing and prospective consumers.



# A Message from The Chief Restructuring Officer

## Dear Shareholders,

FY 2018-19 has been a challenging year for us at Jagatjit Industries Limited. Despite many obstacles, what stood out was our ability to forge ahead and remain steadfast, working on our business model and strategies for long-term sustainable growth.



When I took over the reins of the Company three years ago, it was going through a difficult phase bogged down by legacy issues, huge workforce and outdated systems. In the past three years, we have rationalised our workforce and optimised the efficiency of our operations. The outdated labour laws have made our progress sluggish but every year we get closer to the target optimum level of workforce.

As part of our restructuring exercise, we examined each part of the organisation to make it leaner and fitter. We rationalised our personnel and moved out of states and channels that were not profitable, thus downsizing our operations. Our goal was to exist in profitable states with brands that made sense, to achieve operational efficiency and a breakeven/positive EBITDA. In the current year we have achieved this.

**Some of the external and internal challenges we faced this year and continue to face:**

**GST:** Implementation of GST significantly affected the growth / work of the Company as we do not get input credits and the cost impact is around 7% to 9%.

**Cost Increases:** The Government's initiative to blend ethanol (made from grain apart from molasses) with auto fuel has led to severe shortage of grain ENA, the key raw material for the spirits industry. This in turn led to high price escalation. The other