

COFFEE DAY ENTERPRISES LIMITED
CIN : L55101KA2008PLC046866
NO. 23/2, COFFEEDAY SQUARE VITTAL MALLYA ROAD BANGALORE KA 560001
Email: sadananda@abccoffeeday.com

To,

Date: 24.07.2020

National Stock Exchange of India Limited
Manager-Listing
Exchange Plaza,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
Tel. No. 022-2659 8237/38
Symbol: COFFEEDAY

BSE Limited
General Manager-DSC
Phiroje Jeejeebhoy Towers
Dalal street
Mumbai-400001
Tel:022-22722039
Scrip code: 539436

Dear Sirs,

Ref: Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015

Sub: Investigation Report

The Board of Directors of Coffee Day Enterprises Ltd (CDEL) in their meeting held on August 30, 2019 appointed Mr. Ashok Kumar Malhotra, retired DIG of Central Bureau of Investigation (CBI), (who has also headed several special investigations) to investigate into the circumstances leading to the statements made in the letter of Late V.G Siddhartha dated July 27, 2019 and to scrutinize the books of accounts of Coffee Day Enterprises Limited (CDEL) and its subsidiaries.

Mr. Ashok Kumar Malhotra is supported by Agastya Legal, New Delhi, consisting of legal professionals lead by their senior partner Dr. M. R. Venkatesh, practicing advocate at High Court and Supreme Court of India, also having an educational background of being a Chartered Accountant. The Board further authorized Mr. Ashok Kumar Malhotra to appoint and take support of any other professional/professional firm to carry out the assignment.

CDEL consists of 49 subsidiaries and the investigation report was submitted to the Board of CDEL by the investigators on July 24, 2020. Attached is the copy of the Synopsis of the Report- Annexure 1.

A review of the report will indicate compliance with the accounting standards, reporting to Shareholders and various Statutory Authorities. However, the report highlights the following;

M/s Mysore Amalgamated Coffee Estates Limited (MACEL), an entity on the personal business side of Late V. G. Siddhartha had a continuing business relationship with subsidiary companies of CDEL. MACEL was paid advances by subsidiary companies of CDEL & the same is elaborated in the synopsis of the report (attached). The amounts were sent to MACEL through normal banking channels.

- The steps are being taken by subsidiaries of CDEL, for recovery of dues from MACEL.
- The board authorized the Chairman to appoint an ex-judge of the Hon. Supreme Court or the Hon. High Court, or any other person of eminence, to suggest and oversee actions for recovery of the dues from MACEL and to help on any other associated matters.

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The following points also can be noted

- The personal assets/shares of Late. V.G. Siddhartha were hypothecated/pledged for business loans of the Company and its subsidiaries. He also gave personal guarantees for the Company and its subsidiaries and also provided the personal guarantee of his family members.
- After the sad demise of Late V. G Siddhartha, an executive committee was formed consisting of the following members:
 1. Mr. S.V. Ranganath- Interim Chairman of the Board of CDEL & CDGL
 2. Mrs. Malavika Hegde- Wife of Late V. G Siddhartha, and Board Member of CDEL / CDGL.
 3. Mr. Nitin Bagmane – COO of CDEL (Resigned as COO of CDEL on 14.07.2020)
 4. Mr. Ram Mohan – Chairman of Sical Logistics Limited and CFO of CDEL.
- This committee supported by senior professionals focused to protect the interest of all Stakeholders. The debt levels which were approximately Rs 7,200 crores as on March 31, 2019 has been brought down significantly by Rs. 4,000 crores till date. The present debt of the group is approximately around Rs. 3,200 cr
- Disinvestment process in the group continues and we are confident to have effective solution to all stakeholders.
- In spite of COVID -19 and lockdown since March 24, 2020, which is affecting our revenues severely, many companies of the group continue to be a Going Concern.
- We are also confident, with the untiring efforts of Board of Directors, Executive Committee and Senior Management - the Group will bounce back to it's past glory.

Thanking you,

For Coffee Day Enterprises Limited,

SADANANDA THIMMA
POOJARY
Digitally signed by
SADANANDA THIMMA
POOJARY
Date: 2020.07.24
16:54:06 +05'30'

Sadananda Poojary
Company Secretary

INVESTIGATION REPORT
OF COFFEE DAY
ENTERPRISES LIMITED
SYNOPSIS

DATED 24 JULY, 2020

Ashok Kumar Malhotra
Retired DIG,
Central Bureau of Investigation
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New Delhi-110024

Dr. M R Venkatesh
Designated Partner,
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SYNOPSIS

INVESTIGATION REPORT OF COFFEE DAY ENTERPRISES LIMITED

SYNOPSIS

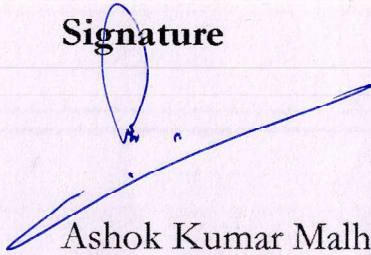
1. We are of the considered opinion that MACEL owes a sum of Rs. 3,535 Crores to the subsidiaries of CDEL as at 31st July 2019. Out of the above, a sum of Rs. 842 Crores was due to these subsidiaries by MACEL as at 31st March 2019 as per the Consolidated Audited Financial Statements. Therefore, a sum of Rs. 2,693 Crores is the incremental outstanding that needs to be addressed.
2. We understand that a significant portion of the aforementioned money may have been probably spent to “buy-back” equity from PE investors, repay loans and to pay interest apart from funding certain other private investments which are outside the scope of this Investigation. Consequently, these amounts are not precisely ascertainable.
3. We are broadly agreeable to the statement made by VGS that he failed to create the right profitable business model despite his best efforts as it was created largely out of high cost borrowings and PE investments carrying high rate of returns.
4. We are of the opinion that VGS may have felt aversive behavioral stimulus due to persistent reminders from the PE

investors and other lenders. However, such reminders and the follow ups by the PE Investors and lenders are not something which is beyond normal industry practices and we believe that PE Investors were acting as per accepted legal and business norms.

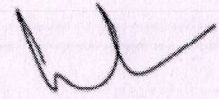
5. We have not been provided with any documentary evidence to draw an inference that there may have been any advertent or inadvertent harassment from the Income-Tax Department. Nevertheless, a perusal of the financial records during the relevant period suggests a serious liquidity crunch which may have been arisen due to the attachment of Mindtree shares by the Income-Tax Department.
6. In summation, all these created a serious liquidity crisis, probably accentuated by macroeconomic developments, which restricted the ability of VGS to borrow further.
7. We are of the considered opinion that the communiques, mail exchanges and the one on one discussions with key management personnel and other officers of the company and its subsidiaries are not suggestive of any existing information to draw a positive inference that VGS's team and the senior management were cognitive of the manner in which certain transactions were carried out and we are

inclined to believe the statement contained in the note of VGS dated 27th July 2019 that “My team, auditors and senior management are totally unaware of all my transactions. The Law should hold me and only me accountable, as I have withheld this information from everybody including my family.”

Signature



Ashok Kumar Malhotra
Retired DIG,
Central Bureau of Investigation
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New Delhi-110024



Dr. M R Venkatesh
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